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The Role of Banks in the International Financial System

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The role of banks in the international financial system expanded significantly in the late sixties and throughout most of the seventies as banks from many countries expanded their international activities. International banking has made an important contribution to a more integrated and interdependent economic and financial system. Just as a growing international trading system permits participants to enjoy the benefits of specialization and diversity, a more integrated international financial system enables banks to specialize as lenders or as collectors of deposits on an international basis, depending on the saving and investing propensities of their customers. This closer integration of financial markets on a worldwide basis can benefit both savers and borrowers. A potential problem with international financial integration is that financial disturbances can be transmitted quickly from one country to another.

International activities permit greater diversification in the assets and liabilities of banks than can be achieved from purely domestic banking activities. Expansion into international activities, however, exposes banks to a whole new set of operating risks in terms of dealing in foreign currencies, in foreign legal jurisdictions, and with customers, including foreign banks, about whom the banks may have little information.

The Federal Reserve, as the central bank of the United States, has important policy responsibilities in the area of international banking. As a supervisor of banks and bank holding companies, as an agency with responsibilities for monitoring an effective payments mechanism in the United States, and as a lender to banks and other depository institutions through the discount window, the Federal Reserve needs to be aware of foreign as well as domestic factors that influence the condition of individual banks and the banking system.

Developments in international banking can also have important implications for the Federal Reserve in the conduct of monetary policy. In a world in which financial integration is proceeding at a rapid pace, interpretation of the monetary and credit aggregates is improved by better information on credit extended to U.S. borrowers from offshore sources and on deposits held by U.S. residents at offshore banking offices because these transactions can be close substitutes for banking transactions at banking offices located in the United States.

In addition to these responsibilities, the Federal Reserve is charged with maintaining a competitive and equitable banking environment in the United States. In this role the Federal Reserve has worked toward developing the statutory and regulatory environment in which foreign banks compete in the United States with domestically chartered banks. The International Banking Act of 1978 and subsequent regulations issued by the Federal Reserve and the other U.S. banking agencies have established a broad framework of national treatment for U.S. offices of foreign banks. Although sometimes overlooked because of more immediate concern with other issues, the U.S. activities of foreign banks have been an extremely dynamic part of the rapid expansion of international banking. Currently, the U.S. offices of foreign banks, including U.S.-chartered commercial banks whose majority owners are foreign banks as well as U.S. agencies and branches of foreign banks, account for 14 percent of total assets of all banks in the United States, and about 40 percent of the assets of all banks in New York State. In addition, foreign banks make loans to and take deposits from U.S. residents at their offices located abroad.

With its broad responsibilities in international banking, the Federal Reserve follows developments in this area quite closely. This article focuses on the current situation in international lending by banks.

ECONOMIC SETTING

Because the condition of banking institutions reflects the general environment in which they operate, a review of the broad economic setting will help illuminate the current international role of banks. The past decade has been characterized by worldwide inflation on the order of 10 percent per annum in the industrial countries that are members of the Organisation for Economic Co-operation and Development (OECD), compared with about 4 percent in the previous decade. Inflation in the developing countries also increased substantially in the seventies. To a large extent the higher inflation in the seventies resulted from the two oil shocks of 1973–74 and 1979–80. Many countries adopted relatively expansionary policies as their economies slipped into recession in 1974–75 after the first oil-price shock.

Since the second oil-price shock in 1979–80, the policy focus of most OECD countries, including the United States, has been definitely anti-inflationary. Fiscal policy in many industrial countries other than the United States, when judged on a discretionary basis, generally has been tightened, although actual budget deficits widened because of weak economic activity overall. Monetary authorities in several countries adopted targets for monetary aggregates with the intention of lowering the inflation rate and not accommodating inflationary pressures exerted by increases in oil prices or wage claims.

The result of the restrictive policies in the major industrial countries has been that inflation rates have fallen more rapidly than was generally expected (table 1). The success in fighting inflation has not been universal: in France and Italy inflation remains quite high, while the United States, Japan, Germany, and more recently, the United Kingdom and Canada, have been quite successful in lowering inflation. As a result of these anti-inflation policies, the growth of economic activity in the industrial countries in 1980–82 was substantially below the growth achieved in the 1976–79 period.

The concerted and simultaneous policy response to inflation has had important implications for the international banking and financial system, particularly through its impact on major borrowers. The stagnation in the major industrial countries reduced the export earnings of the developing countries, both because it reduced the real volume of exports and because it had an impact on the prices of primary commodities. As the chart shows, the export earnings of the developing countries that were not members of

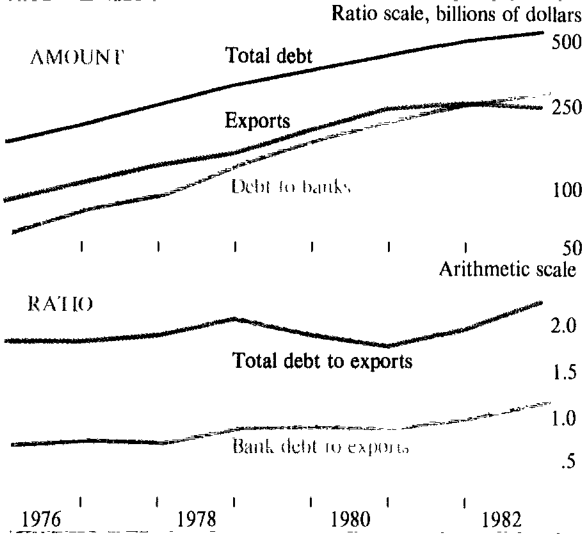
1. Percentage change in consumer price index

Fourth quarter from fourth quarter in previous year

Year	Country							GNP-weighted change in CPI in 6 major foreign countries (percent)
	United States	Canada	France	Germany	Italy	Japan	United Kingdom	
1973	8.3	9.1	8.3	7.2	11.6	15.0	10.3	10.7
1974	12.2	12.0	15.0	6.5	24.8	23.9	18.2	16.9
1975	7.4	10.2	9.9	5.5	11.4	9.2	25.3	10.7
1976	5.1	5.9	10.0	3.8	21.1	9.4	14.9	9.8
1977	6.5	9.1	9.2	3.7	15.1	6.3	13.1	8.1
1978	9.0	8.7	9.5	2.3	11.5	3.9	8.1	6.1
1979	12.8	9.5	11.5	5.4	17.7	4.9	17.3	9.2
1980	12.5	11.1	13.6	5.3	21.4	7.4	15.3	10.5
1981	9.6	12.3	14.1	6.5	18.4	4.1	11.9	9.3
1982	4.5	9.7	9.5	4.7	16.6	2.9	6.2	6.7
1983[1]	1.9	4.1	11.5	2.1	13.7	1.6	5.2	5.2

1. First half at an annual rate. Data for countries other than the United States are not seasonally adjusted.

Exports and debt of non-OPEC developing countries



Data on total debt and debt to banks are for year-end; data on exports are for entire year.

the Organization of Petroleum Exporting Countries (OPEC) were essentially stagnant in 1981 and 1982 after increasing nearly 20 percent per year on average in the previous four years.

A second important impact on the major borrowing countries of the policy focus on reducing inflation has been the rapid rise in nominal and real interest rates associated with the monetary restraint programs. Because interest paid on much of the bank debt of these countries is adjusted periodically to reflect the costs of funds to the banks, rising interest rates are translated into rising costs to borrowers within three to six months. Projects and development plans that were economically attractive at low real interest rates, which were often negative, have become uneconomic as real interest rates have reached a range of 5 to 10 percent. The relatively high levels of real interest rates have resulted in part from demands by investors and depositors for protection against the inflationary environment that dominated the seventies. High real interest rates have, of course, also affected the economic viability of domestic investment programs.

The problems of developing countries appear attributable to internal as well as external causes. A number of these countries were relatively slow to adjust to the environment of higher real interest rates and reduced demand for their exports. The growth rate of the developing countries in general was sustained into 1981—well past the time when the major industrial countries had begun their contractionary policies (table 2). Developing countries pursued policies that resulted in growth in their external indebtedness of 20 to 25 percent per year, faster than the growth of their export earnings (see the chart). They clearly needed to adjust their policies and development programs to the altered and less inflationary economic environment.

Adjustment to new economic and financial conditions can be difficult, particularly when some major participants have made calculations and commitments in the light of earlier conditions that tended to be characterized by high inflation and significantly lower real interest rates. In the past, the development programs of many countries were based on the expectation of growing markets for exports and relatively inex-

2. Selected data for non-OPEC developing countries

Year	Growth rate (percent)			Gross external debt (billions of dollars)	Debt to foreign banks (billions of dollars)	Total reserves minus gold (billions of dollars)	Ratio of debt service to exports (percent)
	OECD	Developing countries					
		All	Western Hemisphere				
1973	6.1	6.7	8.4	110[1]	35[1]	26.1	15.3
1974	.7	5.6	6.9	135[1]	50[1]	28.2	15.9
1975	−.2	4.2	3.1	165	62.7	27.2	17.9
1976	4.8	6.6	5.5	200	80.9	38.2	16.8
1977	3.8	5.4	5.0	250	94.3	49.9	17.3
1978	4.0	5.6	4.5	310	131.3	64.6	22.0
1979	3.1	5.0	6.7	365	171.0	74.7	21.9
1980	1.2	4.7	6.0	430	210.2	74.4	20.0
1981	1.4	2.3	−.1	505	253.5	69.9	23.1
1982	−.2	.8	−1.5	555[e]	282.7	60.6	27.7[e]

1. The estimates for these years were made without the benefit of BIS-reported data on bank lending, which are available only since 1975.

e Estimate.

pensive costs of external sources of savings. Investment programs often had long commitment and gestation periods; it was thus difficult to restrain external needs for additional capital on short notice without imposing severe costs on partially completed investment projects. Interestingly, however, there are examples of countries with well-managed foreign borrowing programs that appear to have retained their creditworthiness internationally even though they have experienced the same external changes as those countries now having difficulties in servicing their external indebtedness.

Participation by Banks

Banks have formed important financial links between the major industrial countries, the surplus-earning oil-exporting countries, and the net-capital-importing developing countries. Since the early seventies, commercial bank lending to many countries has increased dramatically, and the growth in the banks' share of financial flows to developing countries has been especially notable. Borrowings from banks provided about two-thirds of the financing of the total current account deficits and reserve accumulations of the developing countries in 1975–81 (table 3).

The rapid growth in bank lending helped offset slower rates of growth of official bilateral aid and official contributions to multilateral development banks. In addition, the resources of the International Monetary Fund (IMF) declined to historically low levels relative to global imports and current account balances, while increased access by member countries to IMF credit, relative to their quotas, placed further strains on IMF resources. This decline in IMF resources, relative to potential uses, limited the ability of the IMF to offer temporary financial support to countries implementing adjustment programs.

Access by developing countries to credit from commercial banks insulated these countries against the need to adjust to the first oil shock and delayed, and in some cases made more painful, their adjustment to the second one. A positive result has been that developing countries were able to sustain significantly higher rates of real economic growth than the OECD countries over this period (table 2). The higher level of growth in developing countries was accompanied by a four-fold increase in their external debt, a large increase in the ratio of export earnings needed to service external debt, and a decline in the ratio of their international reserves to their external debt from about one-fourth in 1973 to one-eighth in 1982.

The growing participation of banks in international lending has been expressed both through participation by more banking institutions and by increases in the exposure of the largest banks, which traditionally have been the most active in international lending. A survey prepared for the Group of Thirty, a group of private individuals analyzing international economic issues, indicated that in the 1970s about 60 new banks a year became active in international financing. The

3. Financing of the current account deficits of non-OPEC developing countries
Billions of dollars

Item	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982[e]
Balance on goods, services, and private transfers	−11	−31	−39	−26	−22	−37	−54	−76	−93	−81
Official transfers	5	7	7	7	8	8	12	12	13	12
Current account	−6	−24	−32	−19	−14	−29	−42	−64	−80	−68
Source of financing										
Direct investment	4	5	5	5	5	6	8	8	11	8
Borrowing from official sources (excluding IMF)	5	7	11	9	11	12	14	18	18	19
Borrowing from banks	9	16	19	18	11	22	37	43	48	24
IMF credit (net)	....	2	2	2	....	−1	0	2	5	5
Miscellaneous and residual	−4	−4	−6	−4	−2	5	−7	−7	−6	3
Net accumulation (−) or reduction in official reserves[1]	−8	−2	1	−11	−11	−15	−10	0	4	9

1. Excluding changes due to fluctuations in the value of gold or to the allocation of SDRs.

e Estimate.

4 Claims on non-OPEC developing countries, data for nine largest U.S. banks from Country Exposure Lending Survey

Billions of dollars

Date	Total foreign claims	Claims on non-OPEC developing countries	Reporting banks' total assets	Reporting banks' total capital	Claims on non-OPEC developing countries	
					Percent of total assets	Percent of total capital
1977						
December	132.7	30.0	372.5	18.4	8.1	163
1978						
June	135.9	31.0	390.2	19.0	8.0	164
December	147.3	33.4	422.5	20.0	7.9	176
1979						
June	151.8	35.0	449.8	21.1	7.8	166
December	168.2	39.9	486.1	21.9	8.2	182
1980						
June	176.7	41.9	508.4	23.0	8.2	182
December	186.1	47.9	531.0	24.0	9.0	199
1981						
June	196.0	51.6	553.7	25.0	9.3	206
December	205.0	57.6	564.6	26.1	10.2	220
1982						
June	209.5	60.3	566.3	27.1	10.6	222
December	205.3	64.2	588.0	29.0	10.9	221

SOURCE: Semiannual Country Exposure Report and Report of Condition.

participation by more institutions fostered competition in a market that traditionally had been dominated by a few large institutions, and in part contributed to lower net returns (narrower lending spreads) to the banks. Table 4 indicates the growth of total foreign claims and claims on developing countries of the largest U.S. banks. Clearly, both total foreign lending and lending to developing countries were growing very rapidly at these institutions, and their lending to developing countries was expanding relative to their assets and capital base.

The supply of bank financing to developing countries in the seventies was quite elastic, at margins above the cost of funds to the banks (spreads) that, ex post, appear narrow in relation to the risks involved in such lending. Indeed, quite early, even before the difficulties for developing countries surfaced, some forward-looking observers expressed concerns that these lending spreads were too narrow to justify the risks associated with the growing levels of bank exposure.

Why did this rapid growth in international lending by banks occur in an environment of relatively low returns? There is no obvious simple answer to this question, but several factors seem important. First, international trade was growing more rapidly than purely domestic economic activity, and bank lending was directed toward that more rapidly growing economic sector. In the United States, the share of exports in the total gross national product increased from 6.6 percent in 1970 to 12.5 percent in 1982. As the importance of trade flows increased, individual banks felt themselves under increasing pressure to expand their international activities to service the needs of their traditional corporate customers that were active in international trade and in foreign investments. The rapid growth in this sector encouraged entry by financial institutions, which made the market more competitive.

Another factor affecting bank lending was the desire of many countries to support and sustain economic development programs through recourse to external sources of funds. The oil-price increases in the 1970s placed budgetary pressures on many donor countries, so that official bilateral and multilateral financing remained relatively unchanged; thus an increasing share of the enlarged financing requirements of the developing countries was directed toward banks.

Borrowers also played a part in this development. Borrowers facing an elastic supply of funds at interest rates that appeared attractive did not always tailor their borrowing programs to realistic assumptions about their prospects for general economic growth or their ability to earn foreign exchange. In some cases, borrowings appear to have been utilized not to finance additional investment but, instead, at the margin to postpone needed downward adjustments in domestic consumption. In several Latin American countries the rise in interest rates seriously increased the cash flow problems associated with servicing existing indebtedness.

Banking institutions proved to be efficient at organizing themselves to provide funds to these borrowers, and the absence of significant problems in these markets encouraged more banks to become active. The banks developed a variety of techniques that made such lending attractive to more institutions. Loans were priced on a basis that called for frequent adjustments in the interest rates, which protected the banks from any risks of changing interest rates. Another pricing convention allowed some participants to link the interest payments they received to their prime rate, which afforded smaller banks some protection from external influences on their own pricing structure. The rapid expansion of the international interbank market, while it did not broaden the overall supply of credit, did augment the liquidity available to individual banks, which at the margin may have increased the supply of credit to some borrowers.

Perhaps the most significant financing innovation was the syndicated Eurocurrency credit, in which a large bank, or group of large banks, put together a borrowing package and an information memorandum, and smaller banks could participate in the credit without direct contact with the borrower and without first-hand analysis of the borrower's creditworthiness. Syndication permitted large amounts of credit to be raised for a single borrower on short notice and to be widely diffused among banks. It also allowed smaller banks to participate in international lending without large outlays for analysis and business development. In the face of declining domestic loan demand, international lending through participation in loan syndicates allowed many banks to expand their total assets, although not necessarily their return on assets, in a flexible way.

Finally, in the latest stages of the expansion of bank lending, banks and borrowers did not appear alert to the impending risks of such lending or to the possibility of fundamental changes in economic policies and conditions that would affect the viability of continued international lending. The favorable record of lending may have concealed impending problems from bank management especially at the time that available data were indicating rapid increases in total and short-term debt of several major borrowers. A large proportion of the loans were to foreign sovereign borrowers who, it was believed, would have very strong incentives to service their debt.

Policy Responses

In a situation that has become strained, that appears somewhat disorderly, and that poses a threat to the stability of the international financial system, the important question is how to set policy to avoid a major disruption to that system in the short run while establishing a more stable system for the longer run. As noted earlier, the current situation has evolved because of the actions of borrowers, changes in economic policy, and the actions of lenders—including banks. Therefore, a resolution of the situation will require participation by all groups.

The first two elements of a potential solution appear interrelated: more effective adjustment policies by borrowing countries, preferably supported by and approved by the IMF, and more rapid, sustained, and noninflationary expansion of the economies of the OECD countries. Such developments will reduce the current account financing needs of the borrowing countries. The borrowing countries need adjustment to reduce the growth of their indebtedness to some level below the rate of growth of their GNP or export earnings, which will improve the relationship of their external debt to their ability to produce and export. A number of countries have taken strong adjustment measures, and we are currently witnessing very low, and in some cases negative, economic growth. It can be hoped that this period of reduced growth will not last too long. Once these borrowing countries establish a more viable debt-servicing position, their access to external financing will improve, and the rate of growth of their external debt should approximate the growth of their economies and exports.

A second adjustment measure is sustained, noninflationary growth in the industrial countries, which would improve the ability of developing countries to export. Current estimates suggest that every 1 percent increase in the growth of the OECD countries raises the exports of developing countries on the order of $5 billion to $10 billion. An economic recovery is already under way in the United States, and preliminary information suggests that economic activity is picking up in other industrial countries. The economic recovery that is beginning will be considerably more beneficial to indebted countries if it is accompanied by a mix of fiscal and monetary policies in industrial countries, including the United States, that reduces the general level of real interest rates.

Although both adjustment by borrowers and faster economic growth in the OECD countries will reduce current account deficits, these deficits, which are already sharply below those of 1980–81, will require financing. As a structural matter, developing countries will be expected to run current account deficits to import capital for their development programs.

Banks are an important potential source of the financing of these current account deficits. They have been a major source of financing to borrowing countries in the past, and collectively and individually have a large stake in the economic viability of these borrowers. Therefore, as part of several programs negotiated by the IMF with the borrowing countries, banks as a group are continuing to provide some additional credit in 1983, although at much slower rates than in the past few years. Given an estimated total bank debt of $283 billion at year-end 1982, an increase in international bank exposure to non-OPEC developing countries of from 5 to 7 percent in 1983 would result in an increase in bank claims on borrowing countries of $15 billion to $20 billion—a sharp reduction from new bank credits extended in 1982 and more in line with credits extended by banks before 1978. These sums would provide a reasonable share of financing of a vastly reduced aggregate current account deficit for these countries. An increase of 5 to 7 percent in bank exposure combined with an increase in bank capital of about 10 percent in 1983 also would allow banks to reduce their exposure to these countries relative to their capital in 1983, particularly if the increase in exposure is diffused widely throughout the banking system to prevent a disproportionate share of the burden from falling on any single group of banks. These new flows of bank credit will also have to be distributed in a satisfactory way among borrowing countries.

In addition to bank credit, an effective financing package for developing countries has two other important elements. First, the IMF needs adequate resources to perform its functions. As a multilateral official institution, the IMF is uniquely equipped to examine the policies of borrowing countries and to make recommendations concerning those policies. For its recommendations to have any effect, the IMF will need sufficient resources to give the borrowing country the incentive to accept the IMF's policy guidance.

A final element of an adequate financing network to date has involved a source of funds that could be utilized on short notice when problems affect major borrowers. Central banks, and in some cases treasuries or finance ministries, have been in the best position to provide such funding. Recent experience with credit packages to major borrowers suggests that these coordinated official actions have made a significant contribution toward stabilizing international markets. Such packages were intended not as long-term, or even medium-term financing, but as temporary or bridging financing until adjustment programs and associated funding could be worked out and implemented. This type of official funding has generally been used in a highly selective way, when some development has threatened the international financial system.

Beyond the immediate situation, steps are needed to design a more stable long-run environment in which these problems will be less likely to recur. Although such steps would help reduce the probability and magnitude of international disturbances, a fully risk-free international or domestic environment is not an obtainable objective.

Reducing the risk in the international environment calls for better and more stable economic policies in both developed and developing countries, including the willingness to take early action against inflation. Over the long run, little is gained from inflation, and the costs of fighting it rise dramatically as it becomes more deeply embedded in the economic system. Both industrial and developing countries have strong incentives to avoid policies that encourage inflation. A policy mix in industrial countries that relies too heavily on monetary restraint can impose a serious burden on indebted countries by raising the real costs of servicing outstanding indebtedness.

The recent record appears to indicate that developing countries cannot maintain rates of growth of external borrowing that exceed the growth of their economies or exports over a long period of time without incurring unsustainable debt-service burdens. On a technical level, the costs of overvalued currencies and of artificially low levels of domestic interest rates, which can induce heavy private capital outflows when a country may be borrowing heavily abroad, are becoming better understood. Private capital outflows have intensified the external financing problems of several major borrowers.

The costs of trade protection are generally analyzed in terms of higher domestic prices and reduced consumer choice. The recent experience has taught us that an additional cost of restricting trade is the greater difficulty many borrowing countries face in achieving a growth of export earnings needed to service their outstanding debts.

Finally, some argue that debt burdens can be eliminated through inflationary policies that reduce the real burden of existing indebtedness. In a world in which nominal interest rates on outstanding indebtedness are adjusted frequently, a rise in inflation will be translated very quickly into higher rates of interest for borrowers. These higher nominal rates of interest, which must be paid almost immediately, can actually result in increased cash flow problems for borrowing countries.

As mentioned earlier, a contribution to greater long-run stability can be made by the IMF, which as a regular matter consults on the economic policies of its member countries. Although the IMF has no direct leverage over a country's economic policies unless that country is applying for temporary IMF financial assistance, countries increasingly are respecting the technical capabilities of the IMF and may become more responsive to its views even if they are not seeking access to credit. Staying in the good graces of the IMF will become especially important as more countries realize their potential need to borrow from that institution, particularly if the IMF has adequate resources to be a credible lender. The IMF is also exploring ways to broaden statistical information on all countries, a step that should improve the environment in which international lending decisions are made.

Banks can also learn from this recent experience. Bank managements should monitor and control country risk more carefully. Large concentrations of country exposure need to be reviewed regularly because large concentrations of any kind can cause problems for a bank. Banks considering participation in loan syndications should analyze the expected returns and should not participate in a credit simply to increase their total assets or short-term profits. In addition, although an individual bank may seem to have an interest in protecting itself by confining its lending to short-term credits, in the aggregate a shortened overall maturity of debt can pose a serious problem to both borrowers and banks.

Finally, bank regulatory agencies in the United States and other countries are reviewing and improving their supervisory policies on country risk. International cooperation in banking supervision and exchanges of information on supervisory practices have increased in recent years, notably through the Committee on Banking Regulations and Supervisory Practices, which meets regularly at the Bank for International Settlements. An agreement that banks and their country risk exposure be supervised on a consolidated basis is a helpful development in this area. The revised "Concordat" recently issued by the committee, though not dealing directly with country risk, clarifies the roles and responsibilities for supervising banking institutions operating in or chartered by the major industrial countries. In addition to these multinational measures, on June 13, 1983, the Federal Reserve and the Comptroller of the Currency issued minimum capital guidelines for major U.S. multinational banks; these guidelines underscore the importance attached by U.S. bank regulators to adequate capitalization of banks significantly engaged in international lending.

It is important, however, not to expect too much of bank regulators. Bank regulatory agencies are not equipped to become international country-rating agencies. Their expertise in this area is not necessarily greater than that of banks. Nevertheless, they have a special function to perform. Because banks benefit from deposit insurance on a wide range of their liabilities and have access to liquidity support at the discount window, they have special advantages over other lenders in competing for funds. Furthermore, bank liabilities serve as the principal means of payment in the economy. In light of these advantages and of the importance of a smoothly functioning payments mechanism, the Congress has given regulators a role in supervising domestic and international risks that might threaten the position of U.S. banks. Therefore, bank supervisors have a responsibility to review bank portfolios, to encourage diversification, and to comment on heavy concentrations in general, especially when a bank has no special expertise or does not enjoy some important advantage from a large concentration.

In the United States, as part of the legislative process of reviewing the U.S. participation in the increased IMF quotas, the federal bank regulators have been working with the Congress to develop an improved longer-term statutory and regulatory structure for international lending by U.S. banks. On April 7, 1983, the federal bank regulators submitted a Joint Memorandum detailing a program for improved supervision and regulation of international lending. The major elements of that new supervisory program were the following:

1. Tightened supervision of the foreign exposures of U.S. banks, including more frequent and forceful comments on large international exposures and clearer guidelines for examiners in commenting about large exposures to bank managements;

2. More frequent and more timely public disclosure of large concentrations of country risk of U.S. banks, which should result in better market surveillance of their activities;

3. Adjustment to the accounting conventions for amortization of spreads and fees that result from rescheduling, which should make banks more cautious in extending new credits, and, it is hoped, more accurate in pricing credits that may be rescheduled; and

4. Requirements that banks maintain reserves for especially troubled international credits, which should make the reported earnings and assets of banks conform more closely to economic realities and act as a further caution to banks to restrain commitments, or demand higher compensation, for credits because of their potential for a rescheduling or restructuring.

In developing this new framework for supervising international lending, U.S. regulators were aware of the need to balance the longer-term objective of setting the appropriate signals and incentives for banks to engage in international lending against the short-run objective of avoiding excessive restraint that could threaten the stabilization packages being put together for major borrowers. Some of the provisions may impinge on bank earnings and capital and thus may require a phase-in period to avoid market disruptions. Other countries are also reviewing their supervisory procedures to improve their surveillance and to avoid situations in which competitive inequities favor lending by banks chartered in a particular country.

CONCLUSION

The international financial system within which banks are operating has changed considerably in recent years, and all the participants are in the process of adapting their behavior to those changes. The adaptations, while necessary to avoid the more serious consequences of continued unrestrained inflation, have imposed serious costs on all participants. The challenge for the immediate future is for all participants in the system to recognize their long-term interests in a stable, if certainly not risk-free, system and to adapt their own behavior in such a manner that the transition is a relatively orderly and well-managed process. The returns to cooperative behavior by all participants with an interest in the system are high.

The management of this process challenges macroeconomic policy to maintain the gains that have been made in combating inflation while allowing sufficient economic growth to permit servicing of outstanding external debts, or in some cases restructuring of debt on terms that are acceptable to both borrowers and lenders. Agencies charged with responsibility for regulating banks are reviewing and modifying their policies to ensure an appropriate environment for international bank lending. These challenges are formidable and demand coordination of efforts to meet them. A successful outcome seems probable in light of the growing awareness and understanding of the problem at hand. □

Treasury and Federal Reserve Foreign Exchange Operations

This 43rd joint report reflects the Treasury–Federal Reserve policy of making available additional information on foreign exchange operations from time to time. The Federal Reserve Bank of New York acts as agent for both the Treasury and the Federal Open Market Committee of the Federal Reserve System in the conduct of foreign exchange operations.

This report was prepared by Sam Y. Cross, Manager of Foreign Operations for the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York. It covers the period February through July 1983. Previous reports have been published in the March and September [October 1982] BULLETINS of each year beginning with September 1962.

During the February–July period under review, the dollar advanced against most major foreign currencies, offsetting by varying degrees the substantial declines in dollar rates that had occurred during the months just before the period. The dollar's rise took place at a time when the world recession was giving way to expansion and inflation generally was decelerating. But all economies were still operating far below capacity, and there was some question as to how strong the recovery might be. Also, the pace of expansion among the industrialized economies was uneven. Unemployment stayed well above the levels of recent recessions; and the decline of interest rates from the high levels of mid-1982 was losing momentum. In some nations, pressures therefore remained on policymakers to take action to support economic growth and create jobs. Under these circumstances, the currencies that showed the strongest performance in the exchange markets were those of countries already pulling out of recession, like the United States, and of countries seen in the market as relatively less vulnerable to such pressures. In addition to the dollar, these currencies included the Canadian dollar, pound sterling, and the Japanese yen.

At the outset the dollar showed little of the strength that was later to characterize this period. Questions remained about the durability of the economic upturn here, the outlook for U.S. interest rates, and the possible implications for the dollar of a prospective deterioration in the U.S. current account. Economic expansion in the United States appeared to be proceeding, as expected, more moderately than previous postwar recoveries and to be limited to interest-sensitive sectors of the economy, such as housing. The current account was widely forecast to drop into deep deficit, reflecting an additional drag on domestic output. At the same time, the

1. Federal Reserve reciprocal currency arrangements

Millions of dollars

Institution	Amount of facility July 31, 1982	Effective Aug. 30, 1982	Amount of facility July 31, 1983
Austrian National Bank	250		250
National Bank of Belgium	1,000		1,000
Bank of Canada	2,000		2,000
National Bank of Denmark	250		250
Bank of England	3,000		3,000
Bank of France	2,000		2,000
German Federal Bank	6,000		6,000
Bank of Italy	3,000		3,000
Bank of Japan	5,000		5,000
Bank of Mexico:			
Regular facility	700		700
Special facility	0	325	269[1]
Netherlands Bank	500		500
Bank of Norway	250		250
Bank of Sweden	300		300
Swiss National Bank	4,000		4,000
Bank for International Settlements			
Swiss francs/dollars	600		600
Other authorized European currency/dollars	1,250		1,250
Total	**30,100**	**325**	**30,369**

1. Size of facility was reduced as repayments were made.

outlook for inflation improved further in response to evident productivity increases and weak commodities prices, particularly for oil. Moreover, as the number of developing countries negotiating debt reschedulings grew, the uncertainties about how the international financial structure would withstand the working-out of these problems continued to cloud the outlook for world economic recovery. Therefore, market participants held to the view that, for a number of domestic and international reasons, dollar interest rates would soon resume their decline after a short reversal in early February and expected the dollar to ease back as well. This view was reinforced in mid-February when the Federal Reserve announced its monetary growth targets for 1983, which were interpreted as allowing room for both a moderately paced recovery and further gradual declines in interest rates.

Contrary to expectations, U.S. trade figures for the early months of the year showed a smaller deficit than had been recorded during the last part of 1982. Also, short-term interest rates did not decline below mid-January levels, and the Federal Reserve kept its discount rate at 8½ percent as established in December 1982. But the improving outlook for prices and for growth contributed to a further easing in long-term interest rates and buoyed the market for equities. Long-term yields moved down in two stages—first during February and again in April—while record highs were being registered for major stock price indexes.

The dollar held relatively steady through mid-May, notwithstanding the strains surrounding difficult negotiations leading up to an agreement of the Organization of Petroleum Exporting Countries (OPEC) on new oil prices and production quotas as well as a major speculative attack against the curency relationships within the European Monetary System (EMS). Many market professionals, while impressed by the dollar's apparent firmness, still expected the dollar's medium-term trend to be downward because of the outlook for interest rates and current accounts. Also, for a time talk spread that the major industrial countries might be preparing to discuss a coordinated intervention effort at the Williamsburg summit. Thus, interbank dealers in foreign exchange and speculators on futures exchanges were prepared to sell dollars regularly. By contrast, press reports of substantial foreign interest in U.S. stock and bond markets buoyed sentiment toward the dollar at times.

By May, reports of large boosts in employment and in output signaled that recovery in the United States was gaining momentum. Looking ahead, a considerable improvement in consumer sentiment, the impact on spending of increasing values of financial assets, and the prospect of new tax cuts in early July all suggested that the upswing would be far more robust than anticipated just a few months previously and might match the strength of earlier recoveries. At the same time, expectations faded that a compromise would soon be reached to cut the government's large fiscal deficits for the coming years. Moreover, the government was having to borrow an unusually large amount for a second quarter, a time when tax revenues are seasonally heavy. Also, there was mounting concern about the rapid growth of the monetary aggregates, particularly the narrowly defined aggregate, M1. Incoming data showed that the rate of growth of M1, after slowing in early April, had rebounded. Under these circumstances, U.S. interest rates of all maturities began to rise. Interest rates in other countries were, by comparison, relatively steady, holding on to the declines that had been achieved over the past several months. As a result, interest rate differentials against most currencies moved more decidedly in favor of the dollar during late May and the adverse differential against sterling was eliminated by mid-June.

During May and early June the dollar was pushed up again by strong professional bidding. U.S. interest rates were rising, there were no signs of coordinated intervention in the immediate aftermath of the summit, and after that meeting there appeared to be less foreign pressure on the United States to modify its policy mix. In addition, the increasing attractiveness of yields on government securities drew a growing amount of investment from nonresidents. Thus, the dollar's rise continued without interruption until mid-June.

After a short period of consolidation around the end of the quarter, the dollar's advance resumed during July. By this time, the vigor of the industrial rebound and perceived readiness of U.S. authorities to allow demand pressures to show through in higher interest rates were seen in increasing contrast to situations abroad, most particularly in continental Europe. In this atmosphere, even the publication of the largest monthly U.S. trade deficit in history for May appeared not to have dampened demand for the dollar. Instead, the dollar ratcheted upward at an accelerating rate, the movement most pronounced with respect to the German mark. Once again, professional bidding added momentum to the dollar's rise as it passed its earlier highs for the year and then surpassed its peaks of November 1982 against several major currencies. Corporate entities also bought dollars to cover needs which had been postponed earlier in the year.

By late July the dollar's upward movement had taken on a self-sustaining character in increasingly unsettled trading. Rate movements were sharp and sudden as market participants became reluctant to take positions, causing trading to become thin and the market to become disorderly. The U.S. monetary authorities and foreign central banks intervened in coordinated operations, which had a calming effect on the market and helped reestablish order at the time. These operations, which the U.S. authorities initiated on Friday, July 29, on a small scale, were continued during the early days of August. In total, the Trading Desk operated on four occasions during the six business days, July 29–August 5 to buy $254.1 million equivalent of German marks and Japanese yen. The operations involved purchases of $182.6 million equivalent of German marks and $71.5 million equivalent of Japanese yen, shared equally by the U.S. Treasury and the Federal Reserve.

During the six months to the end of July, the dollar rose more than 7 percent against the German mark and by larger amounts against the

2. Drawings and repayments by foreign central banks and the Bank for International Settlements

Millions of dollars, drawings and repayments (−)

Facility and drawing bank	Outstanding July 1, 1982	1982:3	1982:4	1983:1	1983:2	1983 July	Outstanding July 31, 1983
Regular reciprocal currency arrangements							
Bank of Mexico	200.0	1,400.0 −900.0	−217.4	−482.6	0	0	0
Bank for International Settlements (against German marks)	0	0	124.0 −124.0	0	0	0	0
Total	**200.0**	**1,400.0 −900.0**	**124.0 −341.4**	**−482.6**	**0**	**0**	**0**
Special swap arrangements with Bank of Mexico							
U.S. Treasury special temporary facility for $1,000 million	...	825.0 −825.0	...	...	...	...	...
Special combined credit facility							
Federal Reserve special facility for $325 million	...	89.8 −43.8	211.2	67.8	−56.0	0	269.0
U.S. Treasury special facility for $600 million	...	166.8 −81.3	392.2	122.3	−104.0	0	496.0
Total	...	**1,081.6 −950.0**	**603.5**	**190.0**	**−160.0**	**0**	**765.0**
Special swap arrangements between Central Bank of Brazil and U.S. Treasury							
$500 million	...	...	500.0 −500.0	...	...	...	...
$280 million	...	...	280.0	−280.0			
$450 million	...	...	450.0	−450.0	...	...	...
$260 million	...	...	250.0 −104.2	−145.8	...	...	...
	...	...	...	200.0 −200.0	...	...	...
	...	...	...	200.0 −200.0	...	...	...
Total	...	...	**1,480.0 −604.2**	**400.0 −1,275.8**	...	...	...

3. U.S. Treasury securities, foreign currency denominated[1]

Millions of dollars equivalent; issues or redemptions (−)

Issues	Amount of commitments July 1, 1982	1982:3	1982:4	1983:1	1983:2	1983 July	Amount of commitments July 31, 1983
Public series							
Germany	3,171.3	−1,231.9	−664.1	0	−667.9	−607.3	0
Switzerland	458.5	0	0	−458.5	0	0	0
Total	**3,629.8**	**−1,231.9**	**−664.1**	**−458.5**	**−667.9**	**−607.3**	**0**

1. Data are on a value-date basis. Because of rounding, figures may not add to totals.

other EMS currencies. The dollar rose less against other currencies—5¾ percent in terms of the Swiss franc and less than 1 percent against the Japanese yen and pound sterling. The dollar was down marginally against the Canadian dollar. In trade-weighted terms the dollar rose several percentage points, setting records for the floating-rate period on many indexes.

In other operations during the six-month period, the U.S. monetary authorities continued to have credits outstanding to Mexico and Brazil. On February 1 the Central Bank of Brazil repaid $280 million of the $730 million outstanding on facilities made available to it earlier by the Treasury. The remaining $450 million facility was repaid on March 3. On February 28, the Treasury agreed to provide Brazil with two additional swap facilities of $200 million each in anticipation of Brazil's drawings under a compensatory financing facility and an extended fund facility of the International Monetary Fund (IMF). These swaps were drawn on February 28 and March 3 and were repaid by March 11. Thus, at that point Brazil had repaid in full all Treasury swaps made available to it since October 1982. In December, the Bank for International Settlements (BIS), acting with the support of the U.S. Treasury and the monetary authorities of other nations, provided the Central Bank of Brazil with a $1.2 billion credit facility, which was subsequently increased to $1.45 billion. As part of a liquidity-support arrangement for the BIS provided by the participating monetary authorities, the Treasury through the Exchange Stabilization Fund (ESF) agreed to be substituted for the BIS for $500 million of the credit facility in the event of delayed repayment by the Central Bank of Brazil.

Funding for Mexico was provided through the Bank of Mexico's regular swap facility of $700 million with the Federal Reserve and also through special swap facilities totaling $1.85 billion in cooperation with other central banks through the BIS. The U.S. portion of the latter facility consisted of $600 million by the Treasury and $325 million by the Federal Reserve. In February, Mexico drew the remaining portion of the special facility, receiving $44.3 million from the Treasury and $25.8 million from the Federal Reserve. On February 28, the Bank of Mexico fully repaid the remaining $373 million outstanding under the Federal Reserve's regular reciprocal currency arrangement, which had been drawn last August before other arrangements had been put in place. On May 31, Mexico prepaid outstanding swaps under the special facilities, of which $104 million was paid to the Treasury and $56 million to the Federal Reserve. Drawings of $496 million and $269 million were outstanding from the Treasury and the Federal Reserve respectively as of July 31 but were subsequently repaid upon maturity late in August.

In April, the BIS, acting with the support of the U.S. Treasury and the monetary authorities in other countries, agreed to participate in an international financial support package for Yugoslavia. The Treasury, through the ESF, as part of a liquidity-support arrangement for the BIS provided by the participating monetary authorities, agreed to be substituted for the BIS for $75 million in the event of delayed repayment by Yugoslavia. By the end of the period, partial repayments on this facility reduced the Treasury contingent commitment to $57 million.

On May 12 and on July 26, the U.S. Treasury redeemed at maturity the last two German mark-denominated securities equivalent to $667.9 mil-

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

Millions of dollars

Period	Federal Reserve	U.S. Treasury	
		Exchange Stabilization Fund	General account
1982:3	0	−2.3	89.4
1982:4	0	4.3	16.0
1983:1	0	0.5	38.3
1983:2	0	17.0	58.1
July 1983	0	0	70.1
Valuation profits and losses on outstanding assets and liabilities as of July 31, 1983	−803.3	−850.8	0

1. Data are on a value-date basis.

lion and $607.3 million respectively. These represented the final redemptions of foreign currency notes, public series, which had been issued in the Swiss and German markets with the cooperation of the respective authorities in connection with the dollar support program of November 1978.

In the period from February through July, the Federal Reserve realized no profits or losses from exchange transactions. The ESF and the Treasury general account gained $17.0 million and $128.2 million respectively in connection with redemptions of securities denominated in German marks. As of July 31, cumulative bookkeeping, or valuation, losses on outstanding foreign currency balances were $803.3 million for the Federal Reserve and $850.8 million for the Treasury ESF. (Valuation gains and losses represent the increase or decrease in the dollar value of outstanding currency assets and liabilities, using end-of-period exchange rates as compared with rates of acquisition.) The above losses reflect the fact that the dollar strengthened since the time the foreign currencies were purchased.

The Federal Reserve and the Treasury have invested foreign currency balances acquired in the market as a result of their foreign exchange operations in a variety of investments that yield market-related rates of return and have a high degree of quality and liquidity. Under the authority provided by the Monetary Control Act of 1980, the Federal Reserve invested some of its own foreign currency resources in securities issued by foreign governments. As of July 31, the Federal Reserve's holdings of such securities were equivalent to $1,328.1 million. In addition, the Treasury held the equivalent of $2,046.5 million in such securities as of the end of July.

GERMAN MARK

The German mark had participated in the generalized rise in currencies against the dollar around the turn of the year and had firmed within the EMS. By the beginning of February, however, the mark had eased back across the board, trading at DM 2.4735 against the dollar, as expectations of a continued decline of the dollar weakened. Within the EMS, it drifted down to the middle of the narrow band, as speculative buying of marks in anticipation of a realignment subsided pending early March elections in Germany and France. Nevertheless, the sharp swing in Germany's current account back into surplus and further deceleration of inflation during the past year had generated expections in the markets that the mark would again be revalued in an imminent change in EMS currency relationships.

Soon after the opening of the six-month period, speculative pressures reemerged as the election dates approached, and the mark again came into strong demand. By mid-February it had moved to the ceiling of the EMS after opinion polls predicted that the five-month-old Kohl government would get a mandate from the electorate and have sufficient control of Parliament to pursue its conservative economic policies. In early March, when the election results confirmed the predictions of the polls, the demand for marks increased. With the currency at the top of the EMS, both the Bundesbank and other participating central banks had to intervene heavily to keep the mark within its upper limits. As the pressures intensified, several other EMS countries whose currencies were pinned to the bottom of the EMS supplemented market intervention with other actions to discourage speculation. Thus, speculative bidding for the mark against non-EMS currencies intensified, lifting the mark some 4 percent against the dollar to its high for the period of DM 2.3685 by March 14 and by similar amounts against other major non-EMS currencies. In the realignment of March 21, the mark's central rate was adjusted upward by 5.5 percent. Other EMS currencies were revalued by smaller amounts or devalued, with the result that, in terms of the bilateral central rates, the mark was revalued about the same amount on a trade-weighted basis.

Meanwhile, Germany's recession had bottomed out late in 1982 and business confidence was improving, but the pace of recovery was still expected to be insufficient to curb a continuing rise in unemployment. The government was committed to fiscal restraint to achieve a long-standing German objective of reducing the size of the fiscal deficit relative to GNP. Already the government had made some progress in imposing cuts in social expenditures.

Under these circumstances, the Bundesbank had taken advantage of the drop in inflation and the improvement in the current account to ease monetary conditions. Early in the year it had acted out of concern over a possible reversal of the downtrend of interest rates abroad and the risk that the mark's recovery had stalled, providing liquidity through open market operations and increasing banks' rediscount quotas, but not lowering interest rates. Effective March 18, however, it took the more visible step of cutting its discount and Lombard rates 1 percentage point, to 4 percent and 5 percent respectively to signal its intention to lend support to the economy. But, by this time, the domestic money market had become quite liquid and short-term market rates had declined, partly because of the liquidity effects of the heavy foreign exchange intervention before the realignment. Moreover, the scheduled transfer of Bundesbank profits to the federal government in April was also going to inject liquidity. Consequently, the Bundesbank tempered its interest rate action with some cutback in banks' rediscount quotas. German interest rates nonetheless continued to ease, both absolutely and relative to those in the United States. Thus, by the end of March the adverse interest differential in the Euromarkets for three-month maturities, for example, had widened to almost 4½ percentage points, a level not seen since July 1982.

After the realignment, the mark moved to the bottom of the new EMS band and also fell back to early-February levels against the dollar. Speculative inflows and commercial leads and lags were unwound. In addition, capital was attracted abroad. Although interest rates in other EMS countries and in the United States were temporarily easing, interest differentials were still adverse to the mark and no longer offset by the prospect of early exchange rate appreciation. Also, there was talk of possible liquidation of some OPEC investment in marks to meet current payments. The EMS central banks bought large amounts of marks to keep the German currency within its lower intervention limits. Also with the mark declining against most non-EMS currencies, the Bundesbank sold dollars. By the end of April, Germany's foreign currency reserves dropped more than they had risen during the previous two months to show a net $1.1 billion decline from January's $40.6 billion level.

By mid-May, business confidence in Germany had faltered. On the one hand, the benefits of decelerating inflation were becoming more apparent. A drop in the inflation rate to below 3½ percent had paved the way for a very moderate increase in the key pay agreement for metal workers and an even lower average wage increase of 2.6 percent for public service employees. In addition, publication of first-quarter figures confirmed that there had been some revival in interest-sensitive sectors of the economy such as investment goods and consumer durables. On the other hand, exports—the sector that traditionally leads Germany out of recession—had shown almost continuous weakness since mid-1982.

The trade figures for April revealed a significant drop both in exports and in the trade surplus, suggesting that the strength recorded for the first quarter reflected little more than a speedup of shipments to other EMS countries in anticipation of the EMS realignment. Henceforth, export demand was seen as being depressed, not only by the weakness of markets among the developing countries and OPEC, as before, but also as a result of the revaluation of the mark that was larger than expected in the March realignment and effects of new austerity measures in France. Moreover, the scope for providing more impetus to the economy by further reducing interest rates was rapidly disappearing. Central bank money growth was still running well above the Bundesbank's target range of 4 to 7 percent for the year, even after reversal of the foreign exchange inflows of February–March. And, abroad, the outlook for interest rates in the United States was bringing into question hopes that the ten-month-long downswing in world interest rates would continue.

Under these circumstances, the outlook for the mark became increasingly overshadowed by that of the dollar, which was buoyed by prospects of a vigorous economic recovery, strong corporate profits, and increasingly attractive yields on fixed-income investments in the United States. As interest rates in the United States moved up after mid-May, rates in Germany held generally steady, with the Bundesbank allowing German banks to borrow from its Lombard facility heavily and for long periods of time. As a result, interest differentials adverse to the mark began to widen once more, surpassing the levels of late March by mid-June and increasing further throughout July. Also, a number of political factors weighed on sentiment toward the mark. The Williamsburg summit passed without apparent agreement on European initiatives pertaining to interest rates and exchange rates. Meanwhile, reaffirmation of the NATO decision to place Pershing II and cruise missiles in Germany underscored the potential for public debate over a variety of national security issues.

Thus, the mark continued to decline against the dollar, falling by mid-July below its November 1982 low, and generally traded near the bottom of the EMS. Market participants took little apparent note of newly published figures, pointing to a marked upturn in industrial production or improvement in Germany's trade and current account figures for June. Instead, at the end of July the mark's drop accelerated, as trading became increasingly hectic, to touch a seven and a half-year low of DM 2.6600. Throughout the last two and a half months of the period, the Bundesbank regularly sold modest amounts of dollars at the fixing but was perceived in the market as not providing strong resistance to a further drop in the exchange rate against the dollar. Meanwhile, other EMS central banks bought marks either in compulsory interventions at the limits of the 2¼ percent band or to rebuild reserves.

By the end of July, trading conditions had deteriorated considerably. As the mark's decline relative to the dollar cumulated and major market makers became less willing to take the positions needed to smooth the flow of orders coming into the market from their customers, the market became more subject to sudden rate movements and widening spreads between bid and offered rates. The U.S. authorities entered the market on July 29 to purchase marks as part of an intervention operation that continued into the subsequent week and was coordinated with other central banks. For its part, the U.S. authorities purchased a total of $182.6 million equivalent of marks during a period of six business days to counter disorderly trading conditions.

Primarily as a result of intervention operations, Germany's foreign currency reserves declined a further $1.4 billion after April. For the whole six-month period, they fell $2.5 billion to $38.1 billion. The mark ended the period at DM 2.6500 against the dollar, down on balance 7 percent from its early February level. As measured by the Bundesbank's trade-weighted index, however, the mark appreciated by ½ percent, mainly because of the mark's appreciation vis-à-vis other EMS currencies.

In mid-May and in late July, the U.S. Treasury repaid at maturity the final two German mark-denominated obligations issued in conjunction with the November 1978 dollar defense program. These repayments totaled $1.3 billion equivalent.

JAPANESE YEN

A recovery of the Japanese yen against the dollar, which had brought the currency up some 19 percent from its November 1982 low by early January, stalled just before the period under review. Although the yen remained firm as compared with European currencies, it eased back against the dollar to ¥240.90 at the beginning of February. As a result, market participants were again disappointed in their expectations that Japan's strong current account position, low inflation, and cautious economic policies would set the stage for the yen to recapture more of the ground lost against the dollar during the preceding two years.

For some time the yen's weak performance against the dollar had been regarded by the Japanese monetary authorities as substantially reducing their scope for responding to the weakness of domestic economic activity. Fiscal policy was felt to be constrained by concern over the budget deficit and a commitment to narrow the borrowing gap. Monetary policy was felt to be constrained by the risk that any further easing of interest rates in Japan might again stimulate outflows of capital, which had been a major influence in the yen's weakness. The authorities wished to avoid adding pressure on the exchange rate at a time when international attention was focused on Japan's widening trade surplus. Japan had emerged with the largest current account surplus of the major industrialized countries, close to $7 billion in 1982.

In the recessionary environment, which many countries faced around the turn of the year, the prospect that Japan might experience a further sharp increase in its export penetration this year aggravated already severe trade frictions with its major trading partners. The Bank of Japan, therefore, chose not to lower its discount rate from the 5½ percent level that had prevailed for over a year, and Japanese market rates eased little even as interest rates in most other financial centers declined substantially after mid-1982.

During February and March, expectations about the near-term course of Japanese interest rates shifted frequently. On numerous occasions, expectations developed that the official discount rate would be cut. Economic growth continued to slow, and output in Japan was slipping to relatively low levels of capacity. Japan's low inflation, high real interest rates, and the outlook for modest wage increases in the spring labor offensive all suggested that there still might be scope for measures to stimulate domestic demand. Nevertheless, the Bank of Japan repeatedly stated that the yen's exchange rate prevented it from lowering its lending rate. With the outlook for interest rates uncertain and with Japan's economy looking stagnant as compared with the more vigorous performance of the U.S. economy, foreign investors became skeptical that Japan's stock and bond markets would make a strong showing relative to those abroad.

In addition, conditions in world oil markets and speculation surrounding the EMS realignment affected trading in the Japanese yen for the first three months of the period. Although Japan was seen as benefiting from declining prices for its oil imports, market attention focused on the immediate, unfavorable impact on Japan's capital account of the possibility that OPEC nations might liquidate their holdings in Japanese capital markets. Indeed, inflows of capital from OPEC countries were considerably diminished and contributed, along with substantial overseas investments by Japanese institutional investors, to an increase in Japan's net long-term capital outflow. The yen was also caught up at times in the EMS pressures around mid-March, since the yen was used to some extent as a vehicle for speculation against those currencies expected to be revalued.

The yen, therefore, showed little trend against the dollar through late March. Although at one point in February it rose to ¥231.20, by the end of the quarter the yen was trading back around ¥240. It declined about 3 percent against the mark just before the realignment of the EMS. However, in the subsequent unwinding of speculative positions, the yen recouped most of that loss in just a few days.

At the end of March, with the approaching close of the fiscal year and parliamentary action on the budget, public attention focused increasingly on the continued sluggishness of the Japanese economy. Real growth had amounted to 3.3 percent in the fiscal year just ending—a disappointing figure by traditional standards—with the rate of growth decelerating noticeably throughout the year. Export demand remained weak, reflecting the worldwide recession, increasing barriers to Japanese goods, and import cutbacks by developing countries. Japan's current account surplus continued to widen, most importantly because imports were depressed by the low level of domestic demand. The yen's earlier appreciation and weak commodities prices had contributed to an improvement in Japan's terms of trade. Although this helped strengthen the corporate sector's financial position, industry remained cautious about embarking on new investment projects as long as final demand was flagging. Thus, loan demand remained weak and the Bank of Japan scaled back its projection for new lending by city banks for the coming quarter.

Under these circumstances, calls for an interest rate cut were increasingly heard from private as well as some government sources, and talk spread that the government would soon announce measures to support economic growth. On April 5, the government presented an eight-point program involving primarily a speedup in the disbursement of previously budgeted public works spending. But the Bank of Japan still viewed the exchange rate as too weak to permit a discount rate cut and thus disappointed hopes that a drop in interest rates would reinforce the government's program.

During April and into early May, the yen drew support from the prospect that Japanese interest rates would remain stable. In addition, the approaching release of a seven-nation intervention study and the upcoming Williamsburg summit focused attention on official exchange rate policies. Market participants interpreted statements by Bank of Japan Governor Maekawa and others as presaging a move to a more active international intervention policy. They also anticipated that the Japanese government might choose to support its currency before the Williamsburg summit so as to defuse the trade issue.

By May 11, these factors helped boost the yen to a high of ¥230.35 against the dollar. Speculation in favor of the yen on Chicago's International Monetary Market (IMM) became quite heavy at times and was an important component of the runup in the yen, with open interest in yen contracts hitting successive records. But the overhang of these positions soon became a source of concern, as fears arose that a sudden decline in the yen might be triggered by the need to cover them. In addition, a renewed rise in U.S. interest rates and the completion of the Williamsburg summit without any obvious change in official foreign exchange operations exerted a drag on the yen, which dropped back to a low of ¥243.60 by mid-June. Nevertheless, the yen had shown a steady advance against the German and other continental currencies, rising more than 6 percent vis-à-vis the mark during the prior two and a half months.

After mid-June, the improvement in Japan's external sector began to receive more attention in the exchange markets. A bottoming-out of exports, together with the continuing low level of imports, led to a widening of Japan's current account surplus to a seasonally adjusted annual rate of $20 billion for the first five months of 1983. In the meantime, the quickening pace of recovery in the United States, where the import of manufactured goods was forecast to rise significantly, suggested there would be a further expansion of Japan's exports. Moreover, political developments in Japan provided background support for the yen during this period, as the ruling party's victory in June parliamentary elections confirmed that the government's international and economic policies would not be subject to major change.

Consequently, the yen rate moved up against the dollar during the latter half of June and held generally steady during July as the dollar advanced against the continental currencies. But, when the yen became caught up in the pressures of a rapidly rising dollar at the month-end, the Japanese authorities sold dollars as a coordinated intervention operation got under way in which the U.S. authorities bought $71.5 million equivalent of yen. These purchases during the first days of August were shared equally between the Federal Reserve and the U.S. Treasury.

Although the yen closed the six-month period at ¥242.90, near its low against the dollar, it registered a net decline of less than 1 percent since the end of January. With the yen relatively steady against the dollar, it showed an almost uninterrupted advance against other currencies after mid-March. The yen ended July almost 7 percent higher on balance against the mark, thereby challenging its 1978 high against that currency. The Japanese authorities intervened little in the exchange markets through the end of July, with the $1.25 billion increase in foreign currency reserves since January to $20.7 billion, primarily reflecting interest receipts on their currency holdings.

SWISS FRANC

Coming into the period under review, the Swiss franc was trading well above its previous-autumn levels against all currencies except the Japanese yen. After leading the recovery of European currencies against the dollar that had begun in mid-November, it held up better than others after the dollar's turnaround in early January to trade around SF 2.0250 against the dollar and about SF 0.82 in terms of the German mark.

By February, there was a perception in the market that the Swiss authorities might not have the leeway that they had during much of the previous year to ease monetary conditions. Inflation, at least at the consumer level, had receded less in Switzerland than in Germany, Switzerland's major trading partner and competitor in third markets. The growth of central bank money had begun to rise, coming close to the central bank's 3 percent target for 1982, and the authorities had adopted the same target for the coming year. Consequently, there was seen to be rather little scope for interest rates in Switzerland to decline from the very low levels of last fall, while interest rates abroad had dropped substantially. As a result, the large adverse interest differentials that had fostered heavy capital outflows and had contributed to last year's weakness of the franc were narrowing considerably.

There were other reasons as well why market participants anticipated that capital outflows from Switzerland might not be so large as in 1982. Foreign official and corporate borrowers, especially Japanese entities, continued to borrow in Swiss francs throughout the first half of 1983. The spot rate on occasion was pushed lower when the proceeds of new issues were converted into foreign currencies. But, at the same time, the sheer size of earlier borrowings was seen as increasing the potential that the Swiss franc might come into strong demand sometime in the future. If, for example, Swiss interest rates were to rise substantially more than rates in other markets or if the dollar were to decline, earlier borrowers might bid for francs to cover their liabilities. Thus, the attitude of market professionals toward the Swiss franc had come to incorporate a decided sense of two-way risk.

Sentiment toward the franc was also favorably affected by other factors. The country's trade deficit had narrowed by $1 billion to yield a surplus on current account of $3.4 billion last year, and most forecasts called for a similarly sized surplus for 1983. The competitiveness of Swiss exports had actually improved somewhat, reflecting in part last year's decline of the franc relative to the German mark, which had not been fully reversed. More importantly, the Swiss government's fiscal discipline compared favorably with that of other countries. Thus, Switzerland appeared to have come through the difficult adjustments of recent years with fewer economic dislocations, as well as fewer political divisions, than most countries. Moreover, Switzerland's traditional role as a safe haven and its relative political stability made the franc an attractive currency for investment, particularly when contentious political campaigns were under way in a number of neighboring countries.

For a time during February and March, these favorable factors were overshadowed by intensified bidding for German marks in anticipation of an EMS realignment. With the mark rising strongly across the board, the Swiss franc dropped steadily as it became one of the currencies against which long mark positions were established. In all, the franc declined nearly 6 percent against the mark to SF 0.8663 on March 14, its lowest level in one and a half years. Against the dollar, the Swiss franc swung widely under the influence of active speculative trading in the interbank market and on Chicago's IMM before settling around the level of SF 2.0750 in mid-March.

By late March, however, the Swiss franc had begun to move back up against the mark as positions taken before the March 21 realignment of the EMS were reversed. Meanwhile, the franc's traditional interest rate disadvantage narrowed. The Swiss National Bank lowered its official lending rates by ½ percentage point on March 17, in coordination with a larger reduction by the German central bank. But Swiss money market interest rates actually rose during the second half of March, while those in most other centers were declining. With some slowing of the previous rate of foreign borrowing in the Swiss capital market, the franc gained steadily against the German mark in a trend that was to continue.

Against the dollar, the Swiss franc edged up more gradually through mid-May before declining in June, along with other foreign currencies. The decline was in response to the renewed rise in U.S. interest rates and the revised outlook for U.S. economic recovery. Compared with other continental currencies, however, the franc declined more modestly. By then, short-term interest rates in the Swiss market had advanced almost to the levels prevailing in Germany, thereby eliminating the traditional negative spread between the two markets. The increased interest rates reflected the wariness of market participants that the Swiss National Bank might tighten the supply of banking reserves in response to an apparent overshooting of its monetary target in the first five months of the year. Such speculation persisted even after central bank officials pointed out that the year-over-year rise in central bank money so far was a statistical anomaly that need not be offset later in the year and, furthermore, that the central bank would accept an overrun by as much as 1 percentage point.

The Swiss franc declined relative to the dollar as the dollar began its steep run-up late in July. It dropped to a low of SF 2.1530 on the last day of trading before closing at SF 2.1420, some 5¾ percent below the opening six months earlier. But, against the German mark, the franc continued rising throughout to close 1½ percent higher than at the end of January and some 6½ percent above its lowest point in mid-March. Trading at SF 0.8083, the franc was approaching levels that previously had brought into question the competitiveness of industry in Switzerland relative to that in Germany. The Swiss authorities did not intervene in the exchange markets until after the end of the six-month period under review, although they continued to use foreign currency swaps to provide liquidity to the banking system. The country's foreign exchange reserves showed little change, easing back $400 million on balance to $11.8 billion at the end of July.

STERLING

Sterling was affected during the period under review by developments in world petroleum markets and by uncertainties surrounding the United Kingdom's general election. Prospects of potentially large drops in oil prices were seen as having considerable bearing on Britain's external and fiscal positions. The current account surplus, which had helped sustain comparatively high nominal and trade-weighted values of sterling during the previous two years, had already dwindled, and the non-oil components were forecast to deteriorate sharply in the coming year—only partly because the immediate outlook for growth in the United Kingdom was somewhat better than for its European neighbors. The government had recently provided some fiscal relief, largely to industry, at a time when the domestic economy was still struggling to emerge from three years of recession. A significant reduction of oil tax and royalty receipts would have raised the possibility that the government might exceed its target for public-sector borrowing, thereby undercutting progress toward the fiscal and monetary discipline that had been a hallmark of its strategy to curb inflation and to restore private initiative in the economy.

Meanwhile, expectations had developed that the government might choose to hold an election before its mandated date in 1984. It was anticipated that economic policy in general and exchange rate policy in particular would be important campaign issues. The government was expected to take credit for bringing inflation down to 4 to 5 percent. But, with the outlook for world trade pessimistic and the domestic economy not strong enough to bring the unemployment rate below 12 percent, there was already considerable concern about Britain's competitive position. A major opposition party was calling for a large devaluation of the pound, as well as for a sharp acceleration of public spending and substantially lower interest rates. Talk spread that even the government might accept some modest easing of the exchange rate.

By late January, the pound had eased against the dollar to $1.5210, while settling around 81 according to the Bank of England's trade-weighted measure. Sterling had fallen when debate on the competitive issue first flared up in late 1982. Selling pressure against the currency had been countered with sometimes forceful intervention by the Bank of England and some backing-up of interest rates that interrupted a pronounced downtrend over the preceding year. Britain's foreign exchange reserves had declined for several months, reaching $9.8 billion by the end of January.

During February and March, sterling again came on offer, after the failure of OPEC's January meeting to produce agreement on oil prices and production quotas left open the question whether the widely anticipated oil price drop would be limited and proceed in an orderly fashion. The pound fell irregularly on various reports of the protracted OPEC negotiations, as well as of the British National Oil Company's own price negotiations. Even after a mid-March agreement by OPEC on prices and production ceilings, the market remained skeptical that the details of the agreement would be adhered to.

Adding to the pressures on sterling at times were the activities of trading professionals and their customers in anticipation of a realignment of the EMS. With the pound already vulnerable to selling pressure and the sterling market unencumbered by exchange controls, the British currency was sold against those viewed as sure to be adjusted upward within the European currency arrangement. As a result, large short sterling positions began to be established against the German mark by early March in a pattern that continued until the EMS realignment was announced on March 21.

The Bank of England was seen in the market as cushioning but not resisting this decline, which was regarded as reflecting largely external developments. Moreover, outflows from sterling were not mirrored as before in a rise in British interest rates. In fact, by mid-March, money market interest rates in the United Kingdom had actually fallen somewhat. The clearing banks took advantage of a temporary firming of sterling exchange rates in mid-March to cut their base lending rates by ½ percentage point, and the Bank of England immediately followed with similar reductions of its money market intervention rates.

The sterling market remained generally unsettled through the end of the first quarter in response to the continuing uncertainties about oil prices, pressures within the EMS, and newspaper speculation that the government was unconcerned about the exchange rate. It fell to its low for the period of $1.4508 against the dollar on March 28 and to 77.9 on the Bank of England's index. At these levels, the pound was some 15 percent below its mid-November value both against the dollar and in effective terms. Against the German mark, the pound had declined nearly 44 percent in over two years to a record low of DM 3.53 on March 24. Meanwhile, Britain's foreign exchange reserves declined a further $1.1 billion during February and March.

At the end of March, sterling turned around as signs of adherence to the OPEC arrangements were accumulating. The British National Oil Company had announced its own price reductions, which were more modest than some predictions and which did not give rise to competitive action by OPEC producers of closely comparable qualities of crude oil. Soon there began to be a reversal of many of the large short sterling positions that had been established during the previous two months, and some commercial entities also moved to cover sterling payments that had been delayed.

During April and early May, other factors also contributed to a further strengthening of sterling. Britain's economic recovery appeared to become more assured, with evidence of further rises in domestic sales and production. Reported inflation fell to its lowest rates in fifteen years. And the current account stayed in modest surplus during the first quarter. Under these circumstances, talk that the government might decide to hold a general election as early as June was viewed as increasingly favorable for sterling. Thus, the pound continued to benefit from the reversing of professional short positions, from new positioning in favor of the currency, and from shifts into sterling-denominated securities by international investors. It proceeded to advance, albeit more slowly after May 9 when the announcement of June general elections focused market attention on the immediate uncertainties of an election campaign. On the last day of May, sterling reached the highest level of the six-month period at $1.6145 against the dollar and 88.0 on a trade-weighted basis, before easing to around $1.51 and 84.0, respectively, by mid-June.

From mid-June to late July, the sterling market became more settled with the spot rate about in the middle of the range over which it had traded during the preceeding couple of months. The election results, which assured continuity in the economic and financial policies of the Thatcher administration, and a firming of world oil prices, which suggested that the new price structure would hold, dispelled the principal uncertainties that had clouded sterling's prospects early in the period. The pound's retreat from its late-May highs reduced concern that it was at levels incompatible with Britain's ability to compete and to maintain the momentum of its economic recovery.

Meanwhile, the investment flows that had bolstered the pound at times during the spring also tapered off. Money market interest rates in the United Kingdom had eased somewhat further, which, together with the firming of U.S. rates since mid-May, left sterling assets without an interest rate advantage over U.S. investments. The Bank of England had endorsed the decline in British interest rates by reducing its intervention rates on two occasions—mid-April and mid-

June—for a total of approximately 1 percentage point, and the clearing banks had followed with similar reductions of their base lending rates. For a time, market participants anticipated that rates might be lowered further. But, after the government reaffirmed its resolve to control inflation and after new evidence showed monetary aggregate growth to be accelerating, the view became accepted that no more cuts in rates were in the offing.

Sterling held relatively steady against the dollar when the dollar rose against all other currencies during July. As the period closed, the pound was trading at $1.5150, ½ percent lower than its level at the beginning of February. In trade-weighted terms, it was 5 percent higher than six months earlier at 85.4 on the Bank of England's index; against the German mark, sterling had gained nearly 6½ percent to trade at DM 4.018. Britain's foreign exchange reserves rose on balance after March to close the six-month period at $9.0 billion—down $800 million from levels at the end of January.

FRENCH FRANC

Early in 1983, France's relatively high rate of inflation, wide government deficit, and large current account deficit weighed heavily on market sentiment toward the French franc. Even after a temporary freeze on wages and prices, the year-to-year increase in consumer prices had not fallen much below 10 percent and inflationary expectations remained unfavorable. The government was struggling to hold to its target for the central government deficit of 3 percent of gross domestic product (GDP). And the current account deficit had more than doubled to $12 billion for the whole of 1982.

The French authorities had adopted several measures during the preceding months to deal with these problems. But market participants were skeptical that much progress would be achieved, particularly if it should require an undercutting of earlier efforts to curb unemployment and to stimulate economic growth. In spite of the need for restraint, the French authorities introduced several measures during the fall and winter to spur investment and employment and acted to lower domestic interest rates as soon as exchange market conditions permitted. Concern deepened that the economic performance of France was diverging in important ways from that of many other European countries, where inflation was down sharply and current accounts were moving back toward surplus.

Under these circumstances, market participants had come to expect that a new EMS realignment would occur soon after elections in France and Germany scheduled for early March. For several months the franc traded close to its parity against the German mark and generally in the upper half of the EMS band. The franc was supported by intervention of the Bank of France and by sales of foreign currency, which French enterprises borrowed abroad. Such borrowing was estimated by Finance Minister Delors to have been $8.8 billion during 1982. By the end of January the French franc stood at FF 7.0100 against the dollar and FF 2.83 against the mark. France's foreign currency reserves were $17.6 billion at the end of January, and the government had arranged a $4 billion syndicated loan in the Euromarket.

During much of February the franc edged up against the dollar and moved along with the mark toward the top of the EMS. The pressure against the franc, while offset in the spot market by intervention by the Bank of France, was nevertheless showing through. Nonresidents speeded up their sales of French francs, which were increasingly financed by borrowing in the Euro-franc market and were reflected in a widening of the discount on the franc in the forward market. Meanwhile, expectations of a downward adjustment of the franc rate also contributed to a heavy buildup of imported goods inventories by French enterprises and a deterioration in France's trade account.

In early March, pressure against the French franc intensified. News of a sharply wider trade deficit for January, together with the results of the first round of municipal elections in France and the decisive victory for the new government in Germany's national elections, prompted further selling of francs. On March 7 the Bank of France allowed the franc to fall to the floor of the EMS. At the same time the cost of overnight financing in the Eurofranc market was bid up to several thousand percent per annum, causing some speculators to close out short positions against the franc. Although the Bank of France was then able to scale back its intervention in the spot market, the accumulated support provided had been substantial, as is partially reflected in the $3.4 billion decline in French foreign currency reserves for February and March.

After lengthy negotiations over the March 18 weekend, the franc's parity was devalued 2.5 percent as part of an overall realignment of EMS currencies. The franc was, in effect, devalued 8 percent against the mark, 6 percent against the guilder, 5 percent against the Danish krone, and 4 percent against the Belgian franc. It remained unchanged vis-à-vis the Italian lira and was effectively revalued 1 percent against the Irish pound. The French government announced that, to reduce the trade deficit and to help bring down inflation, it was prepared to adopt further austerity measures. In addition, it would seek a large, medium-term loan from the EC.

On March 25 the French government announced the details of a new program that aimed at reducing domestic demand by FF 65 billion (about 2 percent of GDP). The program included a mandatory loan to the government based on income and wealth taxes paid in 1982, an income tax surcharge to reduce the deficit of the social security system, a special gasoline tax to compensate for declining oil prices and other revenue-raising measures, as well as a limitation on the amount of foreign currency French tourists may take abroad. In addition, the money supply growth target for 1983 was lowered from 10 percent to 9 percent. The government projected that, as a result of the program, economic growth for the year would be reduced to nearly zero and inflation cut to 8 percent.

The French franc had been pulled up by other EMS currencies before the realignment and was trading on March 18 around FF 6.90 against the dollar. When the exchange markets opened the following Monday, the EMS currencies as a group fell sharply against the dollar, and the French franc settled around FF 7.25. Nevertheless, the franc emerged firmly at the top of the newly aligned EMS band, where it was to trade through late April. The exchange markets were impressed by the scope and decisiveness of the government's measures, in particular the decision to pass its program by decree rather than going the more lengthy route of legislation. As a result, speculative positions were unwound and commercial leads and lags swung quickly back in favor of the franc. These reflows were reflected, in part, in a sharp drop in Eurofranc interest rates to their lowest rates since the start of the year. Moreover, with the franc now at its upper intervention point in the EMS, the Bank of France bought large amounts of other EMS currencies, thereby rebuilding official reserves. At the end of April, French reserves had climbed $2.5 billion to $16.7 billion.

By May, the reflows back into the French franc were largely completed while hurdles still had to be surmounted to meet the government's economic objectives. Efforts to curb inflation were being undercut to some extent as the franc dropped against the dollar, because France received none of the benefit of declining oil prices on its domestic price structure. Some disappointing trade figures had already made it clear that the target recently set for the 1983 external deficit would be difficult to achieve. On the domestic side, the austerity program was still being met by political opposition.

Under these circumstances the Bank of France was careful about letting interest rates ease, and by summer they were still sufficiently high to attract deposits from investors abroad. The monetary authorities operated on both sides of the market, adding on balance small amounts of foreign currencies to reserves. The government went ahead with its plan to borrow ECU 4 billion from the EC's balance of payments facility in a series of transactions undertaken in June and July. Moreover, the political leadership reaffirmed on a number of occasions the need for rigorous economic policies this year and next.

Thus, by the end of July, the franc was still trading in the upper half of the EMS band and at FF 3.00 against the mark. It continued to decline along with the mark against the dollar, closing the period some 14 percent down from the end of January levels at FF 7.9900. But France's foreign currency reserves increased further during the last half of the six-month period to close the period at $18.5 billion, up $900 million from the end of January levels and $4.2 billion from their low point of the end of March.

ITALIAN LIRA

Coming in 1983, the economic situation in Italy was showing modest improvement; there had been some progress in bringing down inflation and containing the growth of imports. But these results had been achieved at the cost of a sharp drop in output, and the prospects for further improvement were still unclear. Inflation differentials vis-à-vis most of Italy's trading partners had actually widened since the modest scaling back in Italy's rate of inflation could not match the more sizable reductions of inflation in most other industrialized countries. Export volumes had declined more than could be explained by contractions in Italy's major export markets. Efforts to contain rapidly growing fiscal deficits were being frustrated both by recession at home and repeated failure to get Parliamentary approval for increased taxes and revenues. The overshooting of the government deficit contributed to a rapid expansion of total domestic credit, which had significantly exceeded its target for 1982. Under these circumstances, the Bank of Italy concluded that it had no room to ease monetary policy and was one of the few central banks not to lower the official discount rate after August 1982. As a result, interest rates in real terms had actually increased somewhat.

The attraction of relatively high interest rates kept the lira trading firmly near the top of the narrow EMS band, a position it was to keep through February. The Bank of Italy took advantage of this relative strength to rebuild its foreign currency reserves to a level of $13.7 billion at the end of January 1983. Against the dollar the lira was trading at Lit 1,418.00 by the opening of the six-month period.

Early in March, when a realignment of the EMS arrangement appeared to be imminent, market participants came to expect that the Italian authorities might seek to protect the competitiveness of the country's exports by negotiating a downward adjustment of the lira's central rate should the French franc be devalued. Between March 3 and March 10 the lira came on offer as commercial leads and lags turned quickly against the currency. The spot rate dropped from the top of the 2¼ percent band to a position well below the narrow band, using the greater leeway available to the lira. The Bank of Italy supported the currency with sales of dollars and, to a lesser extent, of EMS currencies. These operations are partly reflected in a decline of $700 million in the country's foreign exchange reserves for March. Meanwhile, the lira had also declined somewhat against the dollar to Lit 1,424.00.

On March 21, as part of the overall realignment, the lira's central rate within the EMS was adjusted downward 2½ percent, leaving the parity unchanged relative to the French franc and with adjustments similar to those for the franc against the other EMS currencies. In the exchange market, the lira moved to trade well above the new narrow band maintained for the other currencies. Following the realignment, there were sizable flows back into lire as leads and lags were unwound, seasonal inflows began to show through, and Italy's relatively high interest rates became attractive again once a devaluation was not a near-term prospect. The Bank of Italy took advantage of the lira's comfortable position within the joint float to recoup more than earlier losses of foreign currency reserves, contributing to a rise of nearly $2 billion in foreign exchange reserves for the month of April.

Soon after the realignment, market interest rates in Italy began to ease. Although output had stabilized, it remained at a low level. There was little expectation of an early economic recovery, and unions and employers pushed aggressively for lower interest rates. Commercial banks cut their prime rates twice during the spring a total of 1¼ percentage points to 18¾ percent, and there were similar reductions of Treasury bill auction rates. But the news on price performance was still disappointing. The consumer price index was rising at an annual rate of about 16 percent during the first quarter, well above the government's goal of 13 percent or less. The Bank of Italy did not join other EMS central banks in reducing official rates during March. But on April 8 it lowered the discount rate 1 percentage point to 17 percent.

Even so, interest differentials remained strongly in favor of the lira. Moreover, Italy's current account deficit was strengthening further. Italy's trade deficit narrowed considerably during the first half of 1983, compared with the same period of 1982. Increasing tourist receipts and declining service costs on Italy's external debt were expected to generate further gains for the Italian current account balance during 1983. These developments helped to buoy the lira even as prospects for action to bring Italy's public-sector deficit under control faded. The government collapsed in early May before all the measures to contain the deficit could be passed by Parliament, and it was unclear whether a new coalition government would take strong measures either to cut spending or to raise taxes in the current depressed economic environment.

The lira continued to trade above the EMS narrow band through July while moving down with other European currencies against the dollar. The easing of pressures on the external account permitted the Italian authorities to build up their foreign currency reserves and to increase the amount of foreign exchange Italian tourists may export. By the end of July the lira was trading at Lit 1,573.00 against the dollar, down almost 11 percent over the six-month period under review and down 3½ percent against the German mark. Meanwhile, Italy's foreign exchange reserves stood at $18.6 billion, up $4.8 billion over the period.

EUROPEAN MONETARY SYSTEM

The currencies of the EMS were trading steadily against each other at the beginning of February, but in a configuration that reflected widespread market expectations that continued divergence in economic performance among the member countries made another realignment inevitable. These expectations were based on observations that, in most cases, differentials in inflation and current account performance had increased slightly since the realignment of June 1982. Inflation had decelerated more sharply in Germany and the Netherlands than in other EMS countries. German and Dutch current accounts had moved strongly into surplus, while other countries, even those whose current accounts had improved, remained in sizable deficit.

To be sure, the authorities in several participating countries had implemented policies during 1982 to reduce inflation and to improve current accounts, but the effects were only beginning to show through. The Belgian government, using emergency powers, had imposed a broad austerity program to slash government spending, wage costs, and the trade deficit. In Denmark a new government had abolished wage indexation and reversed a stimulative fiscal policy, while the central bank had kept interest rates relatively high. In Ireland, the authorities had in place restrictive fiscal and monetary policies and the exchange rate had appreciated against sterling, the currency of Ireland's major trading partner. In France, however, and to a lesser extent in Italy progress toward achieving better balance in the economy was not yet sufficient to relieve concern in the markets about the currencies' near-term outlook.

In all EMS countries, unemployment was high and generally still rising, reaching levels of over 16 percent in some countries. To varying degrees in all countries the authorities were embarked on medium-term efforts to reduce large and persistent structural fiscal deficits. But recession was adding to the difficulties of achieving planned budgetary savings. Pressure therefore was on monetary policy to provide support to the domestic economies, and the question remained among market participants whether the general move toward restraint could be sustained long enough to produce more uniform economic performance.

Under these circumstances, the Dutch guilder stayed virtually at the top of the 2¼ percent narrow band early in February, with the German mark and the Danish krone close behind. The French franc was held close to its bilateral central rate relative to the mark, while the Irish pound fluctuated below the middle, and the Belgian franc remained at or near its lower intervention point. Except for the French franc, there was only modest intervention in support of the currencies within the narrow EMS band. The Italian lira, buoyed by relatively high interest rates in Italy, was fluctuating within the wider limits available to that currency to trade slightly above the 2¼ percent intervention limits of the others.

During February, however, the currency relationships came under increasing pressure as speculation grew that a realignment might occur soon after early-March elections in France and

Germany. The mark and guilder became pinned to their upper intervention points. The French franc moved along with the mark until March 7, when the French franc was permitted to drop to its lower intervention point. By this time, other currencies, too, had come under pressure. The Danish and Irish currencies fell to the bottom of the EMS, and the Italian lira traversed the whole width of the narrow band to trade about 2 percent below it. To defend the Belgian franc, the Belgian National Bank raised official interest rates 2½ percentage points, effective March 9, and then on March 14 the authorities significantly tightened exchange controls, particularly affecting commercial leads and lags. Meanwhile, a sudden and sharp increase in short-term Euro-French franc interest rates effectively curtailed speculation by nonresidents selling the French franc short.

In response to these developments, the focus of speculative activity shifted toward those currencies expected to be revalued. Bidding for marks and guilders quickly intensified against both dollars and other non-EMS currencies, with the result that the upward pressure on the stronger currencies lent support to the EMS as a group against the dollar. The central banks in Germany and the Netherlands took advantage of the strength of their currencies, as well as the improvement in their current accounts and in their price performance, to lower interest rates and thereby to lend support to their domestic economies. By March 18, the Netherlands Bank dropped its official lending rates in two stages for a total of 1 percentage point, and the Bundesbank lowered its official interest rates that day by 1 percentage point as well. As a result of these and earlier declines in interest rates, short-term market rates had eased in the two countries to their lowest levels since early 1979. Dutch interest rates had declined even more rapidly than German rates over the preceding year and were as much as 1 percentage point below those for comparable maturities in Germany.

Meanwhile, the EMS central banks intervened heavily, both in EMS currencies and in dollars. In fact, total EMS intervention in the six weeks through March 18 considerably exceeded that for any comparable period since the inception of the currency arrangement. Countries whose currencies were under the heaviest pressure suffered sizable reserve losses and established large debtor positions in the European Fund for Monetary Cooperation (FECOM), while Germany had the opposite experience.

On March 21 the seventh realignment became effective. Four currencies were revalued—the mark by 5.5 percent, the guilder by 3.5 percent, the Danish krone by 2.5 percent, and the Belgian franc by 1.5 percent—and three were devalued—the French franc and the lira by 2.5 percent and the Irish pound by 3.5 percent. In effect, these changes left the trade-weighted values of the Danish krone and the Belgian franc about unchanged and offset an earlier appreciation of the Irish pound against sterling, leaving that currency at about its 1982 level overall. Pursuant to the realignment, the French government indicated it would adopt austerity measures to restore external equilibrium.

Immediately after the realignment, speculative positions were reversed and commercial leads and lags were unwound. These reflows out of marks and guilders helped drag the entire EMS down vis-à-vis non-EMS currencies, with the result that several of the devalued currencies hit new lows against the dollar. Within the EMS, however, the reflows pushed the French, Irish, and Danish currencies all close to the top and the Italian lira moved well above the narrow band. With the mark and guilder now at the lower limit of the new band, most participating central banks had an opportunity to reconstitute reserves and reduce FECOM debt, most of which was repaid by the end of April.

As the reflows proceeded, policy adjustments were possible in a number of countries, which could then catch up with the generalized decline in interest rates. The authorities in Italy, Belgium, Denmark, and Ireland permitted an easing in domestic interest rates, confirmed in most cases by cuts in official lending rates. Among the largest declines were those in Belgium, where the central bank lowered its lending rates 5 percentage points in four steps, and in Denmark, where the central bank lowered its discount rate twice for a total of 2½ percentage points. In addition, foreign exchange controls were relaxed in Belgium and Denmark. The Belgian authorities removed one of the restrictions imposed before the realignment requiring Belgian enterprises to convert promptly foreign currency receipts from current account transactions. The Danish authorities eased some long-standing exchange restrictions on capital transactions. By contrast, the German and Dutch authorities stemmed the earlier downtrend in their interest rates. In fact, market rates in the Netherlands backed up sharply to levels above those in Germany. Then, effective May 3, the Netherlands Bank validated part of the increase by raising its discount rate 1 percentage point back to the level that had prevailed at the start of the six-month period.

Following these actions, the Belgian franc and Danish krone eased in the EMS toward the bottom and the middle respectively, while the guilder edged up toward the middle. But the other currencies were little changed during the four and a half months after the March realignment, with the German mark staying close to its lower intervention point against the French franc or Irish pound at the top. The adjustments in currency relationships that did occur took place without strain through the end of July, the continued improvement in trade accounts and inflation figures lending credibility to the 1982 austerity programs in both Belgium and Denmark. Against the dollar, however, the EMS currencies as a group moved lower, closing the six-month period under review down 7 to 14 percent on balance. For the EMS countries as a whole, foreign currency reserves changed little on balance over the period. Within the group, however, reserves of Italy, France, and, to a lesser degree, Belgium rose while those of Germany and the Netherlands declined.

Canadian Dollar

Early in 1983, the Canadian economy was just beginning to emerge from recession. For Canada the drop in output had been deeper than for most other industrialized countries and the unemployment rate was still near its peak of 12.8 percent. In addition, the downturn in inflation had come later than for most countries, with the annual rate of increase for the consumer price index edging just below double-digit levels by the turn of the year.

Although the severity of the adjustments taking place in Canada had given rise to an active debate over the appropriate priorities for economic policy, the Canadian authorities remained committed to the need to promote cost and price stability. A public-sector wage and price restraint program had been implemented. Fiscal policy remained cautious. Initiatives by the government during the winter to boost employment and to stimulate investment had been matched largely by cuts in planned expenditures elsewhere, although the financing requirements of both the federal and provincial governments had increased mainly for cyclical reasons. In addition, monetary policy continued to be aimed at exerting continuous downward pressure on inflation to provide a basis for sustained economic growth. In the conduct of this policy, the Bank of Canada had announced in November 1982 that it was withdrawing the target range for the expansion of the specific monetary aggregate, M1, since the aggregate's relationship to interest rates and total spending was no longer sufficiently reliable. In the meantime, the monetary authorities indicated they would look at other financial and economic variables, including the value of the Canadian dollar.

Against this background, the Canadian dollar held comparatively steady against the U.S. dollar during the six-month period under review, fluctuating generally within a 2 percent band around Can.$1.2300, a level to which it had recovered during the fall of 1982. In effect, it also rose on balance against most other currencies.

From the beginning of the six-month period, the Canadian dollar drew support from a marked improvement in Canada's current account position that had become evident in 1982. A sharp drop of imports, reflecting the slowdown in Canada's domestic economy, together with a modest expansion in exports, had combined during 1982 to swing the current account into significant surplus for the first time in more than a decade. Trade figures early in the year suggested that Canada's net export position was strong enough to hold on to an overall current account surplus for the first quarter of 1983. At the same time there were a number of conversions by Canadian residents of funds borrowed in markets abroad where interest rates were lower than in Canada.

As a result, the Canadian dollar rose on balance through early March and fluctuated to a high of Can.$1.2210. The Canadian authorities, after having taken advantage of opportunities before the period to rebuild their foreign currency reserves to U.S.$2.9 billion, continued on balance to add to reserves. In addition, short-term interest rates eased during February and then held generally steady during most of March even as rates for comparable maturities in U.S. dollars temporarily firmed. As a result, Canada's traditionally favorable interest rate gap narrowed through most of March and, at the three-month maturity, actually turned negative for several days around the end of the quarter.

Early in April, sentiment toward the Canadian dollar briefly became more cautious. With the erosion of Canada's normal interest rate differential and the domestic economy still operating far below capacity, market participants came to question whether the Canadian authorities would allow interest rates to back up if U.S. rates were to continue to rise. In addition, there was uncertainty about the stance of fiscal policy to emerge from the budget, which was to be announced after midmonth, in view of the continuing pressures for stimulus and talk within the government of the need to create jobs.

In the event, the Bank of Canada restrained the liquidity positions of Canadian banks, and short-term interest rates moved up slightly from late-March levels. In the meantime, U.S. interest rates resumed a downward course so that interest rate differentials came back in favor of the Canadian dollar. In addition, the government's announcement of its budget for the 1983–84 fiscal year was well received by the business community and the exchange markets generally. It did include a Can.$4.8 billion medium-term recovery program to spur investments and to promote jobs, largely over the next two years. But the market was impressed by provisions that would offset most of the cost of the program, albeit with a delay, including a temporary increase in the federal sales tax in subsequent years when the economy is expected to be more robust. Following this announcement, the Canadian dollar moved off its mid-April low near Can.$1.2400.

By late in the second quarter, the economic situation in Canada was clearly improving. Inflation was dropping steadily with the year-on-year rate of the increase in the consumer price index down to 5.4 percent by May and major wage settlements providing for the smallest increases in four years. The balance of payments remained in surplus, bolstered by strong demand for Canada's export of agricultural products and automotive parts. These favorable developments occurred at the same time that the domestic economy was rebounding strongly, spurred by consumption and housing. By late June, forecasters were revising upward their growth projection for the current year. In this climate, talk circulated in the exchange markets that foreign investment inflows into Canada had picked up.

Under these circumstances, Canadian interest rates did not match the prolonged advance of U.S. interest rates after mid-May. Indeed, short-term interest differentials turned negative for the Canadian currency again by early June and widened progressively through the end of July. Nevertheless, the Canadian dollar held up better than other currencies against the dollar, as the U.S. currency strengthened across the board during June and July. The Canadian dollar was sufficiently strong that the spot rate eased only modestly from its early-May levels to close the six-month period under review at Can.$1.2330, up slightly from the beginning of the period. During this period, the Bank of Canada added to foreign currency reserves, which rose U.S.$300 million over the six-month period to the relatively high level of U.S.$3.2 billion.

MEXICAN PESO

By February, Mexico's external financial crisis, which developed in 1982, was at a major turning point. On the one hand, a number of actions had been taken to arrest further deterioration in Mexico's financial position. The newly elected government of President de la Madrid had begun to implement a stringent austerity program designed to redress the external imbalance, to curtail inflation, and to reduce sharply the huge government deficit. In December, the IMF had approved an extended fund facility for Mexico. Negotiations were proceeding, although incomplete, with foreign banks on a $5 billion jumbo loan to help ease immediate liquidity strains and to cover the expected 1983 current account deficit. The rate of domestic economic activity had slowed, and the large current account deficit had begun to decline.

On the other hand, major problems and uncertainties remained. Inflation continued at around 100 percent per annum, clouding prospects for a deceleration of wages sufficient to break the wage–price spiral. Large spending cuts, needed to bring the public-sector deficit down from 17 percent of GNP in 1982, had only just begun to materialize. Although public-sector interest payments were current, a program had not yet been agreed upon for restructuring these debts. Meanwhile, no proposals had been made to deal with accumulated arrears that had developed in private-sector external debt service and import payments.

Reflecting the progress already achieved, the Mexican peso was trading steadily in early February in the offshore interbank market at Mex.$148.50, close to the onshore "free market" rate established late in 1982 as part of a move to relax exchange controls. But soon thereafter uncertainty deepened, and the peso, while remaining at Mex.$147.90 in the onshore "free market," declined to about Mex.$171 in offshore interbank trading. The drop in world spot oil prices threatened to force OPEC to reduce their oil price, a move that would lead Mexico to follow suit, weakening the outlook for Mexico's oil export earnings. About the same time, progress stalled on the $5 billion bank financing. During February, the Bank of Mexico drew down the final amounts available on the $1.85 billion joint BIS-U.S. swap facility. In this connection, Mexico received $44.3 million from the Treasury and $25.8 million from the Federal Reserve. In addition, the Federal Reserve renewed until the end of February the outstanding balance of $373 million on the regular Federal Reserve–Bank of Mexico swap facility, originally drawn in August 1982. The swap was then repaid on February 28.

Beginning in late February, several important issues began moving toward resolution. The $5 billion jumbo loan agreement became a certainty on February 27, and $433.7 million in bridge financing was arranged for disbursement ahead of the signing of the jumbo loan in early March and the initial drawing under the jumbo agreement. The Mexican authorities announced the first of five schemes to deal with short-term, private-sector foreign credits, the foreign currency to be delivered later when available. This marked the first concrete step by the authorities on principal amounts of private-sector debt. Shortly thereafter, OPEC reached agreement on a new pricing and production structure, and prices of Mexican oil exports were lowered by $2.75 per barrel in line with the OPEC agreement. PEMEX oil shipments and earnings rebounded quickly, which, together with funds becoming available from the jumbo credit, eased the immediate strain on Mexican liquidity. In early May, the IMF informed the commercial bank group advising Mexico on its external debts that the country had come within the IMF's first-quarter limit on the current account deficit, despite the shortfall in oil revenues. In fact, Mexico had a current account surplus in the first quarter, due mainly to severely depressed imports. In this environment, the peso strengthened in the offshore interbank market from late March into early May.

For the remainder of the period under review, the peso traded firmly in the offshore interbank market close to the rate in the Mexican "free market." The latter remained unchanged at Mex.$147.90 from January 24 through June 21 and was adjusted higher twice to Mex.$147.60 at the end of the period. The "controlled rate," established along with the "free rate" for foreign debt, trade, and other eligible transactions, was depreciated steadily over the period as planned to take account of inflation differentials vis-à-vis Mexico's major trading partners. It stood at Mex.$123.83 at the end of July.

The steadiness of the peso reflected growing market perception that the government's adjustment program was on track and that Mexico's liquidity position was improving. Early in May, for the first time in more than year, there were market reports that private capital transferred out of Mexico earlier was beginning to move back. Later in May, the IMF released the second extended fund facility tranche of $325 million, which was used to make an initial payment on the joint BIS-U.S. swap facility. And, on June 22, official creditors signed a multilateral agreement to reschedule interest arrears and medium- and long-term principal payments falling due through the end of 1983.

More important was evidence of gains in areas thought to be most intractable. The current account improvement exceeded forecasts, and projections made in late June suggested the possibility of a modest current account surplus for 1983 as a whole. The government deficit had been reduced even more sharply than planned. In late July, the Bank of Mexico said it would soon begin disbursement under the private-sector short-term debt schemes set up in the spring and would announce later in the summer a scheme to deal with medium- and longer-term private credits. Significant progress was also made in the area of wages and inflation. Agreements in the spring wage negotiations limited increases to 15 percent, far below the 50 percent requested by union leaders to restore lost purchasing power. Reflecting the moderation in wages and increasing slack in the Mexican economy, the rate of increase of consumer prices dropped from about 10 percent per month at the turn of the year to less than 4 percent in June. Thus, in major areas the Mexican adjustment program appeared to be well ahead of the schedule set eight months earlier. After the close of the period, on August 23, the Bank of Mexico repaid all remaining amounts due at maturity on the joint BIS-U.S. swap facility. □

International Agreements on Exchange Market Intervention Policy

Excerpt from Annex to the Williamsburg Declaration (May 30, 1983)

3. Exchange Rate Policy. We will improve consultations, policy convergence and international cooperation to help stabilize exchange markets, bearing in mind our conclusions on the Exchange Market Intervention Study.

Excerpt from "Statement on the Intervention Study" (April 29, 1983)

We have reached agreement on the following:

A. The achievement of greater exchange rate stability, which does not imply rigidity, is a major objective and commitment of our countries.

B. The path to greater exchange rate stability must lie in the direction of compatible mixes of policies supporting sustainable noninflationary growth. This will be the primary objective of a strengthened multilateral surveillance as agreed in Versailles.

C. In the formulation of our domestic economic and financial policies, our countries should have regard to the behavior of our exchange rates, as one possible indication of need for policy adjustment. Close attention should also be given to the interactions and wider international implications of policies in each of our countries.

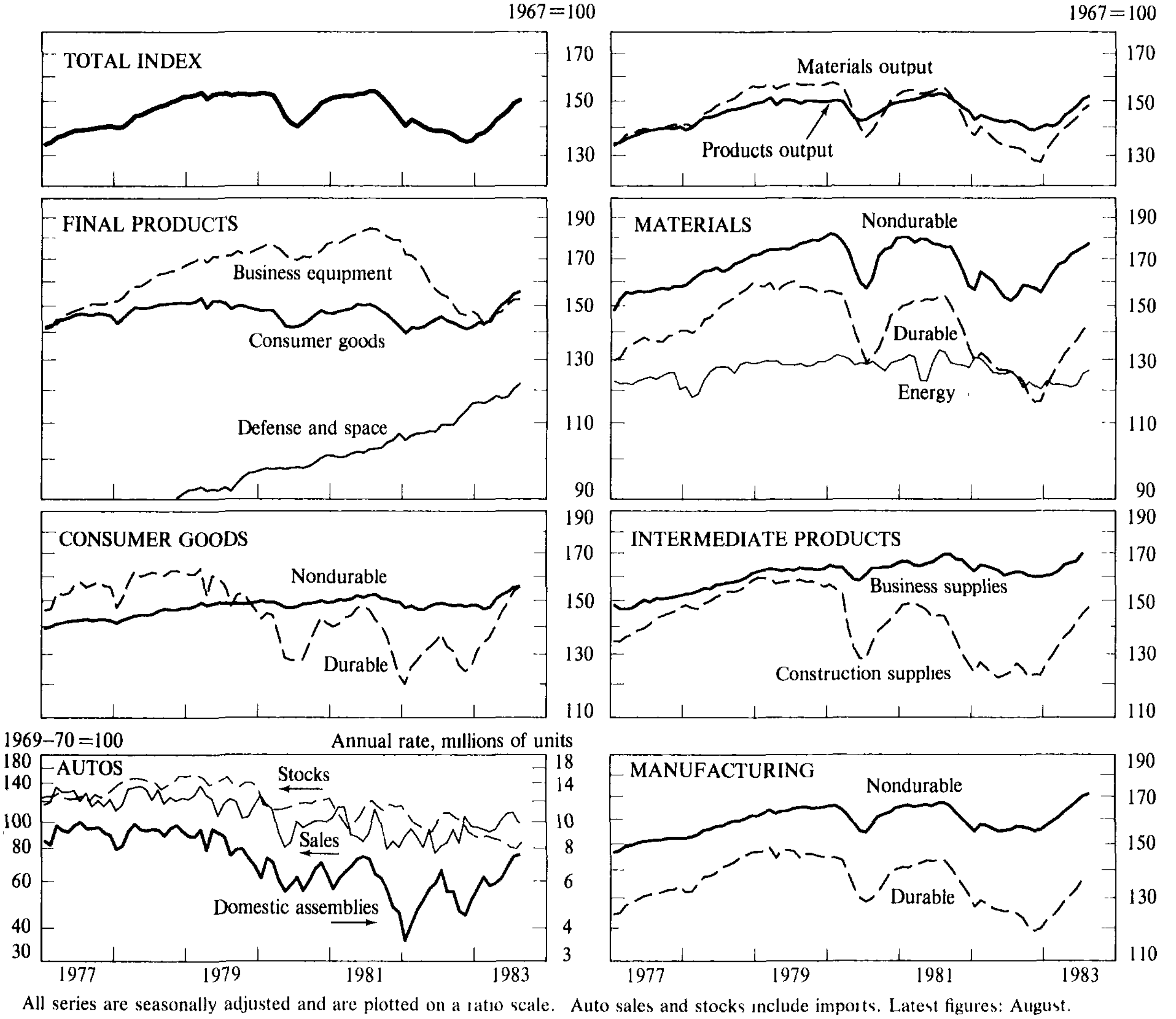
D. Under present circumstances, the role of intervention can only be limited. Intervention can be useful to counter disorderly market conditions and to reduce short-term volatility. Intervention may also on occasion express an attitude toward exchange markets. Intervention will normally be useful only when complementing and supporting other policies. We are agreed on the need for closer consultations on policies and market conditions; and, while retaining our freedom to operate independently, are willing to undertake coordinated intervention in instances where it is agreed that such intervention would be helpful.

Industrial Production

Released for publication September 15

Industrial production increased an estimated 0.9 percent in August following upward revised increases in July and June of 2.0 and 1.3 percent respectively; the increases had previously been estimated at 1.8 and 1.1 percent. The August gains in output were widespread among products and materials. Sharp gains continued in the output of home goods and construction supplies; however, output of both autos and steel rose moderately after their large July advances. At 150.5 percent of the 1967 average, industrial output in August has increased 11.6 percent since November 1982, thus recovering about four-fifths of the decline that occurred since the high of 153.9 percent in July 1981.

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: August.

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Aug. 1982 to Aug. 1983
	1983		1983					
	July[p]	Aug.[e]	Apr.	May	June	July	Aug.	
	Major market groupings							
Total industrial production	**149.2**	**150.5**	**1.9**	**1.3**	**1.3**	**2.0**	**.9**	**8.7**
Products, total	150.8	151.9	2.0	1.2	1.3	1.8	.7	7.0
Final products	148.9	149.8	2.1	1.2	1.3	1.7	.6	6.1
Consumer goods	155.0	155.9	2.4	1.8	1.3	1.8	.6	8.2
Durable	153.7	155.8	3.1	3.6	2.5	3.1	1.4	17.2
Nondurable	155.5	155.9	2.0	1.2	.8	1.3	.3	4.9
Business equipment	152.6	152.8	2.2	.5	2.0	1.3	.1	−.7
Defense and space	120.5	122.1	1.0	−.5	.3	2.1	1.3	11.5
Intermediate products	157.5	159.5	2.0	.9	1.4	2.1	1.3	10.2
Construction supplies	145.0	147.4	2.5	1.5	2.5	2.2	1.7	16.0
Materials	146.7	148.3	1.5	1.4	1.3	2.2	1.1	11.7
	Major industry groupings							
Manufacturing	150.3	151.4	1.9	1.4	1.6	2.0	.7	9.7
Durable	136.7	137.7	2.2	1.5	1.8	2.6	.7	10.2
Nondurable	170.0	171.1	1.6	1.3	1.4	1.4	.6	9.1
Mining	115.4	117.0	−.9	1.1	.3	2.0	1.4	.1
Utilities	172.0	175.3	2.1	.2	−.4	1.7	1.9	4.0

p Preliminary. e Estimated. NOTE. Indexes are seasonally adjusted.

goods increased 0.6 percent following a very sharp July increase. Autos were assembled at a seasonally adjusted annual rate of 7.5 million units—up from a rate of 7.4 million in July, and industry schedules call for further increases in September. Production of home goods continued to increase rapidly, led by a further increase in household appliance output. Nondurable consumer goods rose 0.3 percent. Production of business equipment changed little in August as industrial equipment rose rapidly, while commercial equipment declined because of a strike in the telephone apparatus industry. Production of defense and space equipment rose 1.3 percent, and output of construction supplies increased an estimated 1.7 percent.

Materials output advanced 1.1 percent—about half the rate of increase in July. The durable, nondurable, and energy groups all increased, but industries such as coal, steel, and parts for consumer durables evidenced smaller increases than occurred in the previous month.

In industry groupings, manufacturing production increased 0.7 percent in August, with similar increases in durable and nondurable manufacturing. Mining output rose 1.4 percent. Utility output surged 1.9 percent, mostly because the hot weather increased use of electricity sharply for the second month in a row.

Announcements

Automated Clearinghouse Service: Nighttime Deposit Deadline

The Federal Reserve announced on September 1, 1983, a modification of its automated clearinghouse service to permit all types of automated clearinghouse (ACH) transactions to be deposited at the nighttime deposit deadline.

In conjunction with this action, the Board approved an interim fee schedule for nighttime ACH deposits, effective October 6, 1983.

Since 1979, the use of the nighttime deposit deadline has been restricted to cash concentration debits. Cash concentration debits are used by businesses to draw down balances held at a number of depository institutions in order to accumulate funds for investments or other purposes at a primary institution.

The addition of a later deposit deadline for other types of transactions will provide originators of ACH payments with additional processing time as well as better funds availability for these deposits.

The interim fee schedule for the ACH nighttime deposit deadline is as follows:

Per-item surcharge to originators
Cents

Debits	5
Next-day settlement credits	2
Two-day settlement credits	0

New Sensor for Currency Quality

The Federal Reserve System has announced the purchase of a new and improved type of currency quality sensor for installation in its automated high-speed systems for examination of used currency and destruction of currency unfit for further circulation. The new sensor better discriminates between soiled notes and notes acceptable for recirculation and will cause notes that contain certain defects and transparent tape to be destroyed. Thus the new sensor will enable the Federal Reserve Banks to provide depository institutions with a more consistent quality of currency. This is of particular importance for the operation of automatic teller machines and will benefit both consumers and depository institutions.

Installation of the new fitness sensor is to begin in early September 1983 and will be completed by February 1984. The purchase and installation of the new fitness sensor culminates a two-year, approximately $1 million research and development effort by the Federal Reserve System to develop an improved currency quality sensor.

To improve both the efficiency of the examination of used currency and quality control, the Reserve Banks have in recent years installed 111 high-speed, automated currency processing systems at 35 locations throughout the country. The production capacity of the Bureau of Engraving and Printing has also been increased to support a higher level of replacement of worn-out notes. Since some nine billion notes are currently in circulation, it is expected that one to two years will be required for the Federal Reserve System to achieve fully the high standard of quality of notes in circulation that is the System's objective.

Regulation L: Amendments

The Federal Reserve Board announced on August 31, 1983, adoption of amendments to its Regulation L (Management Official Interlocks), which implements the Depository Institutions Management Interlocks Act, to reflect changes in the act adopted by the Congress.

The Board acted after consideration of comment on proposals published late in 1982. The other federal financial institutions regulators are preparing similar changes in their regulations.

The Interlocks Act prohibits certain interlocking relationships among officials of financial institutions, including depository holding companies and their affiliates.

The amendments adopted by the Board, substantially as proposed for comment, revise Regulation L to accomplish the following:

1. Simplify procedures for obtaining exceptions to the act and extensions of time to permit compliance with the act, by requiring only one agency's approval;
2. Ease the burden of compliance by redefining terms to avoid covering holding companies located in the same geographic area when neither company has an affiliated depository institution in the area;
3. Broaden the exclusion from the prohibitions of the act for management officials whose functions relate exclusively to retail merchandising and manufacturing;
4. Broaden the circumstances under which the exception to the prohibitions of the act is available on grounds of disruptive management loss;
5. Clarify the circumstances that require termination—due to changes in circumstances—of management official interlocks that are not grandfathered, and provide that the grace period of 15 months for compliance following such changes apply whether the change in circumstances is voluntary or involuntary.

The five federal financial institutions regulators (Comptroller of the Currency, Federal Deposit Insurance Corporation, Federal Home Loan Bank Board, Federal Reserve Board, and the National Credit Union Administration) are preparing a joint Federal Register notice of revisions in their regulations implementing the Depository Institutions Management Interlocks Act, to be published shortly.

Regulation Y: Amendments

The Federal Reserve Board has amended its Regulation Y (Bank Holding Companies and Change in Bank Control) to add securities brokerage and related margin lending to the list of activities generally permissible for bank holding companies. Individual applications will be considered on their own merits.

The action codifies a previous position taken by the Board in approving the acquisition by BankAmerica Corporation of Charles Schwab Corporation, a retail discount securities broker.

The Board acted after consideration of comment received on a proposal made in February to add these activities to the list of nonbanking activities in Regulation Y.

In its final ruling, as in its approval of the BankAmerica–Schwab application, the Board specified that the brokerage activities are to be restricted to buying and selling securities solely as agent for the account of customers (and does not include securities underwriting or the provision of investment advice), and that margin lending on securities is to be conducted by a nonbank subsidiary of the bank holding company, according to the Board's Regulation T (Credit by Brokers and Dealers).

Assets of Overseas Branches of Member Banks

The Federal Reserve Board reported on August 22, 1983, that the combined assets of the overseas branches of member banks decreased during 1982 by \$2.5 billion—or 0.6 percent—to a total of \$388.5 billion. Combined assets, excluding claims on other foreign branches of the same bank, also dropped by 0.6 percent from the comparable level of the previous year-end to \$341.3 billion at December 31, 1982. Both measures reflect an abrupt change in the earlier pattern of growth in the assets of foreign branches, which increased at an annual rate exceeding 20 percent during the 1970s and about 10 percent annually in 1980 and 1981.

The recent decline reflects the following principal factors: (1) a general decline in international trade and finance during 1982; (2) the higher exchange rate value of the U.S. dollar, which lowered the dollar value of foreign branch assets denominated in foreign currencies; and (3) the emergence of domestic international banking facilities (IBFs), which were authorized by the Board beginning in December 1981. Data are not available to identify the precise impact of IBFs on foreign branch assets. However, IBFs serve as a substitute for foreign branches for many purposes.

At year-end 1982, 162 member banks operated

Assets and liabilities of overseas branches of member banks, year-end 1982
Millions of dollars

Item	United Kingdom and Ireland	Continental Europe	Bahamas and Cayman Islands	Latin America	Far East	Near East and Africa	U.S. overseas areas and Trust Territories	Totals[1]
Assets								
Cash and balances with banks	37,681	11,241	41,102	2,205	10,517	2,289	1,493	106,531
Loans, net	44,796	19,970	37,912	12,711	36,627	4,849	5,456	162,322
Due from other non-U.S. branches of own bank	30,970	3,540	7,778	204	2,773	390	1,500	47,155
Due from head office and U.S. branches	12,912	231	16,800	222	89	157	167	30,580
Due from consolidated subsidiaries	7,149	939	1,267	944	1,698	78	494	12,567
Other assets	8,318	4,442	3,395	2,450	9,292	396	1,034	29,327
Total	**141,827**	**40,365**	**108,256**	**18,734**	**60,995**	**8,159**	**10,147**	**388,484**
Liabilities								
Deposits of other banks	54,366	17,560	25,912	4,876	10,049	3,047	1,235	117,045
Other deposits	66,347	8,151	43,480	4,362	17,079	2,973	6,419	148,811
Due to other non-U.S. branches of own bank	6,837	5,388	7,450	3,299	17,070	1,402	1,653	43,099
Due to head office and U.S. branches	7,137	3,015	27,496	2,543	5,816	184	79	46,270
Due to consolidated subsidiaries	248	2,864	2,040	1,292	1,181	97	254	7,976
Other liabilities	6,892	3,387	1,978	2,363	9,800	457	507	25,284
Total[1]	**141,827**	**40,365**	**108,256**	**18,734**	**60,995**	**8,159**	**10,147**	**388,484**
Number of branches	64	119	168	240	207	49	53	900

1. Amounts may not add to totals because of rounding. SOURCE: Board of Governors of the Federal Reserve System.

900 branches in foreign countries and overseas territories—a net increase of 59 branches during the year. The accompanying table shows the distribution of these branches by geographic area.

These data are derived from reports of condition filed at the end of the year with the Comptroller of the Currency and the Federal Reserve System. The reports reflect all assets and liabilities of overseas branches whether denominated in U.S. dollars or in other currencies and differ in some respects from other foreign branch data published by the System. Nondollar amounts have been translated into dollars at the year-end exchange rates.

REVISIONS TO REGULATION O

The Federal Reserve Board has adopted in final form revisions of its Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks) to implement recent legislative changes. The amendments are effective October 11, 1983.

The Board acted after consideration of comment received on proposals published in May. The other federal bank regulatory agencies are considering similar revisions of their rules.

The Garn–St Germain Depository Institutions Act of 1982 amended section 22 of the Federal Reserve Act, dealing with member bank credit to bank insiders, including executive officers, directors, principal shareholders, and their related interests.

Previously, the Federal Reserve Act and the Board's Regulation O limited loans by a state member bank to executive officers to specific dollar amounts for a home mortgage, education of an executive officer's children, and for all other purposes. The new legislation—which was supported by the Federal Reserve—eliminated these specific dollar limitations, and the Board in October 1982 conformed Regulation O to the new legislation with respect to home mortgage and education loans.

To further implement the provisions of the new legislation, the Board amended Regulation O as follows:

- With respect to loans for purposes other than home mortgages or education, a member bank may lend to an executive officer up to $25,000 or 2.5 percent of its capital and unimpaired surplus, whichever is greater, with an overall limit of $100,000.

- Prior approval is required of a state member bank's board of directors for a loan to an insider (including related interests of the insider) that, taken together with other such loans, exceeds $25,000, or 5 percent of the bank's capital and surplus.
- Lending to an insider may not exceed, in the aggregate, the limit of credit that may be extended to any one borrower (15 percent of the bank's capital and surplus for loans not fully collateralized and an additional 10 percent of the bank's capital and surplus for loans that are fully collateralized).
- Prior approval of the bank's directors is required for all loans exceeding $500,000 in the aggregate.

CHANGES IN BOARD STAFF

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

Edward C. Ettin has been transferred from the position of Deputy Staff Director in the Office of Staff Director for Monetary and Financial Policy to become Deputy Director in the Division of Research and Statistics, effective September 12, 1983.

Donald L. Kohn has been promoted from Associate Director in the Division of Research and Statistics to Deputy Staff Director for the Office of Staff Director for Monetary and Financial Policy, effective September 12, 1983.

Elliott C. McEntee, Assistant Director, Division of Federal Reserve Bank Operations, has been promoted to Associate Director, with senior supervisory responsibility for checks, electronic funds transfer, cash, fiscal, protection, and pricing functions, effective August 29, 1983.

Michael J. Prell has been promoted from Senior Associate Director to Deputy Director in the Division of Research and Statistics, effective September 12, 1983.

Stephen R. Malphrus has been appointed to the position of Assistant Staff Director for Management, Office Automation and Technology, in the Office of the Staff Director for Management, effective August 29, 1983. Mr. Malphrus joined the Board's staff in April 1975 and assumed his present position as Chief of the Banking Statistics Section in the Division of Data Processing in December 1982. He holds a B.A. from Washington State University and an M.A. from Central Michigan University.

Richard J. Manasseri has been named Assistant Director for Data Systems in the Division of Data Processing, effective August 29, 1983. Mr. Manasseri joined the Board in May 1971 and assumed his present position as Chief of the Data Base Development Section in March 1975. He holds a B.S. from Boston College and an M.A. from the University of Maryland.

Steven M. Roberts has been appointed Assistant to the Chairman, effective September 30, 1983. Mr. Roberts was Vice President of Government Affairs at the American Express Company in Washington, D.C. His other experience includes more than three years as a chief economist for the Senate Committee on Banking, Housing, and Urban Affairs and more than six years as an economist in the Board's Division of Research and Statistics. Mr. Roberts holds a B.A. from Rutgers University and an M.S. and Ph.D. from Purdue University.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

The following bank was admitted to membership in the Federal Reserve System during the period August 10 through September 8, 1983:

California

Roseville .... Placer Bank of Commerce

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON JULY 12–13, 1983

Domestic Policy Directive

The information reviewed at this meeting suggested that the economic recovery was proceeding at a strengthened pace. The latest data suggested that growth in real GNP may have been even more rapid in the second quarter than the 6½ percent preliminary estimate of the Commerce Department, and it appeared that relatively strong growth would be sustained into the current quarter. Expenditures for consumer goods were especially large, and a swing in business inventories from liquidation to accumulation seemed to be developing more rapidly than anticipated earlier.

The dollar value of retail sales advanced appreciably in May, marking the third consecutive monthly increase. Outlays at general merchandise outlets and at furniture and appliance stores were brisk, but sizable expenditures on autos and automotive products continued to be an important factor in the strength of retail sales. Sales of new domestic automobiles rose to a rate of 7.2 million units in June, the strongest monthly selling pace in nearly two years. Survey reports of marked improvement in consumer confidence accompanied the vigorous recent gains in consumer spending.

Total private housing starts increased considerably in May to an annual rate of nearly 1.8 million units, following small declines during the two preceding months. Starts in May were about 40 percent above their average level in the fourth quarter of 1982. Other indicators of housing activity also exhibited strength: newly issued permits for residential buildings rose further in May as did combined sales of new and existing homes. Both measures were more than 30 percent above the average levels in the fourth quarter of last year.

With inventories depleted and sales strong, businesses have been meeting demands out of current production and appear to have started rebuilding stocks in some lines. The index of industrial production rose 1.1 percent in May to a level 7 percent above its trough six months earlier, and available data, including the statistics on employment and hours worked in manufacturing, suggested another sizable gain in output in June. As in other recent months, gains in output and employment occurred across a broad range of industries. Nonfarm payroll employment rose nearly 350,000 in June, after an increase of about 300,000 in May. The civilian unemployment rate declined to 10.0 percent in June, down 0.8 percentage point from its peak in December.

Data on new orders and shipments continued to indicate improvement in the demand for business equipment. Production of business equipment, which had contracted sharply in 1982 and had continued to decline during the first quarter of this year, rose substantially in May for the second month in a row.

The producer price index for finished goods (PPI) and the consumer price index (CPI) increased 0.3 percent and 0.5 percent respectively in May, largely reflecting a sharp rise in energy prices at both the producer and the consumer levels. Exclusion of the volatile energy components would have resulted in no change in the PPI and nearly a halving of the increase in the CPI. During the first five months of 1983, the PPI declined at an annual rate of about 2¼ percent and the CPI increased at an annual rate of 3 percent. Over the same period, the index of average hourly earnings for private nonfarm production workers rose at an annual rate of 4½ percent, compared with an increase of 6 percent for the year 1982.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies rose more than 2½ percent in late May and early June to a record level; subsequently it had fluctuated in a narrow range. Reflecting the strength of the economy and the persistently high level of the dollar, the U.S. foreign trade deficit increased sharply in the April–May period from its reduced first-quarter rate; exports declined and both oil and non-oil imports rose.

At its meeting on May 24, 1983, the Committee had decided that open market operations in the period until this meeting should be directed at increasing only slightly the degree of restraint on reserve positions. That action had been taken against the background of growth in M2 and M3 remaining within their long-term ranges and slightly below the annual rates of 9 and 8 percent respectively established earlier for the quarter, M1 growing substantially above anticipated levels for some time, and evidence of an acceleration in the rate of business recovery. The Committee had agreed that lesser restraint on reserve positions would be appropriate in the context of more pronounced slowing of growth in the broader monetary aggregates relative to the paths implied by the long-term ranges and deceleration of M1, or of indications of a weakening in the pace of economic recovery. The intermeeting range for the federal funds rate was retained at 6 to 10 percent.

Growth in M2 and M3 accelerated in May and continued relatively strong in June, with both aggregates expanding at an estimated annual rate of about 10 percent. For the March-to-June period both M2 and M3 grew at an annual rate of about 8½ percent, a bit below the quarterly objective established for M2 and a bit above that for M3. Relative to the longer-run ranges, M2 by June was somewhat above the midpoint of its range and M3 was around the upper limit of its range for the year.

M1, which had surged to an annual rate of growth of about 26 percent in May, expanded at a rate of around 10½ percent in June. From the fourth quarter of 1982 to June, M1 grew at an annual rate of about 13¾ percent, considerably above the Committee's tentative range of 4 to 8 percent for the year.

Though the pace of expansion in debt of domestic nonfinancial sectors over the first half of the year was estimated to have remained within the Committee's annual range of 8½ to 11½ percent, growth in debt appeared to have been more rapid in the second than in the first quarter. This development reflected an acceleration in borrowing by the U.S. Treasury as well as a pickup in private credit demand. Total credit outstanding at U.S. commercial banks expanded at an annual rate of nearly 10 percent in June and in the second quarter as a whole. Sizable acquisitions of Treasury securities continued to make the major contribution to the expansion in bank credit in June, but real estate lending strengthened further and business loans registered their first significant increase since January.

Strong demands for money were associated with relatively rapid expansion in total reserves in June, but growth in nonborrowed reserves (plus extended credit at the discount window) was considerably slower than the increase in total reserves. With open market operations holding back on the supply of reserves, depository institutions increased their short-term borrowing at the discount window and sought reserves more actively in the federal funds market. Adjustment borrowing from the Federal Reserve discount window (including seasonal borrowing) rose to about $680 million in June and rose further in the first part of July; borrowing temporarily bulged to over $1 billion in the reserve statement week that encompassed the midyear bank statement date and the July 4 holiday period. The federal funds rate traded in a range of 8¾ to 9 percent for most of the period, but most recently the rate had moved up into the 9 to 9⅛ percent range; somewhat higher rates were temporarily associated with the management of reserve positions over the midyear statement date and the holiday period.

Other short-term market rates rose about ¾ to 1 percentage point during the intermeeting period, reflecting in part responses to the modest tightening of reserve market conditions that was under way and apparently also some anticipatory reaction to the strength of incoming data on the monetary aggregates and economic activity. Most long-term interest rates on taxable securities increased about ¾ percentage point over the period, while yields on tax-exempt issues were little changed on balance. Average rates on new commitments for fixed-rate conventional home mortgage loans at savings and loan associations also rose about ¼ percentage point.

Given the momentum in economic activity that appeared to be in train, the staff projections presented at this meeting indicated that growth in real GNP in the second half of the year would be somewhat higher than had been anticipated earlier. Final purchases in private domestic sectors, buoyed by expenditures for consumer goods, were expected to be maintained at a relatively strong pace in the latter half of the year and businesses were expected to be adding appreciably to inventories. A gradual decline in the unemployment rate was anticipated over the balance of the year, and a further decline was expected in 1984 in association with continued, though more moderate, economic recovery. Upward price pressures were expected to be relatively modest over the projection horizon, assuming that inflationary expectations remained damped, with related restraint on wage and price policies of labor and business.

In their review of the economic situation and outlook, the members focused on evidence of the economy's strong forward momentum and the prospects for continuing sizable gains in real GNP during the months immediately ahead. Consumer spending, which along with housing has played a major role in fostering the recovery, was likely to be sustained by the further reduction in personal income taxes at midyear. Most of the members agreed, however, that economic activity would probably expand at a more moderate pace later in the year and in 1984. Spending for business inventories was expected to become a less expansive factor as the recovery proceeded, and the outlook for exports remained relatively weak. The members also referred to a number of potential threats to the recovery, including financial strains related to the debt problems of numerous developing countries and the adverse impact of continuing large federal deficits in the absence of measures to reduce them.

While the expansive fiscal policy added to purchasing power and supported consumption, members were concerned that the need to finance large Treasury borrowing in a period when private credit demands were accelerating would put increasing upward pressure on interest rates and curtail the availability of financing to private borrowers. Sectors heavily dependent on credit, such as housing and business investment, would be particularly affected, as would small businesses. The view was expressed that the restraining impact on private credit demands and economic activity of even current relatively high interest rates—which seemed especially high in real terms—could well be underestimated, and a view was expressed that a decline in interest rates from present levels would probably be needed to prolong the recovery during 1984.

Members generally continued to regard the near-term outlook for prices as favorable, and it was observed that wage increases remained quite moderate. However, several members saw acceleration in the rate of increase in prices as a likely prospect for 1984. Reference was made to a number of developments that were potentially unfavorable, including possible increases in prices of key farm products as a consequence of governmental policies to reduce farm supplies, and pressures stemming from rising prices of imports if the foreign exchange value of the dollar were to weaken, as many observers anticipated. It was also pointed out that actual price increases would be sensitive to expectations as conditioned by fiscal and monetary policy developments.

The individual members of the Committee had prepared specific projections of economic activity and prices for this meeting. With regard to growth in real GNP, the projections had as their central tendency a range of 5 to 5¾ percent for 1983 and 4 to 4½ percent for 1984, measured from fourth quarter to fourth quarter. Most of the members projected a rise in the implicit GNP deflator in a range of 4¼ to 4¾ percent during 1983 and 4¼ to 5 percent during 1984. The rate of unemployment was expected to decline gradually over the projection period, with most members anticipating an average rate of about 9½ percent in the fourth quarter of 1983 and 8¼ to 8¾ percent in the fourth quarter of 1984.

At its meeting on May 24, the Committee had reviewed the growth ranges for the monetary and credit aggregates that it had established in February for the year 1983 and had decided not to change those ranges but to review them further at this meeting. For the broader monetary aggregates, on which the Committee had agreed to place principal weight, the ranges included annual growth rates of 7 to 10 percent for M2, measured from February–March 1983 to the fourth quarter of 1983, and 6½ to 9½ percent for M3, measured from the fourth quarter of 1982 to the fourth quarter of 1983. The range for monitoring M1 was set at 4 to 8 percent and an associated range for total domestic nonfinancial debt was estimated at 8½ to 11½ percent, both for the period from the fourth quarter of 1982 to the fourth quarter of 1983.

At this meeting the Committee reviewed its target ranges for 1983 and established tentative ranges for 1984 in light of the basic objectives of encouraging sustained economic recovery while fostering continued progress toward price stability and promoting a sustainable pattern of international transactions. In setting these ranges, the Committee recognized that the relationships among the money and credit aggregates and nominal GNP in the period ahead were subject to considerable uncertainty. It was therefore understood that the significance to be attached to movements in the various aggregates in the implementation of policy would depend on continuing appraisal of evidence about the strength of the economic recovery, the performance of prices, and emerging conditions in domestic and international financial markets.

In the Committee's discussion, all of the members supported a proposal to retain the 1983 ranges for growth in M2 and M3 established in February. Recent experience suggested that actual growth of M2 and especially of M3 might be in the upper half of their respective ranges for the year rather than near the midpoints as anticipated earlier. The members noted that the massive shifts of funds into M2 stemming from the introduction of money market deposit accounts and the much more limited shifts relating to the new Super NOW accounts had abated about as anticipated; and they assumed that these accounts, along with the further deregulation of interest rates on time deposits scheduled for October 1, would have relatively little impact on growth of the broader aggregates over the balance of 1983 and in 1984.

The members differed only marginally with regard to the appropriate ranges that should be established for growth in M2 and M3 in 1984. Most favored a reduction of ½ percentage point from the 1983 ranges, but in the course of the discussion two members expressed a preference for retaining the 1983 ranges. One member believed that the prospective relationship between M2 and nominal GNP was subject to a very high degree of uncertainty and that therefore no specific target should be set for that aggregate at this time.

In the view of most members, the establishment of lower ranges for 1984 would be consistent with the Committee's objective of providing adequate monetary growth to support continued economic recovery while encouraging progress toward reasonable price stability. It was recognized, however, that attainment of these broad economic objectives would be greatly facilitated by complementary governmental policies, notably further actions to reduce future federal deficits. Members who preferred to retain the current M2 and M3 ranges for 1984 were concerned that lower ranges might prove to be more restrictive than was desirable and, given the uncertainties that were involved, they preferred not to reduce the ranges unless there were substantial evidence that inflationary pressures were reviving. In the view of most members, however, modest and timely action to curb monetary growth would enhance, rather than reduce, prospects for sustaining the economic recovery and for lower interest rates over time in the context of diminishing inflationary pressures.

A majority of the members also supported a proposal to retain for 1983 the associated range for total domestic nonfinancial debt that had been set earlier but to reduce that range by ½ percentage point for 1984. Some sentiment was expressed in favor of a reduction of 1 percentage point for 1984 on the ground that the range contemplated by the majority was a little high in relation to the central tendency of the members' projections of nominal GNP; in the past, growth in this aggregate had tended to approximate growth in nominal GNP. However, a majority of the members concluded that allowance should be made for expansion in total debt in 1984 in excess of nominal GNP growth. Such a development would be consistent with this year's experience and might be connected with the relatively rapid expansion in federal debt.

The members discussed at considerable length what longer-run ranges to establish for M1 and what weight the Committee should attach to that aggregate in the implementation of monetary policy. The income velocity of M1—the ratio of nominal GNP to M1—had deviated substantially from normal cyclical patterns since the beginning of 1982. It had declined more sharply and longer than usual during the recent recession and had failed to rebound as quickly as in the past with the onset of recovery. A number of factors apparently contributed to this unusual behavior, including for a time precautionary demands for highly liquid balances by the public in the face of various economic and financial uncertainties. Over the last several months, the behavior of M1 velocity seemed to reflect the greater sensitivity of this aggregate to declines in market interest rates probably resulting from the much increased share of interest-bearing NOW accounts in the total. NOW accounts, which may serve as a savings vehicle as well as fulfilling transactions needs, have been the most rapidly growing component of M1 since they were introduced on a nationwide basis at the beginning of 1981. Regular NOW accounts bear a ceiling rate of 5¼ percent. The sharp drop in market rates during the second half of 1982 made the opportunity cost of holding NOW accounts relatively small and, with a lag, increased the demand for them. It was noted, though, that the recent expansion in M1, with currency and demand deposits showing strength as well, probably also reflected growing transaction needs relating to the recovery in economic activity.

Against this background, a key uncertainty confronting the Committee was whether M1 velocity in the future would exhibit characteristics more in line with earlier postwar experience. Recent evidence seemed to suggest that the decline in M1 velocity was ending, as might be expected as the lagged upward effect on demand from earlier declines in interest rates wore off and as business and consumer attitudes became more optimistic.

While acknowledging the major uncertainties that existed, a majority of the members nonetheless believed that a monitoring range should be retained for M1. In this view M1 would continue to be given reduced weight in the formulation of monetary policy and primary emphasis would continue to be placed on the broader aggregates. A few members, however, preferred to suspend the targeting of M1 at this time because they viewed its prospective behavior as too uncertain to permit the establishment of a meaningful range. A subsidiary reason cited in support of this view was the difficulty of communicating a proper assessment of the reduced role of M1 to outside observers so long as the Committee continued to set a specific range. One result was a tendency for participants in financial markets to attach undue importance to weekly fluctuations in M1 data, with the consequence that on occasion published figures had a needlessly unsettling impact on financial markets.

In reviewing the M1 range for 1983, members discussed whether that range should continue to be based on the fourth quarter of 1982 or rebased on the second quarter of 1983 in view of the probability of a prospective change in the behavior of velocity. If the fourth quarter of 1982 were continued as a base, M1 growth would need to be sharply curtailed to the point of little or no growth for the rest of the year; alternatively, the M1 range for the year would need to be raised substantially from the current 4 to 8 percent, given the rapid expansion during the first half of the year, to allow for any significant further growth in the second half. If instead M1 were rebased on the second quarter, or perhaps on June, some members were concerned that this could be misconstrued as an indication that the Committee was now weighing M1 more heavily in the formulation of monetary policy. However, most members favored rebasing the M1 range for 1983 on the second quarter to help make it clear that the rapid growth in M1 over the past several quarters was related to special circumstances and that the Committee expected and wished to see slower growth in the future. Such an approach, it was stressed, did not in itself imply placing more weight on M1 relative to the other aggregates in policy implementation.

The members who preferred to continue setting a longer-run range for M1 generally also agreed that it should encompass growth rates close to, or below, the Committee members' outlook for expansion in nominal GNP. At one extreme the M1 range could allow for very little change, or perhaps only a minor increase, in M1 velocity to accommodate the possibility that the demand for M1 would remain stronger than it had been in the earlier postwar period, given income and interest rates. At the other extreme such a range could allow for a fairly sizable increase in M1 velocity; however, given the ongoing changes in the composition of M1, it was recognized that the increase could be somewhat less than experienced in previous cyclical expansions.

Discussion of specific ranges for M1 centered on 5 to 9 percent or 4 to 8 percent for the second half of 1983 and the year 1984, although one member preferred a lower range for 1984. Most of the members indicated that they could accept a proposal to establish a range for growth in M1 of 5 to 9 percent for the period from the second quarter of 1983 to the fourth quarter of 1983 and a tentative range of 4 to 8 percent for the period from the fourth quarter of 1983 to the fourth quarter of 1984. It was understood that growth within the lower portions of those ranges would be appropriate if the velocity of M1 tended toward a relatively normal cyclical increase as the recovery proceeded; growth in the upper portions of the ranges would be acceptable if the upturn in M1 velocity remained relatively weak. If there should occur an unexpectedly rapid increase or a decline in M1 velocity, the Committee would reassess the ranges; it would in any event review the tentative range for 1984 early in the year in the light of economic and financial conditions prevailing then.

In implementing policy, the Committee agreed that primary emphasis would continue to be placed on the broader aggregates. The behavior of M1 would be monitored, with any increase in the weight placed on that aggregate dependent on evidence that its velocity behavior was assuming a more predictable pattern. Expansion in total nonfinancial domestic debt would also be monitored in assessing the behavior of the monetary aggregates and the general stance of monetary policy.

At the conclusion of its discussion the Committee voted for the following longer-run policy:

The Committee reaffirmed the longer-run ranges established earlier for growth in M2 and M3 for 1983. 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.[1]

> Votes for this action: Messrs. Volcker, Solomon, Gramley, Guffey, Keehn, Martin, Partee, Rice, Roberts, Mrs. Teeters, and Mr. Wallich. Vote against this action: Mr. Morris.

Mr. Morris dissented from this action because he did not believe that target ranges should be set for M1 and M2. Because of financial innovations, these aggregates in his view are no longer predictably related to nominal GNP—an essential characteristic of an intermediate target for monetary policy. Thus, the Committee should turn to broader financial aggregates, specifically M3, total liquid assets, and total domestic nonfinancial debt as targets for monetary policy.

In the Committee's discussion of a policy course for the short run, most of the members indicated that they could support a slight further increase in the degree of reserve restraint. In the context of an economy that was much stronger than expected, these members believed that such a policy would provide some insurance against the possible need for a considerably greater degree of restraint later to maintain control on inflation and growth in money and credit. For the third quarter, the members expected this policy to be associated with considerable moderation in the growth of the monetary aggregates, especially M1, although they recognized the substantial uncertainties that governed the short-run performance of the monetary aggregates, again especially that of M1.

One member expressed a preference for somewhat more tightening of reserve conditions over

1. The Board's Midyear Monetary Policy Report pursuant to the Full Employment and Balanced Growth Act of 1978 (the Humphrey–Hawkins Act) was transmitted to the Congress on July 20, 1983.

the weeks ahead, while another favored no change from the existing degree of restraint. In the view of several members, a slight further tightening by the Committee need not itself be reflected in sizable further changes in interest rates generally, given the increases that had already occurred. It was recognized, however, that actual movements in market rates would depend importantly on economic and financial developments in the weeks ahead, including the performance of the monetary aggregates, the outlook for the budget, and emerging private credit demands against the background of a rapidly expanding economy. It was also suggested that such an approach to short-run policy would improve prospects for the development of conditions that would permit some easing in the degree of reserve restraint later.

At the conclusion of the Committee's discussion, a majority of the members indicated that they favored a slight increase in the degree of reserve restraint for the near term. It was anticipated that such a policy course would be associated with growth of M2 and M3 at annual rates of about 8½ and 8 percent respectively for the period from June to September. Primary weight would be placed on the performance of these broader monetary aggregates in evaluating the conduct of open market operations. The members agreed that lesser restraint on reserve conditions 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. It was understood that the need for greater or lesser reserve restraint would also be evaluated on the basis of available evidence about trends in economic activity and prices and conditions in domestic and international financial markets, including foreign exchange markets. The Committee anticipated 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 domestic 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.

At the conclusion of its discussion, the Committee issued the following domestic policy directive to the Federal Reserve Bank of New York:

The rapid growth in real GNP in the second quarter and other information reviewed at this meeting suggest that the economic recovery is proceeding at a strengthened pace. Expenditures on consumption and housing expanded substantially in the second quarter and businesses apparently began to add to inventories after a period of sharp liquidation. Nonfarm payroll employment rose considerably in May and June and the civilian unemployment rate declined to 10.0 percent in June. Industrial production continued to rise markedly in May and partial data suggest a sizable gain in June. Data on new orders and shipments continued to indicate improvement in the demand for business equipment. In May housing starts increased substantially following small declines earlier and retail sales rose appreciably further. Average prices and the index of average hourly earnings have risen at a reduced pace in the first five months of 1983.

The weighted average value of the dollar against major foreign currencies rose substantially in late May and the first half of June and subsequently has fluctuated in a narrow range. Reflecting the strength of the U.S. economy and the persistent high level of the dollar, the U.S. foreign trade deficit increased sharply in April–May from its reduced first-quarter rate; exports declined and both oil and nonoil imports rose.

Strong growth in the broader aggregates in May and June raised M2 to a level somewhat above the midpoint of the Committee's range for 1983 and M3 to around the upper limit of its range. M1 grew very rapidly over both months and was well above its range for the year. Growth in debt of domestic nonfinancial sectors appears to have picked up in the second quarter. Interest rates have risen appreciably since early May.

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 February the Committee established growth ranges for monetary and credit aggregates for 1983 in furtherance of these objectives. The Committee recognized that the relationships between such ranges and ultimate economic goals have been less predictable over the past year; that the impact of new deposit accounts on growth ranges of monetary aggregates cannot be determined with a high degree of confidence; and that the availability of interest on large portions of transaction accounts, declining inflation, and lower market rates of interest may be reflected in some changes in the historical trends in velocity.

In establishing growth ranges last February for the aggregates for 1983 against this background, the Committee felt that growth in M2 might be more appropriately measured after the period of highly aggressive marketing of money market deposit accounts had subsided. The Committee also felt that a somewhat wider range was appropriate for monitoring M1. With these understandings, the Committee established the following growth ranges: for the period from February–March of 1983 to the fourth quarter of 1983, 7 to 10 percent at an annual rate for M2, taking into account the probability of some residual shifting into that aggregate from non-M2 sources; and for the period from the fourth quarter of 1982 to the fourth quarter of 1983, 6½ to 9½ percent for M3, which appeared to be less distorted by the new accounts. For the same period a tentative range of 4 to 8 percent was established for M1 assuming that Super NOW accounts would draw only modest amounts of funds from sources outside M1 and assuming that the authority to pay interest on transaction balances was not extended beyond presently eligible accounts. An associated range of growth for total domestic nonfinancial debt was estimated at 8½ to 11½ percent. These ranges were reviewed at the May meeting and left unchanged, pending further review in July.

At this meeting, the Committee reaffirmed the longer-run ranges established earlier for growth in M2 and M3 for 1983. 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 increase slightly further the existing degree of reserve restraint. The action is 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 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, and Roberts. Votes against this action: Mrs. Teeters and Mr. Wallich.

Mrs. Teeters dissented from this action because she preferred to direct open market operations toward maintaining the existing degree of reserve restraint. In her view the additional upward pressure on interest rates from further restraint on reserve positions was unnecessary and would retard activity in interest-sensitive sectors of the economy and threaten the sustainability of the recovery.

Mr. Wallich dissented from this action because he favored a directive calling for somewhat greater reserve restraint. In his judgment, such a policy course would contribute to better control of the monetary aggregates and, given the strong momentum of the economy, would be more likely to prove consistent with the Committee's longer-run objectives of fostering sustained economic recovery while curbing inflation.

Legal Developments

REVISION OF REGULATION G

Regulation G—Securities Credit by Persons Other Than Banks, Brokers, or Dealers, has been revised in its entirety. The new Regulation G is written in simplified language and organized in a more logical fashion. Certain regulatory burdens and obsolete provisions have been removed.

Effective August 31, 1983, the Board revises Regulation G to read as follows:

Part 207—Securities Credit by Persons Other Than Banks, Brokers, or Dealers

Authority: §§ 3, 7, 8, 17 and 23 of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78c, 78g, 78h, 78q and 78w).

Section 207.1—Authority, Purpose, and Scope

(a) *Authority.* Regulation G (this part) is issued by the Board of Governors of the Federal Reserve System (the Board) pursuant to the Securities Exchange Act of 1934 (the Act) (15 U.S.C. 78a et seq.).

(b) *Purpose and Scope.* This part applies to persons other than banks, brokers or dealers, who extend or maintain credit secured directly or indirectly by margin stock and who are required to register with the Board under section 207.3(a) of this part. Credit extended by such persons is regulated by limiting the loan value of the collateral securing the credit, if the purpose of the credit is to buy or carry margin stock.

Section 207.2—Definitions

The terms used in this part have the meanings given them in section 3(a) of the Act or as defined in this section.

(a) "Affiliate" means any person who, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the lender.

(b) "Carrying" credit is credit that enables a customer to maintain, reduce, or retire indebtedness originally incurred to purchase a stock that is currently a margin stock.

(c) "Current market value" of:

(1) a security means:

(i) if quotations are available, the closing sale price of the security on the preceding business day, as appearing in any regularly published reporting or quotation service; or

(ii) if there is no closing sale price, the lender may use any reasonable estimate of the market value of the security as of the close of business on the preceding business day; or

(iii) if the credit is used to finance the purchase of the security the total cost of purchase, which may include any commissions charged.

(2) any other collateral means a value determined by any reasonable method.

(d) "Customer" includes any person or persons acting jointly, to or for whom a lender extends or maintains credit.

(e) "Good faith" with respect to:

(1) the loan value of collateral means that amount (not exceeding 100% of the current market value of the collateral) which a lender, exercising sound credit judgment, would lend without regard to the customer's other assets held as collateral in connection with unrelated transactions.

(2) accepting a statement or notice from or on behalf of a customer means that the lender or its duly authorized representative is alert to the circumstances surrounding the credit, and if in possession of information that would cause a prudent person

not to accept the notice or certification without inquiry, investigates and is satisfied that it is truthful.

(f) "Indirectly secured"
(1) includes any arrangement with the customer under which:
(i) the customer's right or ability to sell, pledge, or otherwise dispose of margin stock owned by the customer is in any way restricted while the credit remains outstanding; or
(ii) the exercise of such right is or may be cause for accelerating the maturity of the credit.
(2) does not include such an arrangement if:
(i) after applying the proceeds of the credit, not more than 25 per cent of the value of the assets subject to the arrangement, as determined by any reasonable method, are margin securities;
(ii) it is a lending arrangement that permits accelerating the maturity of the credit as a result of a default or renegotiation of another credit to the customer by another creditor that is not an affiliate of the lender;
(iii) the lender holds the margin stock only in the capacity of custodian, depositary, or trustee, or under similar circumstances and, in good faith, has not relied upon the margin stock as collateral; or
(iv) if the lender, in good faith, has not relied upon the margin stock as collateral in extending or maintaining the credit.

(g) "In the ordinary course of business" means occurring or reasonably expected to occur in carrying out or furthering any business purpose, or in the case of an individual, in the course of any activity for profit or the management or preservation of property.

(h) "Lender" means any person subject to the registration requirements of this part.

(i) "Margin stock" means:
(1) any equity security registered or having unlisted trading privileges on a national securities exchange;
(2) any OTC margin stock;
(3) any debt security convertible into a margin stock or carrying a warrant or right to subscribe to or purchase a margin stock;
(4) any warrant or right to subscribe to or purchase a margin stock; or
(5) any security issued by an investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8), other than:
(i) a company licensed under the Small Business Investment Company Act of 1958, as amended (15 U.S.C. 661); or
(ii) a company which has at least 95 per cent of its assets continuously invested in exempted securities (as defined in 15 U.S.C. 78c(12)).

(j) "Maximum loan value" is the percentage of current market value assigned by the Board under section 207.7 of this part to specified types of collateral. The maximum loan value of margin stock is stated as a percentage of current market value. All other collateral has "good faith" loan value except that puts, calls and combinations thereof have no loan value.

(k) "OTC margin stock" means any equity security not traded on a national securities exchange that the Board has determined has the degree of national investor interest, the depth and breadth of market, the availability of information respecting the security and its issuer, and the character and permanence of the issuer to warrant being treated like an equity security traded on a national securities exchange. An OTC stock is not considered to be an "OTC margin stock" unless it appears on the Board's periodically published list of OTC Margin Stocks.

(l) "Purpose credit" is credit for the purpose, whether immediate, incidental, or ultimate, of buying or carrying a margin stock.

Section 207.3—General Requirements

(a) *Registration; termination of registration.*
(1) Every person who, in the ordinary course of business, extends or maintains credit secured, directly or indirectly, by any margin stock shall register on Federal Reserve Form F.R. G-1 (OMB No. 7100-0011) within 30 days after the end of any calendar quarter during which
(i) the amount of credit extended equals $200,000 or more, or
(ii) the amount of credit outstanding at any time during that calendar quarter equals $500,000 or more.
(2) A registered lender may apply to terminate its registration, by filing Federal Reserve Form F.R. G-2 (OMB No. 7100-0011), if the lender has not, during the preceding six calendar months, had more than $200,000 of such credit outstanding. Registration shall be deemed terminated when the application is approved by the Board.

(b) *Limitation on Extending Purpose Credit.* No lender, except a plan-lender, as defined in section 207.5(a)(1) of this part, shall extend any purpose credit, secured directly or indirectly by margin stock in an amount that exceeds the maximum loan value of the collateral securing the credit, as set forth in section 207.7 of this part.

(c) *Maintaining credit.* A lender may continue to maintain any credit initially in compliance with this part, regardless of:

(1) reduction in the customer's equity resulting from change in market prices;

(2) change in the maximum loan value prescribed by this part; or

(3) change in the status of the security (from nonmargin to margin) securing an existing purpose credit.

(d) *Arranging credit.* No lender may arrange for the extension or maintenance of any credit, except upon the same terms and conditions under which the lender itself may extend or maintain credit under this part except this limitation shall not apply with respect to the arranging by a lender for a bank to extend or maintain credit on margin stock or exempted securities.

(e) *Purpose statement.* Except for credit extended under section 207.5 of this part, whenever a lender extends credit secured directly or indirectly by any margin stock, the lender shall require its customer to execute Form F.R. G-3 (OMB No. 7100-0018), which shall be signed and accepted by a duly authorized representative of the lender acting in good faith.

(f) *Purpose statement for revolving credit or multiple draw agreements.*

(1) If a lender extends credit, secured directly or indirectly by any margin stock, under a revolving credit or other multiple draw agreement, Form F.R. G-3 can either be executed each time a disbursement is made under the agreement, or at the time the credit arrangement is originally established.

(2) If a purpose statement executed at the time the credit arrangement is initially made indicates that the purpose is to purchase or carry margin stock, the credit will be deemed in compliance with this part if the maximum loan value of the collateral at least equals the aggregate amount of funds actually disbursed. For any purpose credit disbursed under the agreement, the lender shall obtain and attach to the executed Form F.R. G-3 a current list of collateral—which adequately supports all credit extended under the agreement.

(g) *Single credit rule.*

(1) All purpose credit extended to a customer shall be treated as a single credit, and all the collateral securing such credit shall be considered in determining whether or not the credit complies with this part.

(2) A lender that has extended purpose credit secured by margin stock may not subsequently extend unsecured purpose credit to the same customer unless the combined credit does not exceed the maximum loan value of the margin stock securing the prior credit.

(3) If a lender extended unsecured purpose credit to a customer prior to the extension of purpose credit secured by margin securities, the credits shall be combined and treated as a single credit solely for the purposes of the withdrawal and substitution provision of paragraph (i) of this section.

(4) If a lender extends purpose credit secured by any margin stock and nonpurpose credit to the same customer, the lender shall treat the credits as two separate loans and may not rely upon the required collateral securing the purpose credit for the nonpurpose credit.

(h) *Mixed collateral loans.* A purpose credit secured in part by margin stock, and in part by other collateral shall be treated as two separate loans, one secured by the margin stock and one by all other collateral. A lender may use a single credit agreement, if it maintains records identifying each portion of the credit and its collateral.

(i) *Withdrawals and substitutions.*

(1) A lender may permit any withdrawal or substitution of cash or collateral by the customer if the withdrawal or substitution would not:

(i) cause the credit to exceed the maximum loan value of the collateral; or

(ii) increase the amount by which the credit exceeds the maximum loan value of the collateral.

(2) For purposes of this section, the maximum loan value of the collateral on the day of the withdrawal or substitution shall be used.

(j) *Exchange offers.* To enable a customer to participate in a reorganization, recapitalization, or exchange offer that is made to holders of an issue of margin stock a lender may permit substitution of the securities received. A nonmargin nonexempted security acquired in exchange for a margin stock shall be treated as if it is margin stock for a period of 60 days following the exchange.

(k) *Renewals and extensions of maturity.* A renewal or extension of the maturity of a credit need not be considered a new extension of credit if the amount of the credit is increased only by the addition of interest, service charges, or taxes with respect to the credit.

(l) *Transfers of credit.*

(1) A transfer of a credit between customers or lenders shall not be considered a new extension of credit if:

(i) the original credit was in compliance with this part;

(ii) the transfer is not made to evade this part;

(iii) the amount of credit is not increased; and

(iv) the collateral for the credit is not changed.

(2) Any transfer between customers at the same lender shall be accompanied by a statement by the transferor customer describing the circumstances giving rise to the transfer and shall be accepted and signed by a duly authorized representative of the lender acting in good faith. The lender shall keep such statement with its records of the transferee account.

(3) When a transfer is made between lenders, the transferee lender shall obtain a copy of the Form F.R. G-3 originally filed with the transferor lender and retain the copy with its records of the transferee account.

(m) *Action for lender's protection.* Nothing in this part shall require a lender to waive or forego any lien, or prevent a lender from taking any action it deems necessary for its protection.

(n) *Mistakes in good faith.* A mistake in good faith in connection with the extension or maintenance of credit shall not be a violation of this part.

(o) *Annual Report.* Every registered lender shall, within 30 days following June 30 of every year, file Form F.R. G-4 (OMB No. 7100-0011).

(p) *Where to register and file applications and reports.* Registration statements, applications to terminate registration, and annual reports shall be filed with the Federal Reserve Bank of the district in which the principal office of the lender is located.

Section 207.4—Credit to Broker-Dealers

No lender shall extend or maintain credit secured, directly or indirectly, by any margin stock to a creditor who is subject to Part 220 of this Chapter except in the following circumstances:

(a) *Emergency Loans.* Credit extended in good faith reliance upon a certification from the customer that the credit is essential to meet emergency needs arising from exceptional circumstances. Any collateral for such credit shall have good faith loan value.

(b) *Capital Contribution Loans.* Credit that the Board has exempted by order upon a finding that the exemption is necessary or appropriate in the public interest or for the protection of investors, provided the Securities Investor Protection Corporation certifies to the Board that the exemption is appropriate.

Section 207.5—Employee Stock Option and Stock Purchase Plans

(a) *Plan-lender; eligible plan.*

(1) *Plan-lender* means any corporation, (including a wholly-owned subsidiary, or a lender that is a thrift organization whose membership is limited to employees and former employees of the corporation, its subsidiaries or affiliates) that extends or maintains credit to finance the acquisition of margin stock of the corporation, its subsidiaries or affiliates under an eligible plan.

(2) *Eligible Plan.* An eligible plan means any employee stock option, purchase, or ownership plan adopted by a corporation and approved by its stockholders that provides for the purchase of margin stock of the corporation, its subsidiaries, or affiliates.

(b) *Credit to exercise rights under or finance an eligible plan.*

(1) If a plan-lender extends or maintains credit under an eligible plan, any margin security that directly or indirectly secures that credit shall have good faith loan value.

(2) Credit extended under this section shall be treated separately from credit extended under any other section of this part except sections 207.3(a) and 207.3(o) of this part.

Section 207.6—Requirements for the List of OTC Margin Stocks

(a) *Requirements for inclusion on the list.* Except as provided in paragraph (d) of this section, an OTC margin stock shall meet the following requirements:

(1) Four or more dealers stand willing to, and do in fact, make a market in such stock and regularly submit bona fide bids and offers to an automated quotations system for their own accounts;

(2) The minimum average bid price of such stock, as determined by the Board, is at least $5 per share;

(3) The stock is registered under section 12 of the Act, is issued by an insurance company subject to section 12(g)(2)(G) of the Act, is issued by a closed end investment management company subject to

registration pursuant to section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8), is an American Depository Receipt (ADR) of a foreign issuer whose securities are registered under section 12 of the Act, or is a stock of an issuer required to file reports under section 15(d) of the Act;
(4) Daily quotations for both bid and asked prices for the stock are continuously available to the general public;
(5) The stock has been publicly traded for at least six months;
(6) The issuer has at least $4 million of capital, surplus, and undivided profits;
(7) There are 400,000 or more shares of such security outstanding in addition to shares held benefically by officers, directors or beneficial owners of more than 10 per cent of the stock;
(8) There are 1,200 or more holders of record, as defined in SEC Rule 12g5-1 (17 CFR 240.12g5-1), of the stock who are not officers, directors or beneficial owners of 10 per cent or more of the stock, or the average daily trading volume of such a stock, as determined by the Board, is at least 500 shares; and
(9) The issuer or a predecessor in interest has been in existence for at least three years.

(b) *Requirements for continued inclusion on the list.* Except as provided in paragraph (d) of this section, an OTC margin stock shall meet the following requirements:

(1) Three or more dealers stand willing to, and do in fact, make a market in such stock and regularly submit bona fide bids and offers to an automated quotations system for their own accounts;
(2) The minimum average bid price of such security, as determined by the Board, is at least $2 per share;
(3) The security is registered as specified in paragraph (a)(3) of this section;
(4) Daily quotations for both bid and asked prices for the stock are continuously available to the general public;
(5) The issuer has at least $1 million of capital, surplus, and undivided profits;
(6) There are 300,000 or more shares of such stock outstanding in addition to shares held beneficially by officers, directors, or beneficial owners of more than 10 per cent of the stock; and
(7) There continue to be 800 or more holders of record, as defined in SEC Rule 12g5-1 (17 CFR 240.12g5-1), of the stock who are not officers, directors, or beneficial owners of 10 per cent or more of the stock, or the average daily trading volume of such stock, as determined by the Board, is at least 300 shares.

(c) *Removal from the list of OTC margin stocks.* The Board shall periodically remove from the list any stock that:

(1) ceases to exist or of which the issuer ceases to exist, or
(2) no longer substantially meets the provisions of paragraph (b) of this section or section 207.2(k).

(d) *Discretionary authority of Board.* Without regard to the other paragraphs of this section, the Board may add to, or omit or remove from, the OTC margin stock list any equity security, if in the judgment of the Board, such action is necessary or appropriate in the public interest.

(e) *Unlawful representations.* It shall be unlawful for any lender to make, or cause to be made, any representation to the effect that the inclusion of a security on the list of OTC margin stocks is evidence that the Board or the SEC has in any way passed upon the merits of, or given approval to, such security or any transactions therein. Any statement in an advertisement or other similar communication containing a reference to the Board in connection with the list or securities on that list shall be an unlawful representation.

Section 207.7—Supplement: Maximum Loan Value of Stock and Other Collateral

(a) *Maximum loan value of a margin stock.* The maximum loan value of any margin stock, except options, is fifty per cent of its current market value.

(b) *Maximum loan value of nonmargin stock and all other collateral.* The maximum loan value of a nonmargin stock and all other collateral except puts, calls, or combinations thereof is their good faith loan value.

(c) *Maximum loan value of options.* Whether they are margin stock or not, puts, calls, and combinations thereof have no loan value.

AMENDMENTS TO REGULATION T

The Board of Governors has amended its Regulation T—Credit by Brokers and Dealers, to include language that reflects the earlier revision of criteria for initial and continued inclusion on the List of OTC Margin Stocks.

Effective November 21, 1983 or any earlier date after June 20, 1983, at the option of the creditor, the Board amends Regulation T as set forth below:

Part 220—Credit by Brokers and Dealers

Section 220.2—Definitions

(s)*** An OTC stock is not considered to be an "OTC margin stock" unless it appears on the Board's periodically published list of OTC margin stocks.

Section 220.17—Requirements for List of OTC Margin Stocks

(a)***

(3) The stock is registered under section 12 of the Act, is issued by an insurance company subject to section 12(2)(G) of the Act, is issued by a closed-end investment management company subject to registration pursuant to section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8), is an American Depository Receipt (ADR) of a foreign issuer whose securities are registered under section 12 of the Act, or is a stock of an issuer required to file reports under section 15(d) of the Act;

* * * * *

(9) The issuer or a predecessor in interest has been in existence for at least 3 years.

* * * * *

AMENDMENTS TO REGULATION U

Regulation U—Credit by Banks for the Purpose of Purchasing or Carrying Margin Stock, has been revised in its entirety. The new Regulation U is written in simplified language and organized in a more logical fashion. Obsolete provisions and certain regulatory burdens and form-filing requirements been removed.

Effective August 31, 1983, the Board revises Regulation U to read as follows:

Part 221—Credit by Banks for the Purpose of Purchasing or Carrying Margin Stock

Authority: §§ 3, 7, 8 and 23 of the Securities Exchange Act of 1934, as amended (15 U.S.C. §§ 78c, 78g, 78h and 78w).

Section 221.1—Authority, Purpose, and Scope

(a) *Authority.* Regulation U ("this part") is issued by the Board of Governors of the Federal Reserve System ("the Board") pursuant to the Securities Exchange Act of 1934 (the "Act") (15 U.S.C. 78a et seq.).

(b) *Purpose and scope.* This part imposes credit restrictions upon "banks" (as defined in section 221.2(b) of this part) that extend credit for the purpose of buying or carrying margin stock if the credit is secured directly or indirectly by margin stock. Banks may not extend more than the maximum loan value of the collateral securing such credit, as set by the Board in section 221.8 (the Supplement).

Section 221.2—Definitions

The terms used in this part have the meanings given them in section 3(a) of the Act or as defined in this section.

(a) "Affiliate" means:

(1) any bank holding company of which a bank is a subsidiary within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1841(d));

(2) any other subsidiary of such bank holding company; and

(3) any other corporation, business trust, association, or other similar organization that is an affiliate as defined in section 2(b) of the Banking Act of 1933 (12 U.S.C. 221a(c)).

(b)(1) "Bank" has the meaning given to it in section 3(a)(6) of the Act (15 U.S.C. 78c(a)(6)) and includes:

(i) any subsidiary of a bank;

(ii) any corporation organized under section 25(a) of the Federal Reserve Act (12 U.S.C. 611); and

(iii) any agency or branch of a foreign bank located within the United States.

(2) "Bank" does not include:

(i) any savings and loan association,

(ii) any credit union,

(iii) any lending institution that is an instrumentality or agency of the United States, or

(iv) any member of a national securities exchange.

(c) "Carrying" credit is credit that enables a customer to maintain, reduce, or retire indebtedness originally incurred to purchase a security that is currently a margin stock.

(d) "Current market value" of
(1) a security means:
(i) if quotations are available, the closing sale price of the security on the preceding business day, as appearing on any regularly published reporting or quotation service; or
(ii) if there is no closing sale price, the bank may use any reasonable estimate of the market value of the security as of the close of business on the preceding business day; or
(iii) if the credit is used to finance the purchase of the security, the total cost of purchase, which may include any commissions charged.
(2) any other collateral means a value determined by any reasonable method in accordance with sound banking practices.

(e) "Customer" includes any person or persons acting jointly, to or for whom a bank extends or maintains credit.

(f) "Good faith" with respect to:
(1) the loan value of collateral, means that amount (not exceeding 100 per cent of the current market value of the collateral) which a bank, exercising sound banking judgment, would lend, without regard to the customer's other assets held as collateral in connection with unrelated transactions.
(2) accepting notice or certification from or on behalf of a customer means that the bank or its duly authorized representative is alert to the circumstances surrounding the credit, and if in possession of information that would cause a prudent person not to accept the notice or certification without inquiry, investigates and is satisfied that it is truthful;

(g) "Indirectly secured"
(1) includes any arrangement with the customer under which:
(i) the customer's right or ability to sell, pledge, or otherwise dispose of margin stock owned by the customer is in any way restricted while the credit remains outstanding; or
(ii) the exercise of such right is or may be cause for accelerating the maturity of the credit.
(2) does not include such an arrangement if:
(i) after applying the proceeds of the credit, not more than 25 per cent of the value (as determined by any reasonable method) of the assets subject to the arrangement is represented by margin stock;
(ii) it is a lending arrangement that permits accelerating the maturity of the credit as a result of a default or renegotiation of another credit to the customer by another lender that is not an affiliate of the bank;
(iii) the bank holds the margin stock only in the capacity of custodian, depositary, or trustee, or under similar circumstances, and, in good faith, has not relied upon the margin stock as collateral; or
(iv) the bank, in good faith, has not relied upon the margin stock as collateral in extending or maintaining the particular credit.

(h) "Margin stock" means:
(1) any equity security registered or having unlisted trading privileges on a national securities exchange;
(2) any OTC margin stock;
(3) any debt security convertible into a margin stock, or carrying a warrant or right to subscribe to or purchase a margin stock;
(4) any warrant or right to subscribe to or purchase a margin stock; or
(5) any security issued by an investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8), other than:
(i) a company licensed under the Small Business Investment Company Act of 1958, as amended (15 U.S.C. 661), or
(ii) a company which has at least 95 per cent of its assets continuously invested in exempted securities (as defined in 15 U.S.C. 78c(12)).

(i) "Maximum loan value" is the percentage of current market value assigned by the Board under section 221.8 of this part to specified types of collateral. The maximum loan value of margin stock is stated as a percentage of its current market value. Puts, calls and combinations thereof have no loan value except for purposes of section 221.5(c)(10) of this part. All other collateral has "good faith" loan value.

(j) "OTC margin stock" is any equity security not traded on a national securities exchange that the Board has determined has the degree of national investor interest, the depth and breadth of market, the availability of information respecting the security and its issuer, and the character and permanence of the issuer to warrant being treated like an equity security traded on a national securities exchange. An OTC stock is not considered to be an "OTC margin stock" unless it appears on the Board's periodically published list of OTC margin stocks.

(k) "Purpose credit" is any credit for the purpose, whether immediate, incidental, or ultimate, of buying or carrying margin stock.

Section 221.3—General Requirements

(a) *Extending, maintaining, and arranging credit.*

(1) *Extending credit.* No bank shall extend any purpose credit, secured directly or indirectly by margin stock, in an amount that exceeds the maximum loan value of the collateral securing the credit. The maximum loan value of margin stock (set forth in section 221.8 of this part) is assigned by the Board in terms of a percentage of the current market value of the margin stock. All other collateral has "good faith" loan value, as defined in section 221.2(f) of this part.

(2) *Maintaining credit.* A bank may continue to maintain any credit initially extended in compliance with this part, regardless of:

(i) reduction in the customer's equity resulting from change in market prices;

(ii) change in the maximum loan value prescribed by this part; or

(iii) change in the status of the security (from nonmargin to margin) securing an existing purpose credit.

(3) *Arranging credit.* No bank may arrange for the extension or maintenance of any purpose credit, except upon the same terms and conditions under which the bank itself may extend or maintain purpose credit under this part.

(b) *Purpose statement.*

(1) Except for credit extended under paragraph (c) of this section, whenever a bank extends credit secured directly or indirectly by any margin stock, the bank shall require its customer to execute Form F.R. U-1 (OMB No. 7100-0115), which shall be signed and accepted by a duly authorized officer of the bank acting in good faith.

(c) *Purpose statement for revolving credit or multiple-draw agreements.*

(1) If a bank extends credit, secured directly or indirectly by any margin stock, under a revolving credit or other multiple-draw agreement, Form F.R. U-1 can either be executed each time a disbursement is made under the agreement, or at the time the credit arrangement is originally established.

(2) If a purpose statement executed at the time the credit arrangement is initially made indicates that the purpose is to purchase or carry margin stock, the credit will be deemed in compliance with this part if the maximum loan value of the collateral at least equals the aggregate amount of funds actually disbursed. For any purpose credit disbursed under the agreement, the bank shall obtain and attach to the executed Form F.R. U-1 a current list of collateral which adequately supports all credit extended under the agreement.

(d) *Single credit rule.*

(1) All purpose credit extended to a customer shall be treated as a single credit, and all the collateral securing such credit shall be considered in determining whether or not the credit complies with this part.

(2) A bank that has extended purpose credit secured by margin stock may not subsequently extend unsecured purpose credit to the same customer unless the combined credit does not exceed the maximum loan value of the collateral securing the prior credit.

(3) If a bank extended unsecured purpose credit to a customer prior to the extension of purpose credit secured by margin stock, the credits shall be combined and treated as a single credit solely for the purposes of the withdrawal and substitution provision of paragraph (f) of this section.

(4) If a bank extends purpose credit secured by any margin stock and non-purpose credit to the same customer, the bank shall treat the credits as two separate loans and may not rely upon the required collateral securing the purpose credit for the non-purpose credit.

(e) *Mixed collateral loans.* A purpose credit secured in part by margin stock, and in part by other collateral shall be treated as two separate loans, one secured by margin stock and one by all other collateral. A bank may use a single credit agreement, if it maintains records identifying each portion of the credit and its collateral.

(f) *Withdrawals and substitutions.*

(1) A bank may permit any withdrawal or substitution of cash or collateral by the customer if the withdrawal or substitution would not:

(i) cause the credit to exceed the maximum loan value of the collateral; or

(ii) increase the amount by which the credit exceeds the maximum loan value of the collateral.

(2) For purposes of this section, the maximum loan value of the collateral on the day of the withdrawal or substitution shall be used.

(g) *Exchange offers.* To enable a customer to participate in a reorganization, recapitalization or exchange offer that is made to holders of an issue of margin stock, a bank may permit substitution of the securities received, A nonmargin, nonexempted security acquired in exchange for a margin stock shall be treated as if it is margin stock for a period of 60 days following the exchange.

(h) *Renewals and extensions of maturity.* A renewal or extension of maturity of a credit need not be considered a new extension of credit if the amount of the credit is increased only by the addition of interest, service charges, or taxes with respect to the credit.

(i) *Transfers of credit.*

(1) A transfer of a credit between customers or banks shall not be considered a new extension of credit if:

(i) the original credit was in compliance with this part;

(ii) the transfer is not made to evade this part;

(iii) the amount of credit is not increased; and

(iv) the collateral for the credit is not changed.

(2) Any transfer between customers at the same bank shall be accompanied by a statement by the transferor customer describing the circumstances giving rise to the transfer and shall be accepted and signed by an officer of the bank acting in good faith. The bank shall keep such statement with its records of the transferee account.

(3) When a transfer is made between banks, the transferee bank shall obtain a copy of the Form F.R. U-1 originally filed with the transferor bank and retain the copy with its records of the transferee account.

(j) *Action for bank's protection.* Nothing in this part shall require a bank to waive or forego any lien or prevent a bank from taking any action it deems necessary in good faith for its protection.

(k) *Mistakes in good faith.* A mistake in good faith in connection with the extension or maintenance of credit shall not be a violation of this part.

Section 221.4—Agreements of Nonmember Banks

(a) Banks that are not members of the Federal Reserve System shall file an agreement that conforms to the requirements of section 8(a) of the Act (See Form T-1 for domestic nonmember banks and Form T-2 for all other nonmember banks) prior to extending any credit secured by any nonexempt security registered on a national securities exchange to persons subject to Part 220 of this Chapter, who are borrowing in the ordinary course of business.

(b) Any nonmember bank may terminate its agreement upon written notification to the Board.

Section 221.5—Special Purpose Loans to Brokers and Dealers

(a) *Special purpose loans.* A member bank and a nonmember bank that is in compliance with section 221.4 of this part, may extend and maintain purpose credit to brokers and dealers without regard to the limitations set forth in sections 221.3 and 221.8 of this part, if the credit is for any of the specific purposes and meets the conditions set forth in paragraph (c) of this section.

(b) *Written notice.* Prior to extending credit for more than a day under this section, the bank shall obtain and accept in good faith a written notice or certification from the borrower as to the purposes of the loan. The written notice or certification shall be evidence of continued eligibility for the special credit provisions until the borrower notifies the bank that it is no longer eligible or the bank has information that would cause a reasonable person to question whether the credit is being used for the purpose specified.

(c) *Types of special purpose credit.* The types of credit that may be extended and maintained on a good faith basis are as follows:

(1) *Hypothecation loans.* Credit secured by hypothecated customer securities that, according to written notice received from the broker or dealer, may be hypothecated by the broker or dealer under Securities and Exchange Commission ("SEC") rules.

(2) *Temporary advances in payment-against-delivery transactions.* Credit to finance the purchase or sale of securities for prompt delivery, if the credit is to be repaid upon completion of the transaction.

(3) *Loans for securities in transit or transfer.* Credit to finance securities in transit or surrendered for transfer, if the credit is to be repaid upon completion of the transaction.

(4) *Intra-day loans.* Credit to enable a broker or dealer to pay for securities, if the credit is to be repaid on the same day it is extended.

(5) *Arbitrage loans.* Credit to finance proprietary or customer bona fide arbitrage transactions. For the purpose of this section "bona fide arbitrage" means:

(i) purchase or sale of a security in one market, together with an offsetting sale or purchase of the same security in a different market at nearly the same time as practicable, for the purpose of taking advantage of a difference in prices in the two markets; or

(ii) purchase of a security that is, without restriction other than the payment of money, exchangeable or convertible within 90 calendar days of the purchase into a second security, together with an offsetting sale of the second security at or about the same time, for the purpose of taking advantage of a concurrent disparity in the price of the two securities.

(6) *Distribution loans*. Credit to finance the distribution of securities to customers.

(7) *Odd-lot loans*. Credit to finance the odd-lot transactions of a person registered as an odd-lot dealer on a national securities exchange.

(8) *Emergency loans*. Credit that is essential to meet emergency needs of the broker–dealer business arising from exceptional circumstances.

(9) *Capital contribution loans*.

(i) Credit that the Board has exempted by order upon a finding that the exemption is necessary or appropriate in the public interest or for the protection of investors, provided the Securities Investor Protection Corporation certifies to the Board that the exemption is appropriate; or

(ii) credit to a customer for the purpose of making a subordinated loan or capital contribution to a broker or dealer in conformity with the SEC's net capital rules and the rules of the broker's or dealer's Examining Authority, provided:

(A) the customer reduces the credit by the amount of any reduction in the loan or contribution to the broker or dealer; and

(B) the credit is not used to purchase securities issued by the broker or dealer in a public distribution.

(10) *Loans to specialists*. Credit extended to finance the specialty security and permitted offset positions of members of a national securities exchange who are registered and acting as specialists on the exchange, provided the credit is extended on a good faith loan value basis.

(11) *OTC market maker credit*. Credit to a dealer who has given written notice to the bank that it is a "qualified OTC market maker" in an OTC margin security as defined in SEC Rule 3b-8 (17 CFR 240.3b-8) and that the credit will be used solely for the purpose of financing the market making activity, provided the credit is extended on a good faith loan value basis.

(12) *Third market maker loans*. Credit to a dealer who has given written notice to the bank that it is a "qualified third market maker," as defined in SEC Rule 3b-8 (17 CFR 240.3b-8), and that the credit will be used solely for the purpose of financing positions in securities assumed as a "qualified third market maker," provided the credit is extended on a good faith loan value basis.

(13) *Block positioner credit*. Credit to a dealer who has given written notice to the bank that it is a "qualified block positioner" for a block of securities, as defined in SEC Rule 3b-8 (17 CFR 240.3b-8), and that the credit will be used to finance a position in that block, provided the credit is extended on a good faith loan value basis.

Section 221.6—Exempted Transactions

A bank may extend and maintain purpose credit without regard to the provisions of this part if such credit is extended:

(a) to any bank;

(b) to any foreign banking institution;

(c) outside the United States;

(d) to an employee stock ownership plan (ESOP) qualified under section 401 of the Internal Revenue Code (26 U.S.C. 401);

(e) to any "plan lender" as defined in Part 207 of this Chapter to finance such a plan, provided the bank has no recourse to any securities purchased pursuant to the plan;

(f) to any customer, other than a broker or dealer, to temporarily finance the purchase or sale of securities for prompt delivery, if the credit is to be repaid in the ordinary course of business upon completion of the transaction;

(g) against securities in transit, if the credit is not extended to enable the customer to pay for securities purchased in an account subject to Part 220 of this Chapter; or

(h) to enable a customer to meet emergency expenses not reasonably foreseeable, and if the extension of credit is supported by a statement executed by the customer and accepted and signed by an officer of the bank acting in good faith. For this purpose, emergency expenses include expenses arising from circumstances such as the death or disability of the customer, or some other change in circumstances involving extreme hardship, not reasonably foreseeable at the time the credit was extended. The opportunity to realize monetary gain or to avoid loss is not a "change in circumstances" for this purpose.

Section 221.7—Requirements for the List of OTC Margin Stocks

(a) *Requirements for inclusion on the list.* Except as provided in paragraph (d) of this section, an OTC margin stock shall meet the following requirements:

(1) Four or more dealers stand willing to, and do in fact, make a market in such stock and regularly submit bona fide bids and offers to an automated quotations system for their own accounts;

(2) The minimum average bid price of such stock, as determined by the Board, is at least $5 per share;

(3) The stock is registered under section 12 of the Act, is issued by an insurance company subject to section 12(g)(2)(G) of the Act, is issued by a closed end investment management company subject to registration pursuant to section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8), is an American Depository Receipt (ADR) of a foreign issuer whose securities are registered under section 12 of the Act, or is a stock of an issuer required to file reports under section 15(d) of the Act;

(4) Daily quotations for both bid and asked prices for the stock are continuously available to the general public;

(5) The stock has been publicly traded for at least six months;

(6) The issuer had at least $4 million of capital, surplus, and undivided profits;

(7) There are 400,000 or more shares of such stock outstanding in addition to shares held benefically by officers, directors or beneficial owners of more than 10 per cent of the stock;

(8) There are 1,200 or more holders of record, as defined in SEC Rule 12g5-1 (17 CFR 240.12g5-1), of the stock who are not officers, directors or beneficial owners of ten per cent or more of the stock, or the average daily trading volume of such a stock as determined by the Board, is at least 500 shares; and

(9) The issuer or a predecessor in interest has been in existence for at least three years.

(b) *Requirements for continued inclusion on the list.* Except as provided in paragraph (d) of this section, an OTC margin stock shall meet the following requirements:

(1) Three or more dealers stand willing to, and do in fact make a market in such stock and regularly submit bona fide bids and offers to an automated quotations system for their own accounts;

(2) The minimum average bid price of such stocks, as determined by the Board, is at least $2 per share;

(3) The stock is registered as specified in paragraph (a)(3) of this section;

(4) Daily quotations for both bid and asked prices for the stock are continuously available to the general public;

(5) The issuer has at least $1 million of capital, surplus, and undivided profits.

(6) There are 300,000 or more shares of such stock outstanding in addition to shares held beneficially by officers, directors, or beneficial owners of more than 10 per cent of the stock; and

(7) There continue to be 800 or more holders of record, as defined in SEC Rule 12g5-1 (17 CFR section 240.12g5-1), of the stock who are not officers, directors, or beneficial owners of ten per cent or more of the stock, or the average daily trading volume of such stock, as determined by the Board, is at least 300 shares.

(c) *Removal from the list.* The Board shall periodically remove from the list any stock that:

(1) ceases to exist or of which the issuer ceases to exist, or

(2) no longer substantially meets the provisions of paragraph (b) of this section or section 221.2(j).

(d) *Discretionary authority of Board.* Without regard to the other paragraphs of this section, the Board may add to, or omit or remove from, the OTC margin stock list, any equity security, if in the judgment of the Board, such action is necessary or appropriate in the public interest.

(e) *Unlawful representations.* It shall be unlawful for any bank to make, or cause to be made, any representation to the effect that the inclusion of a security on the list of OTC margin stocks is evidence that the Board or the SEC has in any way passed upon the merits of, or given approval to, such security or any transactions therein. Any statement in an advertisement or other similar communication containing a reference to the Board in connection with the list or stocks on that list shall be an unlawful representation.

Section 221.8—Supplement, Maximum Loan Value of Stock and Other Collateral

(a) *Maximum loan value of margin stock.* The maximum loan value of any margin stock, except options, is fifty per cent of its current market value.

(b) *Maximum loan value of nonmargin stock and all other collateral.* The maximum loan value of nonmargin stock and all other collateral except puts, calls, or combinations thereof is their good faith loan value.

(c) Maximum loan value of options. Except for purposes of section 221.5(c)(10) of this part, puts, calls, and combinations thereof have no loan value.

AMENDMENTS TO REGULATION Y

The Board of Governors has amended its Regulation Y—Bank Holding Companies and Change in Bank Control, to include the activities of securities brokerage and margin lending on the list of nonbanking activities that are generally permissible for bank holding companies.

Effective September 9, 1983, the Board amends Regulation Y to read as set forth below:

Part 225—Bank Holding Companies and Change in Bank Control

Section 225.4—Nonbanking activities

(a)***

(15) providing securities brokerage services, related securities credit activities pursuant to the Board's Regulation T (12 C.F.R. Part 220), and incidental activities such as offering custodial services, individual retirement accounts, and cash management services, *provided* that the securities brokerage services are restricted to buying and selling securities solely as agent for the account of customers and do not include securities underwriting or dealing or investment advice or research services.

* * * * *

AMENDMENTS TO RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors has amended its Rules Regarding Delegation of Authority to authorize Reserve Banks to approve additional applications under section 4 of the Bank Holding Company Act.

Effective August 23, 1983, the Board amends Rules Regarding Delegation of Authority as set forth below:

Part 265—Rules Regarding Delegation of Authority

Section 265.2—Specific Functions Delegated to Board Employees and to Federal Reserve Banks

1. Section 265.2(f)(22)(iv) and (v) are revised, and paragraph (vi) is added as set forth below:

(f) ***

(22) ***

(iv) the application raises a significant policy issue or legal question on which the Board has not established its position; or

(v) with respect to bank holding company formations, bank acquisitions or mergers, the proposed transaction involves two or more banking organizations:

(A) that rank among a State's ten largest banking organizations in terms of total domestic banking assets; or

(B) each of which has more than $100 million of total deposits in banking offices in the same local banking market that, after consummation of the proposal, would control over 10 per cent of total deposits in banking offices in that local market; or

(vi) with respect to nonbank acquisitions:

(A) the nonbanking activities involved do not clearly fall within activities that the Board has designated as permissible for bank holding companies under § 225.4(a) of Regulation Y; or

(B) the proposal would involve the acquisition by a banking organization that has total domestic banking assets of $1 billion or more of a nonbanking organization that appears to have a significant presence in a permissible nonbanking activity.[2]

2. Effective August 22, 1983, section 265.2(f)(57) is amended as set forth below;

(f) ***

(57) Under sections 4(c)(8) and 5(b) of the Bank Holding Company Act and section 225.4(b) of the Board's Regulation Y, to approve applications by a bank holding company to open additional offices to engage in nonbanking activities for which the particular bank holding company has previously received approval pursuant to Board order, unless one of the conditions specified in section 265.2(f)(22)(i), (ii), (iii), or (iv) is present.

2. While other situations may involve the issue of significant presence, the Board regards, as a general guideline, any company that ranks among the 20 largest independent firms in any industry as having a significant presence.

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

Orders Under Section 3 of Bank Holding Company Act

Dakota Bankshares, Inc., Fargo, North Dakota

Order Approving Acquisition of a Bank

Dakota Bankshares, Inc., Fargo, North Dakota, 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 80 percent of the outstanding voting shares of Dakota Bank of Wahpeton, Wahpeton, North Dakota ("Bank"), a proposed de novo bank. Applicant has also applied for Bank to become a member of the Federal Reserve System.

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 the fourth largest banking organization in North Dakota, with deposits of $126.6 million. Applicant controls three banking and two nonbanking subsidiaries and holds a 19.1 percent interest in a fourth bank. Applicant controls 2.7 percent of the total deposits in commercial banks in the state.[1] Applicant's principal controls three one-bank holding companies which, together with Applicant, constitute a chain banking organization.

On May 3, 1983, the Board denied a similar proposal by Applicant to acquire Bank. (69 FEDERAL RESERVE BULLETIN 442 (1983)). The Board found that Applicant and its related chain banking organization did not meet the Board's Capital Adequacy Guidelines[2] generally applicable to bank holding companies and chain banking organizations with consolidated assets of over $150 million. Applicant's proposed debt would have further leveraged the banking organization. Applicant has submitted this proposal, which is revised to address the Board's concerns regarding the capital condition of Applicant and its related chain banking organization.

In this proposal, Applicant's principal shareholder will purchase additional capital stock of Applicant and will finance this transaction by means other than the use of debt. Applicant also has taken steps to minimize the effects of certain federal funds transactions on its consolidated capital position. Further, Applicant has committed to refrain from paying dividends under certain circumstances. With these modifications, the Board has found that the primary and total capital ratios of Applicant and the chain banking organization of which Applicant is a member, are now above the minimum levels specified in the Guidelines. Accordingly, financial, as well as managerial considerations, are consistent with approval.

The Board concludes that the banking considerations involved in this proposal present factors consistent with approval. Moreover, the Board has considered the competitive effects of this proposal and for the reasons recited in the Board's order of May 3, 1983, finds that no adverse competitive effects would result from consummation of this proposal. Accordingly, the Board's judgment is that approval of the application would be in the public interest and the application to acquire Bank should be approved.

With respect to considerations relating to the convenience and needs of the community to be served, the banking services to be offered by Bank would result in an additional choice of banking facilities for area residents. These factors are consistent with approval of this application. Finally, in connection with Applicant's proposal to acquire Bank, the Board has determined that it is appropriate at this time for Bank to become a member of the Federal Reserve System.

On the basis of the facts of record, the application to acquire Bank is approved for the reasons summarized above. Also, the application by Bank to become a member of the Federal Reserve System is also approved. The transaction shall not be made before the thirtieth calendar day following the effective date of this Order and Bank shall not be opened for business later than three months after the effective date of this Order unless such periods are extended for good cause by the Board, or by the Federal Reserve Bank of Minneapolis acting pursuant to delegated authority.

By order of the Board of Governors, effective August 8, 1983.

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

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

1. Banking data are as of September 30, 1982.
2. 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.

Equality Bankshares, Inc., Cheyenne, Wyoming

Order Approving Acquisition of Bank Holding Companies and Banks

Equality Bankshares, Inc., Cheyenne, Wyoming, a registered bank holding company, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares of Century Bankshares, Cheyenne, Wyoming ("Century"), Pioneer Bankshares, Cheyenne, Wyoming ("Pioneer"), and Jeffrey City State Bank, Jeffrey City, Wyoming ("Jeffrey Bank"). Through this transaction Applicant also would indirectly acquire Century's subsidiary bank, First State Bank of Lyman, Lyman, Wyoming ("First State Bank"), and Pioneer's subsidiary bank, Pioneer Bank of Evanston, Evanston, Wyoming ("Pioneer Bank").

Notice of the application, affording interested persons opportunity to submit comments, has been given in accordance with section 3 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's proposal represents a reorganization and consolidation of the existing stock ownership interests of Applicant's principals. Applicant currently controls Equality State Bank, Cheyenne, Wyoming, with total deposits of $19.2 million.[1] Applicant's principals also control Jeffrey Bank, First State Bank, and Pioneer Bank, which currently have deposits of $2 million, $11.2 million, and $8.3 million, respectively. After consummation of this proposal, Applicant would directly own all four banks, with total deposits of $40.7 million, representing less than 1 percent of total commercial bank deposits in the state. The Board has concluded that consummation of this proposal would have no appreciable effect upon the concentration of banking resources in Wyoming.

First State Bank and Pioneer Bank both are located in the Uinta County banking market. In that market, First State Bank is the third largest of five banks, controlling 7.7 percent of market deposits, and Pioneer Bank is the fourth largest bank, controlling 5.0 percent of market deposits. Together, First State Bank and Pioneer Bank control 12.7 percent of aggregate market deposits and would rank as the third largest of four banking organizations. However, in view of the fact that First State Bank's principals organized Pioneer Bank de novo in 1981 and this proposal represents only a transfer of the ownership of these individuals to a corporation owned by the same individuals, the Board does not regard the effects of the proposed transaction on competition within the Uinta market to be significant. In addition, none of the other banks involved in this proposal competes in the same market and Applicant's principals are not associated with any other financial institutions.[2] Therefore, the Board has concluded that consummation of the proposal would not eliminate any significant competition or increase the concentration of banking resources in any relevant area. Accordingly, competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant, Century, Pioneer, their subsidiaries and Jeffrey Bank are generally satisfactory and their prospects appear favorable, especially in light of Applicant's commitment to provide additional capital to Jeffrey Bank. In this regard, Applicant would incur debt in connection with this proposal for the purpose of providing the capital injection. However, based on past earnings of the various banks, Applicant would appear to have sufficient financial flexibility to meet its annual debt servicing requirements while permitting all four banks to maintain adequate capital positions. Therefore, considerations relating to banking factors in regard to this proposal are consistent with approval.

Consummation of this proposal would reduce banking services available in Jeffrey City, but would have the corresponding positive effect of introducing banking services to Evansville. Considerations relating to the convenience and needs of the communities to be served are consistent with approval of the application. Accordingly, the Board has determined that consummation of the 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 period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, pursuant to delegated authority.

1. Banking data are as of March 31, 1983.

2. Applicant proposes to move Jeffrey Bank 280 miles from its current location to Evansville, Wyoming, a suburb of Casper, Wyoming.

By order of the Board of Governors, effective August 10, 1983.

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

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

Mellon National Corporation, Pittsburgh, Pennsylvania

Order Approving Acquisition of a Bank Holding Company

Mellon National Corporation, Pittsburgh, Pennsylvania ("Mellon"), a bank holding company within the meaning of the Bank Holding Company Act, has applied for approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with CCB Bancorp, Inc., State College, Pennsylvania ("CCB"), and thereby to acquire its wholly owned subsidiary, Central Counties Bank, State College, Pennsylvania ("Bank"). CCB does not engage in any nonbanking activities, either directly or through subsidiaries.

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, including those of the Denominational Ministry Strategy, Pittsburgh, Pennsylvania ("Protestants"), have been considered in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)). In addition to interposing numerous objections to the proposed acquisition, Protestants have requested that the Board order a hearing or public meeting as a forum to produce evidence of alleged violations of laws and regulations by Mellon.

With regard to Protestants' request for a hearing, section 3(b) of the BHC Act does not require the Board to hold a hearing concerning an application unless the appropriate banking authority makes a timely written recommendation of denial of the application. In this case, no such recommendation of denial has been received from the Pennsylvania Banking Department, and thus no hearing is required.[1] Under the Board's Rules of Procedure, however, the Board may order a hearing in its discretion. In order to determine whether a hearing would be appropriate and to avoid undue regulatory delays in the processing of applications under the BHC Act, the Board's Rules require that a hearing request include a statement of why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute and summarizing the evidence that would be presented at a hearing. (12 C.F.R. § 262.3(e)). The Protestants were afforded an opportunity to present facts and evidence justifying a hearing, both in written submissions and at a private meeting initiated by the Federal Reserve Bank of Cleveland.

Protestants' submissions do not identify any questions of fact in dispute or summarize or indicate the evidence that they would present at a hearing. Rather, Protestants' hearing request is based on allegations which Protestants have not substantiated with any facts or other evidence in their numerous submissions. The Board has reviewed the submissions of Protestant and Applicant, and other material in the record, including the reports of examination of Mellon Bank and Applicant by the Office of the Comptroller of the Currency and the Board. Based on its review of the entire record in this case, the Board does not believe that a hearing is warranted or appropriate. Accordingly, the Board hereby denies Protestants' hearing request.

The Board has considered Protestants' objections, however, in reviewing the application. Protestants contend that consummation of the proposal would have adverse competitive effects in Pennsylvania in violation of the antitrust laws of the United States. Applicant, the largest banking organization in Pennsylvania, controls three banking subsidiaries with total deposits of approximately $14.8 billion, representing 15.8 percent of total deposits in commercial banks in the state.[2] CCB, the 30th largest banking organization in Pennsylvania, controls Bank, with deposits of $480 million, representing 0.6 percent of total deposits in commercial banks in the state. Upon consummation of this transaction, Applicant's share of total deposits in commercial banks in the state would increase by 0.6 percent. In view of the fact that in terms of banking Pennsylvania is one of the nation's least concentrated states, it is the Board's judgment that consummation of this proposal would have no significant effect on the concentration of banking resources in Pennsylvania.

Bank operates branches in the following five banking markets in central Pennsylvania: Altoona, State College, Clinton, Union, and Mifflin.[3] Applicant's

1. On July 1, 1983, the Pennsylvania Banking Department approved the proposed acquisition of Bank by Applicant.

2. All deposit and market data are as of March 31, 1983. Consolidated financial data for Applicant include The Girard Company, Bala Cynwyd, Pennsylvania, which was merged with Applicant on April 6, 1983.

3. Each of the five banking markets in which Bank operates consist of the respective counties.

subsidiary banks operate in nine banking markets, seven of which are in Pennsylvania and two of which are in Delaware. None of Applicant's banking or nonbanking subsidiaries competes in the same banking markets in which Bank competes.[4] Accordingly, consummation of the proposed transaction would not eliminate any significant amount of existing competition between Applicant and CCB in any relevant market.

The Board also has examined the effect of the proposal on potential or probable future competition in the relevant banking markets of Applicant and CCB in light of the Board's policy statement on market extension mergers.[5] In at least one market, the three-firm concentration ratio is less than 75 percent and it is therefore not considered concentrated under the Board's guidelines.[6] In the four markets where CCB competes that are regarded as concentrated under the Board's guidelines, two are not considered attractive for de novo entry, and with respect to each market there are numerous large Pennsylvania banking organizations that are considered probable future entrants.

With respect to the seven Pennsylvania markets in which Applicant operates, six are either not highly concentrated or unattractive for de novo entry or both. With respect to the Pittsburgh market, which is highly concentrated[7] and in which Mellon is a leading firm, there are numerous potential entrants. Moreover, there is no evidence that CCB is a reasonably likely potential entrant into any of these markets, and would not be so considered under the Board's guidelines. Thus, the Board finds that intensive examination is not required under the Board's proposed policy statement in any of the 14 markets in which Applicant and CCB operate. Based on the above and all the facts of record, it does not appear that consummation of this proposal would have a significantly adverse effect on potential competition in any relevant market.[8]

Accordingly, the Board concludes that consummation of the proposed transaction would not violate the antitrust laws and that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and its subsidiaries and CCB and Bank are regarded as generally satisfactory.[9] Thus, considerations relating to banking factors are consistent with approval of the application.

In considering the effects of the proposed acquisition on the convenience and needs of the community to be served, the Board has also considered the record of Applicant's banking subsidiaries in meeting the credit needs of their communities as provided in the Community Reinvestment Act ("CRA") (12 U.S.C. § 2901).[10] In so doing, the Board has examined the objections of Protestants relating to Applicant's record of performance under CRA, and particularly the record of Mellon Bank. Specifically, Protestants allege that Mellon Bank has failed to respond to the credit needs of the community and has diverted deposits of the local community into foreign lending activities.

The Board has reviewed the submissions of Protestant and Applicant regarding these issues. The Board has also considered the conclusions of the Office of the Comptroller of the Currency, which conducted an examination of Mellon Bank that included an assessment of Mellon Bank's record of meeting the requirements of CRA.

Protestants allege that Mellon Bank is systematically contributing to the economic decline of the Monongahela Valley by emphasizing foreign lending at the expense of local credit needs. In support of this allegation, Protestants assert that foreign lending represents 26 percent of Mellon's assets, and have submitted data to demonstrate the extent of Mellon Bank's foreign lending.[11]

4. While a data processing subsidiary of Applicant derives some business from Bank's markets, the amount of this competition is not considered significant since the relevant market for data processing services is regional or national

5. 45 *Federal Register* 9017 (March 3, 1982).

6. In the Altoona and State College markets, thrift institutions hold 40 and 33 percent, respectively, of total market deposits of banks and thrift institutions combined. If thrift deposits are included in calculating the concentration ratios in those markets, the three-firm concentration ratio is significantly below 75 percent in these markets

7. In the Pittsburgh market, thrift institutions control 30 percent of combined total market deposits. The three-firm concentration ratio in Pittsburgh is reduced to 59.7 percent if thrift deposits are included in the calculation.

8. While CCB could establish a de novo bank in the Delaware markets in which Applicant operates a subsidiary bank, under Delaware law the operations of a bank established by an out-of-state bank holding company are restricted to commercial and international business. Applicant's Delaware subsidiary is exempt from these restrictions because it was "grandfathered" under Delaware law. Thus, any Delaware subsidiary established by CCB would not be an effective competitor of Applicant's Delaware subsidiary.

9. Protestants have accused Applicant of various types of criminal and collusive activities, including violations of the antitrust laws in arranging participations in foreign loans and violations of the Pennsylvania Racketeer Influenced and Corrupt Organization Act Protestants have submitted no facts to substantiate these charges, and there is nothing in the record to warrant a finding of any violation of these statutes.

Protestants also have alleged that Mellon has violated the BHC Act by holding more than 5 percent of the voting shares of nonbanking companies. While Mellon Bank may hold, in a fiduciary capacity through its trust department, more than 5 percent of the voting shares of nonbanking interest, the record does not indicate that Mellon illegally holds more than 5 percent of the voting shares of any company engaged in nonbanking activities.

10. The CRA requires the Board to assess the record of Applicant's banking subsidiaries in helping to meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, consistent with safe and sound operations, and to take that record into account in its evaluation of this application.

11. Protestants cite Mellon Bank's role in the bankruptcy of Mesta Machine Corporation as evidence of its unwillingness to support local industry by extending credit. From the record, it appears that Mellon

In response, Applicant states that much of its foreign lending has resulted from overseas expansion by Mellon Bank's domestic customers, many of which are large multi-national corporations. Applicant contends that its foreign loans are not funded with deposits from southwestern Pennsylvania and that it has more foreign deposits than foreign loans outstanding. Applicant also states that a large part of Mellon Bank's international assets are bankers' acceptances which are not customarily funded by deposits. Finally, Applicant states that it is aware of the economic plight of the Monongahela Valley, and states that it will make available its resources to revitalize the area and is open to all reasonable requests for support that can be provided by Mellon Bank.

A review of Mellon Bank's overall CRA record demonstrates that it is not systematically denying business or housing credit to its local community, including the Monongahela Valley. There is no evidence of prescreening to discourage loan applicants or of discriminatory credit practices. Rather, Mellon Bank has contributed significantly to development projects within the Pittsburgh community through its Community Development Division and its Branch Management System. Specifically, the record shows that Mellon Bank has played an active role in extending urban development loans, industrial development loans and loans to civic and religious organizations. Financial support has also been provided by Mellon Bank through the purchase of local municipal obligations. In addition, Mellon Bank is a leader in extending student loans and loans under the Small Business Administration programs.

While Mellon Bank has a large portion of its assets in foreign loans, when considered in light of Mellon Bank's active involvement in community development in the Pittsburgh area and its expressed interest in providing financial support to revitalize the Monongahela Valley, the Board is unable to conclude that Mellon Bank's foreign lending has caused it to ignore local credit needs. The Board also does not find any evidence in the record to support Protestants' claim that Applicant and Mellon Bank are engaged in a conspiracy to close local industrial firms in the Pittsburgh area.

With respect to other convenience and needs considerations, approval of the application would result in improved services for Bank's customers. Specifically, following consummation, Applicant plans to introduce asset-based lending programs, a health care financing program, and its small base rate lending program to provide loans to small businesses at a special rate. In addition, Applicant plans to sell Bank's mortgages in the secondary market to improve the flow of mortgage funds.

Thus, based on its review of the facts of record, including Mellon Bank's performance with respect to factors to be considered under CRA, the Board concludes that considerations relating to the convenience and needs of the community to be served are consistent with approval of the application.

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

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

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

[SEAL]

WILLIAM W. WILES,
Secretary of the Board

Dissenting Statement of Governor Teeters

I would deny this application on the grounds that the proposed combination of these bank holding companies would have a significantly adverse effect on probable future competition in four of the five markets where CCB competes. I believe that Mellon National Corporation has the capacity to enter each of these markets on a de novo or foothold basis. In light of the concentrated nature of these markets, the elimination of Mellon National 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 combinations of bank holding companies that have substantially anticompetitive consequences. As indicated in my previous dissenting statements in the Board's orders approving the applications of Mellon National Corporation to acquire The Girard Company, 69 FEDERAL RESERVE BULLETIN 302 (1983), Pittsburgh National Corporation to consolidate with Provident National Corporation, 69 FEDERAL RESERVE BULLETIN 51 (1983), and Banc One Corporation to merge with Winters National Corporation, 69

Bank extended credit to Mesta in recent years despite the fact that Mesta had been experiencing financial difficulties. It was only after Mesta suspended a significant portion of its operations that Mellon Bank sought repayment of its loans. The record does not support a finding that Mellon Bank was responsible for Mesta's failure.

FEDERAL RESERVE BULLETIN 379 (1983), 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 15, 1983

Mercantile Texas Corporation, Dallas, Texas

Order Approving Merger of Bank Holding Companies

Mercantile Texas Corporation, Dallas, Texas ("Mercantile"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, (12 U.S.C. § 1841 et seq.) has applied for the Board's approval under section 3(a)(5) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(5)), to merge with First-Wichita Bancshares, Inc., ("First-Wichita") and thereby indirectly to acquire The First-Wichita National Bank of Wichita Falls and Southwest National Bank of Wichita Falls, all of Wichita Falls, Texas.

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.

Mercantile, the fifth largest commercial banking organization in Texas, controls 27 banks with aggregate deposits of $7.5 billion, representing 5.7 percent of the total deposits in commercial banks in Texas.[1] First-Wichita, the twentieth largest commercial banking organization in Texas, controls two banks with aggregate deposits of $440.7 million, representing 0.34 percent of total deposits in commercial banks in Texas. Consummation of the proposed transaction would increase Applicant's share of the total deposits in commercial banks in the state to 6.1 percent and its rank would remain unchanged. Although the size of the organizations involved is significant, approval of this proposal will have little effect on statewide concentration or banking structure. Accordingly, the Board concludes that consummation of the proposal would not have a significant effect on the concentration of banking resources in Texas. Because Mercantile and First-Wichita do not operate any subsidiary banks in the same market, consummation of the proposal would not eliminate existing competition in any relevant market.

The Board has examined the effect of the proposed merger of Mercantile and First-Wichita upon probable future competition in the relevant geographic markets in light of the Board's guidelines on probable future competition.[2] Because of First-Wichita's size and its history of limited geographic expansion, the Board does not consider First-Wichita to be a likely future entrant in the markets in which Mercantile is represented. Accordingly, the Board concludes that the proposal would not have substantial adverse effects on probable future competition in any of the markets in which First-Wichita does not operate.

First-Wichita operates in the Wichita Falls banking market.[3] In view of Mercantile's size, substantial managerial and financial resources and previous history of expansion, it appears to be a potential entrant into the Wichita Falls market. First-Wichita is the largest commercial banking organization in the market and controls 38.5 percent of the total deposits in commercial banks in the market. The Wichita Falls market is highly concentrated, with the three largest commercial banking organizations controlling 79.2 percent of the market. There are eleven commercial banking organizations operating in the Wichita Falls banking market, and there are numerous other probable future entrants into the Wichita Falls market. These facts mitigate the Board's concerns regarding the elimination of Mercantile as a probable future entrant into the Wichita Falls market. On the basis of the above and other facts of record, the Board concludes that consummation of the proposed merger 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 and future prospects of Mercantile, First-Wichita, and their subsidiary banks are generally satisfactory. Accordingly, considerations relating to banking factors are consistent with approval. Although there is no evidence in the record indicating that the banking needs of the community to be served are not being met, consummation of the

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

2. "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.

3. The Wichita Falls banking market is approximated by the Wichita Falls SMSA.

merger will result in some additional services for First-Wichita's customers. Accordingly, 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 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 Dallas, acting pursuant to delegated authority.

By Order of the Board of Governors, effective August 17, 1983.

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

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

Dissenting Statement of Governor Teeters

I would deny this application on the grounds that the proposed combination of these bank holding companies would have a significantly adverse effect on probable future competition in the Wichita Falls banking market. I believe that Mercantile Texas Corporation has the capacity to enter the Wichita Falls banking market on a de novo or foothold basis. In light of the concentrated nature of the market and the share of commercial bank deposits held by First-Wichita, the elimination of Mercantile Texas 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 combinations of 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 17, 1983

Orders Under Section 4 of Bank Holding Company Act

The Chase Manhattan Corporation, New York, New York

Order Approving Acquisition of Retail Discount Broker

The Chase Manhattan Corporation, New York, New York ("Chase"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841, et seq.) (the "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(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire 100 percent of the voting shares of Rose & Company Investment Brokers, Inc., Chicago, Illinois ("Rose"), a company that engages in discount retail securities brokerage, margin lending, and related activities.

Notice of the application, affording interested persons an opportunity to submit comments and views, was duly published in the *Federal Register*.[1] 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 4(c)(8) of the Act.

Chase is a bank holding company by virtue of its control of The Chase Manhattan Bank, N.A., New York, New York ("Chase Bank"), and The Chase Manhattan Bank (USA), National Association, Wilmington, Delaware. Chase holds total consolidated assets of $81.5 billion, and is the second largest commercial banking organization in New York and the third largest bank holding company in the United States.[2] Chase also engages, through certain of its subsidiaries, in various permissible nonbank activities throughout the United States and abroad, including commercial financing, factoring, leasing, mortgage banking, and credit-related insurance activities.

Rose, a "discount" retail securities broker, is engaged in the purchase and sale of securities solely as agent upon the order and for the account of customers, extending securities credit in conformity with the Board's Regulation T, and various incidental activities.[3] Rose is registered as a broker-dealer with the

1. 48 *Federal Register* 23485 (May 25, 1983)
2. Asset data and rankings are as of June 30, 1983.
3. Rose carries customer credit balances (paying interest on some of them), and provides to its brokerage customers securities custodial services and access to IRA accounts, for some of which Rose acts as trustee in conformity with sections 401 and 408 of the Internal Revenue Code In addition, Rose borrows securities in connection

Securities and Exchange Commission, is qualified to do business in all fifty States and the District of Columbia, and is a member or participant of various national and regional securities exchanges and clearing organizations, including the New York Stock Exchange, Inc., the National Association of Securities Dealers, Inc., and the Midwest Securities Trust Company/Midwest Clearing Corporation. Rose's customer accounts are insured by the Securities Investor Protection Corporation. Rose offers its services nationwide from its principal office in Chicago, Illinois, and from additional offices in Boston, Houston, Los Angeles, Pittsburgh, and Washington, D.C.[4] Rose has plans to open additional offices in New York and San Francisco.

Following consummation of this acquisition, Chase proposes to expand Rose's services to include affording Rose's customers access to their net free balances awaiting investment through checks or debit cards under an arrangement with an unaffiliated commercial bank, and access to a "sweep" arrangement under which Rose's customers may invest portions of such balances in unaffiliated money market funds. In addition, Rose proposes to respond to customer requests for quotations on municipal bonds held by an operating subsidiary of Chase Bank on a nonpreferential basis.[5] Following the acquisition, Rose will not provide investment advice, solicit orders to purchase or sell particular securities, or engage in securities underwriting or market-making activities.

Section 4(c)(8) of the Act authorizes a bank holding company to acquire shares of a company that engages in activities determined by the Board (by order or regulation) to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In its order approving the application of BankAmerica Corporation, San Francisco, California, to acquire the Charles Schwab Corporation,[6] the Board determined that retail discount securities brokerage and extending securities credit in conformity with the Board's Regulation T are "closely related to banking" within the meaning of section 4(c)(8) of the Act.[7] In *BankAmerica*, the Board also determined that carrying customer credit balances awaiting investment (paying interest on some of them), providing access to such balances by way of third-party payment devices under arrangements with unaffiliated commercial banks, providing securities custodial services, and providing access to IRA accounts and "sweeps" to unaffiliated money market funds are incidental to the provision of permissible retail securities brokerage and margin credit services.[8] At the same time, the Board also determined that retail securities brokerage — purchasing and selling securities without recourse, solely upon the order and for the accounts of customers — is not an activity prohibited to member bank affiliates by the provisions of the Glass-Steagall Act.[9] Based upon its review of this application and the substantial similarity between the proposed activities and those previously approved by the Board in its *BankAmerica* Order, the Board adopts and reaffirms its prior determinations and concludes that the proposed retail discount securities brokerage and margin lending activities involved in this application are closely related to banking and not proscribed by the provisions of the Glass-Steagall Act. In addition, the Board adopts and reaffirms its prior determination in *BankAmerica* that the incidental activities involved in this application are incidental to permissible margin lending and securities brokerage activities, and are themselves closely related to banking.[10]

with customers' short sales from Midwest Securities Trust Company/Midwest Clearing Corporation ("Midwest") and lends customers' margined securities to Midwest on a "marked to market", cash-secured basis

4. Rose's securities borrowing and lending activities are conducted exclusively from the Chicago office on behalf of all of Rose's offices.

5. Applicant states that in responding to customer inquiries, Rose will not make any recommendations concerning the suitability of any municipal securities, nor will it encourage the purchase of securities held in inventory by an affiliate in preference to other municipal securities

6. *BankAmerica Corporation*, 69 FEDERAL RESERVE BULLETIN 105 (1983).

7. The Board's order was recently affirmed by the United States Court of Appeals for the Second Circuit. See *Securities Industry Association v. Board of Governors of the Federal Reserve System*, No. 83-4019 (2d Cir. July 15, 1983).

8. In a recent order, the Board reaffirmed its previous findings that offering securities custodial services and carrying customer credit balances awaiting investment (and paying interest on some of them) are both closely related to banking and incidental to permissible securities brokerage and margin lending activities. See *United Jersey Banks*, 69 FEDERAL RESERVE BULLETIN 565 (1983). On February 22, 1983, the Board published for comment a proposed rule that would add discount securities brokerage and securities credit lending to the list of nonbanking activities designated in Regulation Y as generally permissible for bank holding companies. (48 *Federal Register* 7746 (February 24, 1983)). The proposed rule, with minor modifications, was adopted by the Board on August 10, 1983.

9. *BankAmerica Corporation*, 69 FEDERAL RESERVE BULLETIN at 114–116. Section 20 of the Glass-Steagall Act prohibits the affiliation of any bank that is a member of the Federal Reserve System with any corporation or similar organization that is "engaged principally in the issue, flotation, underwriting, public sale, or distribution" of securities. (12 U.S.C. § 377).

10. The Board recognizes that securities borrowing and lending activities were not specifically discussed in its order in *BankAmerica Corporation* However, based on the record of this application, the Board finds that these activities are both closely related to banking and incidental to permissible discount securities brokerage activities and the extension of margin credit in conformity with Regulation T. See 12 C.F.R. § 220.6(h) (1982), 12 C.F.R. § 220.16, 48 *Federal Register* 23161, 23171 (May 24, 1983).

In determining whether the proposed activities are "a proper incident to banking or managing or controlling banks", section 4(c)(8) of the Act further requires the Board to consider whether performance of the proposed activities by an affiliate of a bank 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." (12 U.S.C. § 1843(c)(8)). On the basis of the record of the application, the Board finds that consummation of this proposal can reasonably be expected to produce significant public benefits in the form of increased competition, greater convenience, and increased efficiency in the provision of retail securities brokerage services, and that these benefits outweigh possible adverse effects.

Based on the facts of record, it appears that the affiliation of Rose with Chase may reasonably be expected to result in increased competition, consumer convenience, and efficiency in the provision of retail securities brokerage services. By affording Rose access to Chase's extensive office network and substantial managerial, technical, and capital resources, consummation of this proposal can reasonably be expected to significantly strengthen Rose as a competitor in the nationwide market for retail securities brokerage services, and to make discount brokerage services more conveniently accessible to the public. Since Rose's brokerage commissions are substantially below the publicly announced commission rates of the larger and better known "full-line" brokerage firms, strengthening Rose as a competitor is likely to result in additional competitive pressure on full-line brokerage firms to "unbundle" brokerage services from research and advisory services and to lower their publicly announced brokerage commission rates. In addition, by permitting Chase and Rose to share their respective marketing, managerial, and technical resources, consummation of the proposal may be expected to produce increased efficiency in their provision of brokerage and related financial services to the public.

There is no evidence in the record to indicate that approval of this application would result in an undue concentration of resources, decreased or unfair competition, unsafe or unsound banking practices, or other adverse effects in any market. In this regard, because Rose would not deal in securities for its own account and would not promote any particular security through the provision of investment advice or otherwise, it would not have the "salesman's stake" or promotional interest in the success of any particular issue of securities that led Congress to mandate a separation of banking from certain types of securities-related activities. Accordingly, the Board believes that performance of the limited types of securities-related activities involved in this proposal by a subsidiary of a bank holding company is consistent with the public interest and the Glass-Steagall and Bank Holding Company Acts.

Based upon the foregoing and other considerations in the record, the Board has determined that consummation of this proposal can reasonably be expected to produce benefits to the public that outweigh adverse effects, and that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) of the Act is favorable. Accordingly, the application is hereby approved.

This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y (12 C.F.R. § 225.4(c)) 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 thereunder, or to prevent evasions thereof.

Because of the extensive consideration accorded to Rose's securities brokerage, margin lending, and incidental activities in the context of this application, and having determined that the public interest considerations of section 4(c)(8) of the Act favor approval of Chase's proposal, the Board has determined that further applications by Chase to extend Rose's retail discount securities brokerage, margin lending, and incidental activities to additional offices may be processed in the same manner as other de novo applications under the provisions of section 225.4(b)(1) of Regulation Y (12 C.F.R. § 225.4(b)(1)). Authority is hereby delegated to the Federal Reserve Bank of New York to take action on such notices properly filed, as prescribed in that section.

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

By order of the Board of Governors, effective August 10, 1983.

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

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

Fidelcor, Inc., Rosemont, Pennsylvania

Order Approving Retention of Assets

Fidelcor, Inc., Rosemont, Pennsylvania, 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(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)) to retain the assets of the Philadelphia office of Dorman & Wilson, Inc., White Plains, New York ("D&W"), that were acquired by Applicant's wholly-owned subsidiary, Latimer & Buck, Inc., Philadelphia, Pennsylvania ("L&B"). D&W primarily originates and services commercial mortgages on behalf of investors whose customers are real estate developers, builders and owners of commercial property.[1] These activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(1) and (3)).

Notice of the application, affording interested parties an opportunity to submit comments on the public interest factors has been duly published (48 *Federal Register* 24459 (1983)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

By this application, Applicant seeks to retain the assets of the Philadelphia office of D&W which it acquired on March 22, 1983, without prior Board approval under section 4 of the Act. The record indicates that Applicant acted upon the advice of one of its officers, who apparently misconstrued the Board's regulation, and believed the acquisition of the D&W office was permitted without prior approval pursuant to the Board's interpretation of Regulation Y found in 12 C.F.R. § 225.132. Upon notification by the Reserve Bank that an application under the Act was required, Applicant promptly filed this application and otherwise cooperated fully with the staff of the Reserve Bank in the resolution of this matter. In light of these facts and other facts in the record evidencing Applicant's intent to comply with the requirements of the Act and the Board's regulations, the Board has determined that the circumstances surrounding this matter do not reflect so adversely upon Applicant's management as to warrant denial of the application.

Applicant, with total assets of $4.1 billion,[2] recently received Board approval to merge with Southeast National Bancshares of Pennsylvania, Inc., Malvern, Pennsylvania.[3] Upon consummation of the approved merger, the consolidated organization will have total assets of $4.9 billion. Applicant has three nonbanking subsidiaries that engage in mortgage banking activities; Fidelcor Mortgage Corporation, Latimer & Buck Mortgage Company, and L&B. Of these, only L&B engages in commercial mortgage activities; the other two deal solely in residential mortgages. L&B and the Philadelphia office of D&W both originate and service commercial mortgages in the regional market approximated by Pennsylvania, southern New Jersey, and Delaware.[4] Prior to its acquisition of D&W, L&B serviced mortgages totaling $357.5 million which represented 5.3 percent of the commercial mortgages serviced by commercial banks and mutual savings banks in the market. D&W serviced mortgages totaling $120 million which represented 1.8 percent of the commercial mortgages serviced by commercial banks and mutual savings banks in the market. Thus, this acquisition eliminated existing competition between Applicant and D&W. The Board, however, does not consider the elimination of competition to be significant because of certain facts of record including the following.

First, there are numerous competitors for commercial mortgage servicing in the market, including 484 commercial banks and mutual savings banks. In addition to commercial banks and mutual savings banks, savings and loan associations and mortgage companies also originate and service commercial mortgages in the market. Therefore, the percentage of commercial mortgages serviced by Applicant would be even smaller if all competitors in the market were considered. In addition, the regional market for commercial mortgages is not concentrated [5] and is characterized by low barriers to entry. Accordingly, the Board concludes that this acquisition did not have any significant effects on competition in the commercial mortgage market.

Furthermore, there is no evidence in the record to indicate that the transaction resulted in unfair competi-

1. As part of the acquisition, L&B acquired the commissions due on eight leases. L&B's obligations regarding these leases are the collection of rent, deduction of a 5 percent commission and remittance of the balance to the lessors. Upon the final expiration of the leases, Applicant has stated that it will not seek new lessees for the premises subject to the leases or accept additional responsibilities with respect to the leases These activities are permissible under section 225.4(a)(6)(ii) (12 C F R. § 225 4(a)(6)(ii)) of Regulation Y However, Applicant does not intend to engage in the leasing of real property and plans only to service these eight leases until their expiration Thus, the Board concludes that this application need not include a request for authority to engage in leasing activities pursuant to section 225.4(a)(6)(ii) of Regulation Y.

2. Banking data are as of December 31, 1982

3. 69 FEDERAL RESERVE BULLETIN 445 (1983)

4. The southern New Jersey portion of the market consists of that section of New Jersey which is part of the third Federal Reserve District.

5. The ten largest commercial banks and mutual savings banks hold 49 3 percent of the commercial mortgages serviced by these institutions.

tion, conflicts of interests, unsound banking practices or any other adverse effects. With respect to the public benefits, Applicant expects that lower charges to customers will result from the efficiencies in management that will be realized from this acquisition. On the basis of these and other facts of record, the Board concludes that the benefits to the public that will result from Applicant's retention of the assets of the Philadelphia office of D&W outweigh whatever adverse effects on competition resulted from the acquisition.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in § 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 thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective August 9, 1983.

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

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

First Interstate Bancorp, Los Angeles, California

Order Approving Application to Engage in Certain Futures Commission Merchant Activities

First Interstate Bancorp, Los Angeles, California, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.) (the "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(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)) to engage through its subsidiary, F.I. Futures Corporation, Los Angeles, California ("Futures"), in acting as a futures commission merchant ("FCM") for nonaffiliated persons, for the execution and clearance of certain futures contracts on major commodity exchanges.[1] Such contracts would cover U.S. government securities, negotiable money market instruments and foreign exchange.

Notice of the application, affording interested persons an opportunity to submit comments and views on the relation of the proposed activity to banking and on the balance of the public interest factors regarding the application, has been published (48 *Federal Register* 20139 (1983)). The time for filing comments and views has expired and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, with total domestic assets of $28.1 billion, is a bank holding company by virtue of its control of 22 banks located in an 11 state area including Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming, and Montana. Applicant's lead banking subsidiary, First Interstate Bank of California ("FICAL"), is the fifth largest banking organization in California with $13.3 billion in deposits, representing 8.04 percent of total commercial bank deposits in the state.[2] Applicant engages through subsidiaries in various nonbanking activities that are permissible for bank holding companies.

In order to approve an application submitted pursuant to section 4(c)(8) of the Act, the Board must first determine that the proposed activity is closely related to banking or managing or controlling banks. On several prior occasions, the Board has determined that FCM activities with respect to futures contracts regarding U.S. government securities, money market instruments, and foreign exchange were closely related to banking.[3] Upon consideration of all the facts of record, the Board has determined that Futures' proposed activities as an FCM are closely related to banking.

FICAL has long participated in the cash and forward markets for foreign exchange for its own account and the account of customers. Since Applicant already has extensive experience in these markets, acting as an FCM in the futures market for this commodity would be an integral adjunct to these present services,

1. Futures also intends to provide general research and advice on market conditions and trading strategies; client account information, reconciliation of trades and communication linkage between customers and the exchange floor in connection with its proposed FCM services. These functions would be performed for Futures' customers only as part of its execution services and would not be offered separately or on a fee basis. It appears that such services are incidental to the provision of Futures' FCM activities *National Courier Association* v. *Board of Governors*, 516 F.2d 1229, 1241 (D.C. Cir. 1975)

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

3. *J.P. Morgan & Co. Incorporated*, 68 FEDERAL RESERVE BULLETIN 514 (1982), *Bankers Trust New York Corporation*, 68 FEDERAL RESERVE BULLETIN 651 (1982); *Citicorp*, 68 FEDERAL RESERVE BULLETIN 776 (1982); *BankAmerica Corporation*, 69 FEDERAL RESERVE BULLETIN 216 (1983)

particularly since forward contracts in foreign exchange are generally regarded as the functional equivalent of futures contracts.

FICAL has been an active participant in the cash market for U.S. government securities on behalf of its correspondent banks and corporate clients. Applicant is also a member of the Association of Primary Dealers. In addition, a number of Applicant's banking subsidiaries issue domestic and Eurodollar CDs in the cash market and trade in this market for the account of their customers. Applicant's experience in these activities has provided it with useful expertise in areas that are operationally or functionally similar to FCM activities for nonaffiliated persons in government securities and money market instruments. Thus, the Board concludes, as it has previously, that the proposed FCM activities for government securities, negotiable money market instruments and foreign exchange are closely related to banking.

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

Consummation of this proposal would provide added convenience to clients of Applicant trading in the cash, forward and futures markets for the financial instruments involved in this application. The Board expects that the de novo entry of Futures into the market for FCM services would increase the level of competition among FCMs already in operation. Further, it appears that Futures is particularly well equipped to provide FCM services to depository institutions in light of Applicant's experience in providing related services to depository institutions. Accordingly, the Board has concluded that the performance of the proposed activities by Futures can reasonably be expected to produce benefits to the public.

The Board recognizes that the activity of executing and clearing futures contracts involves various types of financial risks and potential conflicts of interests, and is susceptible to anticompetitive and manipulative practices. In previous actions approving applications to engage in FCM activities, the Board has relied on actions taken by Congress to address these types of adverse effects through the passage of the Commodity Exchange Act, as amended,[4] and the creation of the Commodity Futures Trading Commission ("CFTC"). The Board also has relied on regulations promulgated by the CFTC to effectuate the provisions of the Commodity Exchange Act.[5] Applicant proposes to conduct its FCM activities through a separately incorporated subsidiary that would be subject to the Commodity Exchange Act, and regulation by the CFTC and the various commodity exchanges. The Board has considered the impact of this statutory and regulatory framework in evaluating the likelihood that significant adverse effects regarding conflicts of interests, unsound banking practices, decreased or unfair competition, or undue concentration of resources would develop in this case.

On the basis of all the facts of record, the Board has determined that the provision by Futures of the proposed FCM services to nonaffiliated persons would not result in decreased or unfair competition, conflicts of interests, unsound banking practices or undue concentration of resources in either commercial banking or the market for FCM services. In reaching this conclusion, the Board has placed particular reliance on the following features of Applicant's proposal to conduct FCM activities:

1. Futures shall not trade for its own account.
2. The instruments upon which the proposed futures contracts are based, are essentially financial in character and the contracts are of a type that a bank may execute for its own account.
3. Futures shall have an initial capitalization that is in substantial excess of that required by CFTC regulations, and will maintain fully adequate capitalization.
4. Futures shall enter into a formal service agreement that specifies the services that FICAL will supply to Futures. These services include the assessment of customer credit risk and continuous monitoring of customer positions and the status of customer margin accounts.
5. Through its proposed service agreement with FICAL, Futures will be able to assess customer credit risks, and will take such assessments into consideration in establishing appropriate position limits for each customer, both with respect to each type of contract and with respect to the customer's aggregate position for all contracts.
6. Futures shall not, without the prior consent of the Board, become a clearing member of any exchange whose rules require the parent corporation of a clearing member to also become a clearing member,

4 7 U.S.C. §§ 1–24.

5 For example, CFTC regulations require FCMs to keep detailed records on many aspects of FCM activities, such as segregation of funds and investments made on behalf of customers, (17 C.F.R §§ 1.20, 1.25); prescribe protective procedures for such activities as buying and selling contracts of two customers on opposite sides of the same transaction, (17 C.F.R. § 1.39), and impose minimum financial and related reporting requirements, (17 C.F.R. §§ 1.10-.18).

unless the requirement is waived with respect to Applicant.

7. Futures has committed that it will, in addition to time-stamping orders of all customers to the nearest minute, execute all orders, to the extent consistent with customers' specifications, in strictly chronological sequence, and that it will execute all orders with reasonable promptness with due regard to market conditions.

8. Applicant and its subsidiaries have demonstrated expertise and established capability in the cash, forward, or futures markets for the contracts involved.

9. Applicant will require Futures to advise each of its customers in writing that doing business with Futures will not in any way affect any provision of credit to that customer by any other subsidiary of Applicant.

10. Applicant is adequately capitalized to engage in additional nonbanking activities.

11. Futures will not extend credit to a customer for the purpose of meeting initial or maintenance margin requirements of a customer, subject to the limited exception of posting margin on behalf of customers in advance of prompt reimbursement.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the public benefits associated with consummation of this proposal can reasonably be expected to outweigh possible adverse effects, and that the balance of the public interest factors, which the Board is required to consider under section 4(c)(8) of the Act, is favorable. Accordingly, the application is hereby approved.

This determination is subject to the conditions set forth in the Board's Order and section 225.4 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 not commence later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco.

By order of the Board of Governors, effective August 24, 1983.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, Teeters, Rice, and Gramley.

WILLIAM W. WILES,
Secretary of the Board

[SEAL]

Hongkong and Shanghai Banking Corporation, Hong Kong

Kellett, N.V., Curacao, Netherlands Antilles

HSBC Holdings, B.V., Amsterdam, The Netherlands

Marine Midland Banks, Inc., Buffalo, New York

Order Approving Application to Engage in Equity Financing Activities

The Hongkong and Shanghai Banking Corporation ("HSBC"), Hong Kong; Kellett, N.V., Curacao, Netherlands, Antilles; HSBC Holdings, B.V. ("Holdings"), Amsterdam, The Netherlands; and Marine Midland Banks, Inc. ("MMBI"), Buffalo, New York (collectively referred to as "Applicants"), bank holding companies within the meaning of the Bank Holding Company Act ("Act"), have 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(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to engage de novo, through their wholly-owned subsidiary, Marine Midland Realty Credit Corporation, Buffalo, New York ("Company"), in the activity of arranging equity financing. While this activity has not been specified by the Board in Regulation Y as permissible for bank holding companies, the Board has determined by order that arranging equity financing subject to certain conditions is closely related to banking.[1]

Notice of the application, affording interested persons an opportunity to submit comments on the proposal has been duly published (48 *Federal Register* 24786 (1983)). The time for filing comments has expired and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act. HSBC, a bank organized under the laws of Hong Kong, is the 26th largest banking organization in the world with total assets of approximately $58 billion.[2] HSBC engages in a broad range of financial and commercial services directly and indirectly through its offices worldwide. Through Kellett and Holdings, HSBC owns 51 percent of the shares of MMBI, which is the 13th largest commercial banking organization in the United States and the seventh largest in New York

1. E.g., *BankAmerica Corporation*, 68 FEDERAL RESERVE BULLETIN 647 (1982).
2. Banking data are as of December 31, 1982.

with total assets of approximately $20 billion.[3] MMBI, through its subsidiary bank, offers a full range of banking and trust services from nearly 300 offices in the State of New York. MMBI engages through Company in mortgage banking and investment advisory activities for which it has received Board approval under section 4(c)(8) of the Act and sections 225.4(a)(1), (3) and (5) of Regulation Y.

Applicants have applied to engage de novo through Company in arranging equity financing on behalf of institutional investors for commercial and industrial income-producing realty. Equity financing, as proposed by Applicants, involves arranging for the financing of commercial or industrial income-producing real estate through the transfer of the title, control and risk of the project from the owner/developer to one or more investors. Company would represent the owner/developer and would be paid a fee by the owner/developer for this service. The service would be offered only as an alternative to traditional financing arrangements, and Company would not solicit for properties to be sold. While Company would advertise its services as an arranger of equity financing generally, it would not advertise specific properties for which it is seeking financing, list or advertise properties for sale, or hold itself out or advertise as a real estate broker or syndicator. This activity would be provided only with respect to commercial or industrial income-producing property and only when the financing arranged exceeds $1 million. Only institutional or wealthy, professional individual investors would be offered the service.

The Board has determined that, subject to certain conditions to prevent a bank holding company or its subsidiary from engaging in real estate brokerage, development and syndication, equity financing is closely related to banking.[4] Applicants have committed to engage in the equity financing activity subject to the same conditions as those previously relied on by the Board in finding that the activity is closely related to banking.

Specifically, Applicants have committed that Company's function will be limited to acting as an intermediary between developers and investors to arrange financing. Neither Applicants nor any affiliate[5] may acquire an interest in any real estate project for which Company arranges equity financing nor have any role in the development of the project. Neither Company nor any affiliate shall participate in managing, developing or syndicating property for which Company arranges equity financing, nor promote or sponsor the syndication of such property. Neither Company nor any affiliate will provide financing to the investors in connection with an equity financing arrangement. The fee Company receives for arranging equity financing for a project shall not be based on profits derived, or to be derived, from the property and should not be larger than the fee that would be charged by an unaffiliated intermediary. The Board finds that Applicants' proposed equity financing activity will not constitute real estate brokerage, real estate development or real estate syndication, provided the above-mentioned conditions and limitations are observed by Applicants and Company.

The Board has previously found that the arrangement of equity financing by bank holding companies would enhance competition, provide greater convenience to consumers, increase efficiencies, and lower costs. These conclusions appear to be applicable to Applicant's proposal as well. There is no evidence in the record to indicate that Applicants' performance of equity financing would result in any undue concentration of resources, decreased or unfair competition, unsound banking practices, or other adverse effects. Based upon these and other considerations reflected in the record, the Board has determined that the balance of public interest factors that the Board is required to consider under section 4(c)(8) of the Act is favorable. This determination is conditioned upon Applicants' strictly limiting their equity financing activities to those described in information furnished in connection with this application and as provided in this Order.

Based on the foregoing, the Board has determined that the application should be approved, and the application is hereby approved.[6] This determination is subject to the limitations set forth in this Order, 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 be commenced not later than three months after the effective date of this Order, unless such period is extended for good cause

3. Banking data are as of March 31, 1983.

4. *BankAmerica Corporation*, 68 FEDERAL RESERVE BULLETIN at 649.

5. The word "affiliate" as used in this Order is to have the meaning it has in Section 23A of the Federal Reserve Act, as amended, which includes in its definition, a sponsored real estate investment trust.

6. The Board hereby delegates to the Federal Reserve Bank of New York authority to approve future applications by Applicants to expand their equity financing activities de novo, subject to the terms of the Board's previous orders approving such activities.

by the Board or by the Federal Reserve Bank of New York acting pursuant to delegated authority.

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

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

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

J. P. Morgan & Co. Incorporated, New York, New York

Order Approving Application to Engage in Certain Futures Commission Merchant Activities

J. P. Morgan & Co., Incorporated, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.) (the "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(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to engage through its subsidiary, Morgan Futures Corporation, New York, New York ("Morgan Futures"), in acting as a futures commission merchant (an "FCM") for nonaffiliated persons, in the execution and clearance of options in certain futures contracts on major commodity exchanges. Such options would cover futures contracts traded on the Commodity Exchange, Inc., New York, New York, in bullion and futures contracts traded on the Board of Trade of the City of Chicago, Chicago, Illinois, in U.S. Government securities.

Notice of the application, affording interested persons an opportunity to submit comments on the relation of the proposed activity to banking and on the balance of public interest factors regarding the application, has been duly published (48 *Federal Register* 15326 (April 8, 1983)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.[1]

Applicant is a bank holding company by virtue of its control of Morgan Guaranty Trust Company of New York, New York, New York ("Morgan Guaranty"). Morgan Guaranty holds total deposits of $39.8 billion,[2] and is the fourth largest commercial bank in New York state. Applicant, through certain of its subsidiaries, engages in various permissible nonbanking activities.

In order to approve an application submitted pursuant to section 4(c)(8) of the Act, the Board is first required to determine that the proposed activity is closely related to banking or managing or controlling banks. Upon consideration of all the facts of record and for the reasons explained below, the Board has determined that Morgan Futures' proposed activities as an FCM, with respect to the contracts involved in this application, would be closely related to banking.

On several prior occasions, the Board has determined that FCM activities with respect to futures contracts regarding bullion and U.S. Government securities were closely related to banking.[3] An option on a futures contract is functionally and operationally similar to a futures contract for the same commodity. The purchaser of such an option has the right, but not the obligation, to assume the futures contract position of the grantor of the option. Thus, an option on a futures contract provides an alternative means of hedging against price fluctuations and allows a purchaser to limit the potential risk of loss to the premium paid to acquire the option. Similarly, the grantor of an option may offset at least a portion of any price movement adverse to a given futures position with the premium collected from sale of the option, and thereby hedge against adverse price fluctuations.

Morgan Guaranty trades in the cash, forward, and futures markets for its own accounts and in the cash and forward markets for customers, both with regard to bullion and U.S. Government securities. Morgan Futures acts as an FCM for futures contracts for the accounts of Morgan Guaranty and nonaffiliated customers, and has executed and cleared options on bullion and U.S. Government securities futures contracts for Morgan Guaranty since such options were first traded in October of 1982. It therefore appears that Applicant has the expertise to provide the proposed options services. In addition, many large banks are active participants in the cash and futures markets for bullion and government securities, and options transactions with regard to these markets is a specialized service that these banks may find helpful. Accordingly, the Board finds that the proposed activities are closely related to banking.

In order to approve this application, the Board also is required to determine that the performance of the proposed activities by Morgan Futures, "can reason-

1. The Board has reviewed the comment by the Dealer Bank Association that the proposed activity be added to the list of activities that are permissible for bank holding companies under Regulation Y, and will consider this proposal in conjunction with comments received regarding the proposed revisions to Regulation Y.

2. Banking data are as of December 31, 1982

3. E.g., *J.P. Morgan & Co. Inc.*, 68 FEDERAL RESERVE BULLETIN 514 (1982); *Citicorp*, 68 FEDERAL RESERVE BULLETIN 776 (1982)

ably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." (12 U.S.C. § 1843(c)(8)).

Consummation of the proposal would provide added convenience to those clients of Morgan Guaranty who trade in the cash, forward, futures, and options markets for the commodities involved in this application. The Board expects that the de novo entry of Morgan Futures into the market for options services would increase the level of competition among FCMs already operating in this area, and would allow Morgan Futures to compete on a more equal basis with its nonbank competitors. Consummation of the proposal is also likely to provide Applicant with some gains in efficiency, through the reduction of average fixed costs and the increase of economies of scale. Accordingly, the Board has concluded that the performance of the proposed activities by Morgan Futures can reasonably be expected to produce benefits to the public.

The Board has considered several issues with respect to possible adverse effects. The Board recognizes that, like the activity of executing futures contracts, the execution of options with regard to futures contracts involves various types of financial risks and potential conflicts of interests, and is susceptible to anticompetitive and manipulative practices. In approving proposals to act as an FCM with regard to futures, the Board has relied in the past on action taken by Congress to address these types of possible adverse effects through the passage of the Commodity Exchange Act[4] and the creation of the Commodity Futures Trading Commission ("CFTC"). The Board also has relied on the regulations adopted by the CFTC to effectuate the provisions of the Commodity Exchange Act.[5] The CFTC's pilot program regarding options on futures imposes many of the same safeguards that apply to trading in futures, and adds additional limitations such as those requiring audits, review of promotional materials, and retention of customer complaints.[6] The Board has considered the impact of this statutory and regulatory framework in evaluating the likelihood that significant adverse effects regarding conflicts of interests, unsound banking practices, decreased or unfair competition, or undue concentration of resources would develop in this case.

In addition, the Board has placed particular reliance on the following aspects of Applicant's proposal, each of which the Board has previously relied on with regard to Applicant's original application to engage in FCM activities:

1. Morgan Futures will not trade for its own account.
2. The instruments and precious metals upon which the proposed futures contracts are based are essentially financial in character and are of a type that a bank may execute for its own account.
3. Morgan Futures has capitalization that is in substantial excess of that required by CFTC regulations, and will maintain fully adequate capitalization.
4. Morgan Futures and Morgan Guaranty have entered into a formal service agreement that specifies the services that Morgan Guaranty will supply to Morgan Futures on an explicit fee basis. These services include the assessment of customer credit risk and continuous monitoring of customer positions and the status of customer margin accounts.
5. Through its proposed service agreement with Morgan Guaranty, Morgan Futures will be able to assess customer credit risks, and will take such assessments into consideration in establishing appropriate position limits for each customer, both with respect, to each type of option and with respect to the customer's aggregate position for all options and contracts.
6. With respect to each futures exchange involved in this application that requires a parent of a clearing member to also become a clearing member, Applicant has obtained a waiver of the requirement.
7. Morgan Futures has committed that it will, in addition to time-stamping orders of all customers to the nearest minute, execute all orders, to the extent consistent with customers' specifications, in strictly chronological sequence, and with reasonable promptness with due regard to market conditions.
8. Applicant and its subsidiaries have demonstrated expertise and established capability in the cash, forward, and futures markets for the contracts involved.
9. Applicant will require Morgan Futures to advise each of its customers in writing that doing business with Morgan Futures will not in any way affect any provision of credit to that customer by Morgan Guaranty or any other subsidiary of Applicant.
10. Applicant is adequately capitalized to engage in additional nonbanking activities.

4. 7 U.S.C. §§ 1–24.

5. For example, CFTC regulations require FCMs to keep detailed records on many aspects of FCM activities, such as segregation of funds and investments made on behalf of customers (17 C.F.R. §§ 1.20, 1.25); prescribe protective procedures for such activities as buying and selling contracts of two customers on opposite sides of the same transaction; (17 C.F.R. § 1.39); and impose minimum financial and related reporting requirements (17 C.F.R. §§ 1.10-.18)

6. 17 C.F.R. § 33.4.

11. Morgan Futures will not extend credit to customers for the purpose of meeting initial or maintenance margin required of customers, subject to the limited exception of posting margin on behalf of customers in advance of prompt reimbursement.

Based upon the foregoing and all the facts of record, the Board has determined that in the circumstances of this case, the provision by Morgan Futures of the proposed FCM services to nonaffiliated persons would not result in decreased or unfair competition, conflicts of interests, unsound banking practices, or undue concentration of resources in either commercial banking or the market for FCM services regarding options.

Moreover, for the reasons discussed above and based on the entire 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, which the Board is required to consider under section 4(c)(8) of the Act, is favorable. 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 not commence later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York.

By order of the Board of Governors, effective August 1, 1983.

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

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

The Long-Term Credit Bank of Japan, Limited, Tokyo, Japan

Order Approving Acquisition of a Trust Company

The Long-Term Credit Bank of Japan, Limited, Tokyo, Japan has applied for the Board's approval under section 4(c)(8) of the Act and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire 100 percent of the voting shares of LTCB Trust Company, New York, New York ("Trust Company"), a de novo limited-purpose trust company that will not be insured by the Federal Deposit Insurance Corporation.

On July 25, 1983, Applicant received approval from the New York State Banking Department to establish Trust Company as a limited purpose trust company under New York banking law. This application to the Board is required because section 8 of the International Banking Act of 1978 ("IBA") (12 U.S.C. § 3106(a)) imposes the nonbanking restrictions of section 4 of the Bank Holding Company Act and section 225.4(a)(4), (5) and (8) of Regulation Y on any foreign bank such as Applicant that maintains a branch or agency in the United States.

The activities of Trust Company will include fiduciary, agency or custodial services; investment or financial advisory services including portfolio advice, statistical forecasting and industry studies; and data processing services such as reporting and recordkeeping solely as an incident to the above mentioned activities. These activities have been determined by the Board to be closely related to banking and, therefore, permissible as a proper incident thereto. (12 C.F.R. § 225.4(a)(4), (5) and (8)).

Notice of the application, affording opportunity for interested persons to submit comments on the public interest factors, has been duly published. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Bank Holding Company Act.

Applicant, with total assets of approximately $50.7 billion, ranks as the second largest of three long-term credit banks[1] and the seventh largest private bank in Japan. Applicant is the 35th largest bank worldwide.[2] Applicant operates 19 branches in Japan, and operates foreign branches in London and Singapore. In the United States, Applicant operates a branch in New York, its home state,[3] and an agency in Los Angeles with total combined assets of $3.4 billion. Applicant has merchant bank subsidiaries in Hong Kong and Switzerland and a finance subsidiary in Netherlands Antilles.

In addition, Applicant owns 5.44 percent of the voting shares of Sanyo Securities Co., Ltd., Tokyo,

1. Applicant's principal business activity is the extension of long-term credit in the form of secured loans, discounts and guarantees. In addition, pursuant to a major revision in the Japanese Banking Law enacted in 1982, Applicant is permitted to underwrite and sell central and local government bonds and government-guaranteed bonds.
2. All financial data are on a parent only basis as of March 31, 1982.
3. Applicant selected New York as its home state pursuant to Section 5 of the IBA (12 U.S.C. § 3103).

Japan, which engages in business in the United States through a wholly-owned subsidiary, Sanyo Securities American, Inc. Applicant is entitled to retain its Sanyo stock because Applicant acquired the stock prior to 1978 and thus is grandfathered pursuant to section 8(c) of the IBA (12 U.S.C. § 3106(c)).

To approve this application the Board must find that Applicant's activities through Trust 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.

Trust Company will be established as a de novo subsidiary of Applicant, therefore, consummation will not result in decreased or unfair competition. Accordingly, competitive factors are consistent with approval. Financial and managerial factors are also consistent with approval. Although Applicant's capitalization is below the standards for comparably sized banking organizations in the United States, there appear to be substantial differences between Applicant's business and that conducted by large U.S. banks, particularly with respect to its asset and liability status, that mitigate the Board's concerns in this regard.[4]

There is no evidence in the record suggesting that conflicts of interest, or unsound banking practices would result from the establishment of Trust Company. Trust Company will provide fiduciary rather than banking services for corporate customers in the United States such as U.S. subsidiaries of Japanese companies, Japanese and other foreign corporations, and foreign governments, through an office in New York City. Applicant has stated that Trust Company will avoid making loans or accepting any deposits except on rare occasions when Trust Company's liabilities may include amounts due to customers, but subject to the restrictions of section 225.4(a)(4) of Regulation Y.

Based upon the foregoing and other considerations reflected in the record, the Board has determined under section 4(c)(8) that establishment of Trust Company can reasonably be expected to produce benefits to the public. Consummation of this proposal would not result in any undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Accordingly, the application is hereby approved.

This determination is 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 Bank Holding Company Act and the Board's regulations and orders issued thereunder or to prevent the evasion thereof.

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

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

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, Teeters, Rice, and Gramley.

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

Rainier Bancorporation, Seattle, Washington

Order Approving Application to Engage in Equity Financing Activities

Rainier Bancorporation, Seattle, Washington, 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(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to engage de novo, through its wholly-owned subsidiary, Rainier Mortgage Company, Seattle, Washington, ("Company"), in the activity of arranging equity financing. While this activity has not been specified by the Board in Regulation Y as permissible for bank holding companies, the Board has determined by order that arranging equity financing subject to certain conditions is closely related to banking.[1]

Notice of the application, affording interested persons an opportunity to submit comments on the proposal has been published (48 *Federal Register* 27444 (1983)). The time for filing comments has expired and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

4. Applicant's investment in Trust Company represents only about 0.27 percent of Applicant's equity capital and reserves and less than 0.01 percent of its total assets as of September 30, 1982

1. E.g., *BankAmerica Corporation*, 68 FEDERAL RESERVE BULLETIN 647 (1982).

Applicant is the second largest commercial banking organization in Washington with aggregate deposits of $3.8 billion, representing 19.8 percent of total commercial bank deposits in the state.[2] Applicant also operates Peoples Bank and Trust Company, Anchorage, Alaska ("Peoples Bank"). Peoples Bank is the eleventh largest bank in Alaska, with aggregate deposits of $47.3 million, representing 1.8 percent of commercial bank deposits in the state. Applicant engages through Company in mortgage banking, commercial lending and insurance activities for which it has received Board approval under section 4(c)(8) of the Act and sections 225.4(a)(1), (3) and (9) of Regulation Y.

Applicant has applied to engage de novo through Company in arranging equity financing on behalf of institutional investors for commercial and industrial income-producing realty. Equity financing, as proposed by Applicant, involves arranging for the financing of commercial or industrial income-producing real estate through the transfer of the title, control, and risk of the project from the owner/developer to one or more investors. Company would represent the owner/developer and would be paid a fee by the owner/developer for this service. The service would be offered only as an alternative to traditional financing arrangements, and Company would not solicit for properties to be sold. While Company would advertise its services as an arranger of equity financing generally, it would not advertise specific properties for which it is seeking financing, list or advertise properties for sale, or hold itself out or advertise as a real estate broker or syndicator. This activity would be provided only with respect to commercial or industrial income-producing property and only when the financing arranged exceeds $1 million. Only institutional or wealthy, professional individual investors would be offered the service.

The Board has determined that, subject to certain conditions to prevent a bank holding company or its subsidiary from engaging in real estate brokerage, development and syndication, equity financing is closely related to banking.[3] Applicant has committed to engage in the equity financing activity subject to the same conditions as those previously relied on by the Board in finding that the activity is closely related to banking.

Specifically, Applicant has committed that Company's function will be limited to acting as an intermediary between developers and investors to arrange financing. Neither Applicant nor any affiliate[4] may acquire an interest in any real estate project for which Company arranges equity financing nor have any role in the development of the project. Neither Company nor any affiliate shall participate in managing, developing or syndicating property for which Company arranges equity financing, nor promote or sponsor the syndication of such property. Neither Company nor any affiliate will provide financing to the investors in connection with an equity financing arrangement. The fee Company receives for arranging equity financing for a project shall not be based on profits derived, or to be derived, from the property and should not be larger than the fee that would be charged by an unaffiliated intermediary. The Board finds that Applicant's proposed equity financing activity will not constitute real estate brokerage, real estate development or real estate syndication, provided the above-mentioned conditions and limitations are observed by Applicant and Company.

The Board previously has found that the arrangement of equity financing by bank holding companies would enhance competition, provide greater convenience to investors, increase efficiencies, and lower costs. These conclusions appear to be applicable to Applicant's proposal as well. There is no evidence in the record to indicate that Applicant's performance of equity financing would result in any undue concentration of resources, decreased or unfair competition, unsound banking practices, conflicts of interests or other adverse effects. Based upon these and other considerations reflected in the record, the Board has determined that the balance of public interest factors that the Board is required to consider under section 4(c)(8) of the Act is favorable. This determination is conditioned upon Applicant's strictly limiting its equity financing activities as provided in this Order.

Based on the foregoing, the Board has determined that the application should be approved, and the application is hereby approved.[5] This determination is subject to the limitations set forth in this Order, 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.

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

3. *BankAmerica Corporation*, 68 FEDERAL RESERVE BULLETIN at 649 (1982).

4. The word "affiliate" as used in this Order is to have the meaning it has in Section 23A of the Federal Reserve Act, as amended, which includes in its definition a sponsored real estate investment trust.

5. The Board hereby delegates to the Federal Reserve Bank of San Francisco authority to approve future applications by Applicant to expand its equity financing activities de novo, subject to the terms of this Order.

The proposed activities shall be commenced 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 San Francisco acting pursuant to delegated authority.

By order of the Board of Governors, effective August 23, 1983.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, Teeters, Rice, and Gramley.

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

Orders Under Section 3 and 4 of Bank Holding Company Act

Boatmen's Bancshares, St. Louis, Missouri

Order Approving Acquisition of Bank Holding Company and Trust Company

Boatmen's Bancshares, St. Louis, Missouri, a bank holding company within the meaning of the BHC Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire at least 80.0 percent of the voting common shares and convertible preference stock of Metro Bancholding Corporation, Crestwood, Missouri ("Metro"). As a result of the acquisition, Applicant would acquire Metro's subsidiary banks, Metro Bank/St. Louis, St. Louis, Missouri; Metro Bank/Clayton, Clayton, Missouri; and Metro Bank/Southwest County, Crestwood, Missouri.

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)) to acquire Metro's indirect nonbanking subsidiary, Metro Trust Company, Clayton, Missouri ("Metro Trust").[1] Trust Company engages in a range of fiduciary services including employee benefit trusts, personal trusts, estates, agency and custodial services. It offers such services primarily to customers (individuals and corporations) of Metro's three subsidiary banks. The Board has determined that these activities are closely related to banking under section 225.4(a)(4) of Regulation Y (12 C.F.R. § 225.4(a)(4)).

Notice of these applications affording opportunity for interested persons to submit comments has been given in accordance with sections 3 and 4 of the Act (48 *Federal Register* 29057, June 24, 1983). 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)) and the considerations specified in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the fifth largest banking organization in Missouri, controls 17 subsidiary banks with aggregate deposits of $1.8 billion representing 6 percent of deposits in commercial banks in the state.[2] Metro is the thirteenth largest commercial banking organization in Missouri, controlling three subsidiary banks. Metro's banking subsidiaries have aggregate deposits of $401 million which represent 1.3 percent of total commercial bank deposits in the state. Upon consummation of the proposed acquisition, Applicant would become the fourth largest commercial banking organization in Missouri holding 7.2 percent of total deposits in commercial banks in the state.

With regard to competitive effects, seven of Applicants' subsidiary banks and all three of Metro's banks operate in the St. Louis banking market.[3] Sixty-six commercial banking organizations operate in the market, and the share of commercial bank deposits held by the four largest banking organizations in the market is 46.6 percent. The Herfindahl-Hirschman Index ("HHI") in the St. Louis market is 752.

Applicant is the third largest banking organization in the market with $1.0 billion of deposits representing a 7.3 percent share of commercial bank deposits in the market. Metro is the ninth largest banking organization in the market with deposits of $401 million, representing 2.8 percent of deposits in commercial banks in the market. Upon consummation of this proposal, Applicant's share of the market would increase to 10.1 percent, and its rank as the third largest banking organization in the market would remain unchanged. Upon consummation the four-firm concentration ratio and the HHI in the market would increase to 49.4 percent and 795, respectively.[4]

Although the proposed acquisition would eliminate some existing competition between Applicant and Metro in the St. Louis banking market, the Board does

1. Metro has another nonbank subsidiary, Databank Corporation, Crestwood, Missouri. Applicant, however, intends to complete the dissolution and liquidation of Databank within thirty days of consummation of the proposed transaction.

2. All banking data are as of December 31, 1982, and reflect mergers consummated and bank holding company acquisitions approved through April 30, 1983.

3. The St. Louis banking market is approximated by the St. Louis RMA.

4. Under the Department of Justice merger guidelines, a market with a post-merger HHI below 1000 is considered unconcentrated and the Department is unlikely to challenge mergers in such markets.

not believe that the effect of this transaction on existing competition would be significant. The St. Louis banking market is unconcentrated and numerous banking alternatives would remain in the market upon consummation. In addition, there are forty-nine thrift institutions in the St. Louis banking market, which control $7.6 billion in deposits, representing approximately 35 percent of total deposits of commercial banks and thrifts in the market.[5] In view of the unconcentrated nature of the market and other facts of record, including the competitive influence exerted by thrift institutions, the Board concludes that competitive considerations are consistent with approval.

The Board has also examined the effect of Applicant's proposed acquisition of Metro on probable future competition in the relevant markets in light of the Board's proposed policy statement on market extension mergers.[6] Applicant operates in seven banking markets in which Metro is not represented. Because of Metro's size and its history of limited geographic expansion, there is no evidence that Metro should be considered a likely future entrant into any of these seven markets. Accordingly, the Board concludes that consummation of the proposal would not have significant adverse effects on probable future competition in any of the markets in which Applicant operates.[7]

Based on the foregoing and other facts of record, the Board concludes that consummation of the proposed transaction would not have any significant adverse effects on existing or potential competition and would not significantly increase the concentration of banking resources in any relevant area. Thus, competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant, Metro, and their subsidiaries are considered generally satisfactory and their future prospects appear favorable. Thus, considerations relating to banking factors are consistent with approval of the application.

With regard to convenience and needs factors, Applicant's acquisition of Metro would enable Metro's subsidiary banks to expand the services they currently offer to their customers. These expanded services would include automobile and equipment lease financing, expanded international banking services, and reduced rates on credit-related insurance. Further, Applicant plans to provide a new main office for Metro Bank/Clayton, Clayton. Thus, the Board concludes that considerations relating to the convenience and needs of the communities to be served lend some weight toward approval of this application.

Accordingly, based upon the foregoing and other facts of record, the Board's judgement is that, under section 3 of the Act, consummation of the proposed transaction should be approved.

With respect to the application to acquire Metro's nonbank subsidiary, Metro Trust, the market value of the trust assets which Metro Trust controls is $46.0 million representing 0.4 percent of the total trust assets held by banks and trust companies in the St. Louis banking market. Applicant has three banking subsidiaries within the St. Louis banking market that offer fiduciary services, and the market value of the trust assets of these subsidiaries is $1.9 billion, representing approximated 10 percent of the market.[8] In view of the small market share of Metro Trust and since numerous other organizations offer fiduciary services in the St. Louis banking market, the Board concludes that consummation of this proposal would have no measurable effect on competition in this line of business.

There is no evidence in the record to indicate that approval of the proposed acquisition would result in undue concentration of resources, decreased or unfair competition, conflicts of interest or unsound banking practices. Applicant plans to expand the marketing efforts, range, and quality of Metro Trusts' services, including the institution of corporate trust services. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the Act are consistent with approval of the application, and that the application to acquire Metro Trust should be approved.

Based on the foregoing and other facts of record, the applications are approved for the reasons set forth above. The acquisition of Metro's banking subsidiaries pursuant to section 3 of the Act shall not be made before the thirtieth calendar day following the effective date of this Order, and neither the acquisition of Metro's banking subsidiaries nor the acquisition of its nonbanking subsidiaries shall be made later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis, pursuant to

5. Thrift data are as of September 30, 1981.

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 has used the proposed policy statement in a number of cases to determine whether an intensive analysis is warranted regarding the effects of a proposal on probable future competition.

7. Because Metro and Applicant both compete in the St Louis banking market, the proposed transaction raises no issues with regard to potential competition in that market.

8. Excluded from this total is $2.2 billion of assets, representing two public retirement pension trusts originating outside the St. Louis banking market.

delegated authority. The approval of Applicant's proposal to acquire Metro's nonbanking subsidiaries and to engage in fiduciary activities is 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 Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, Teeters, Rice, and Gramley.

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

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During August 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)
Citizens Financial Corporation, Fort Atkinson, Wisconsin	Citizens State Bank, Fort Atkinson, Wisconsin	August 1, 1983
First City Bancorporation of Texas, Inc., Houston, Texas	First City Bank—Forum, N.A., San Antonio, Texas	August 29, 1983
Sun Banks of Florida, Inc., Orlando, Florida	Florida State Bank of Tallahassee, Tallahassee, Florida	August 9, 1983
	The Hillsboro Bank, Plant City, Florida	August 26, 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
Ames National Corporation, Ames, Iowa	State Bank & Trust Co., Nevada, Iowa	Chicago	July 28, 1983
Banc One Corporation, Columbus, Ohio	First National City Bank of Alliance, Alliance, Ohio	Cleveland	August 4, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Bennett Bancorporation, Bennett, Colorado	Bennett National Bank, Bennett, Colorado	Kansas City	July 22, 1983
Clinton Bancshares, Inc., Clinton, Louisiana	Clinton Bank & Trust Company, Clinton, Louisiana	Atlanta	August 8, 1983
Columbine Bankshares, Ltd., Denver, Colorado	Columbine Valley Bank and Trust Company, Littleton, Colorado	Kansas City	July 29, 1983
Columbus Corp., Columbus, Kansas	Stanley Corp., Stanley, Kansas Stanley Bancshares, Inc., Stanley, Kansas State Bank of Stanley, Stanley, Kansas	Kansas City	July 29, 1983
East Coast Bank Corporation, Ormond Beach, Florida	Bank at Ormond-By-The-Sea, Ormond Beach, Florida	Atlanta	July 28, 1983
Farmers & Merchants Bancshares, Inc., Wright City, Missouri	Farmers & Merchants Bank of Wright City, Wright City, Missouri	St. Louis	July 29, 1983
First American Bancshares, Inc., Baytown, Texas	First American Bank and Trust of Manvel, Manvel, Texas	Dallas	August 4, 1983
First Bank Holding Company, Sylvester, Georgia	Sylvester Banking Company, Sylvester, Georgia	Atlanta	August 1, 1983
First National Corporation of Alexander City, Inc., Alexander City, Alabama	The First National Bank of Alexander City, Alexander City, Alabama	Atlanta	July 26, 1983
First Sleepy Eye Bancorporation, Inc., Sleepy Eye, Minnesota	State Bank of Butterfield, Butterfield, Minnesota	Minneapolis	August 5, 1983
GL & ML Limited, Aplington, Iowa	Aplington Insurance Inc., Aplington, Iowa State Savings Bank, Aplington, Iowa	Chicago	August 3, 1983
Glasgow Bancshares Corporation, Glasgow, Kentucky	New Farmers National Bank of Glasgow, Glasgow, Kentucky	St. Louis	July 28, 1983
Hawkeye Bancorporation, Des Moines, Iowa	Tipton Co., Inc., Tipton, Iowa Tipton State Bank, Tipton, Iowa	Chicago	August 8, 1983
Haysville Bancshares, Inc., Haysville, Kansas	First National Bank, Haysville, Kansas	Kansas City	July 27, 1983
Home State Bancorp, Inc., Crystal Lake, Illinois	Home State Bank of Crystal Lake, Crystal Lake, Illinois	Chicago	August 5, 1983
JDOB Inc., Naples, Florida	Security State Bank of Pillager, Pillager, Minnesota	Minneapolis	August 8, 1983
McGregor Banco, Inc., McGregor, Minnesota	State Bank of McGregor, McGregor, Minnesota	Minneapolis	July 29, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
N.B.C. Bancshares in Pawhuska, Inc., Pawhuska, Oklahoma	National Bank of Commerce in Pawhuska, Pawhuska, Oklahoma	Kansas City	July 22, 1983
Reelfoot Bancshares, Inc., Union City, Tennessee	Reelfoot Bank, Hornbeak, Tennessee	St. Louis	August 1, 1983
Republic Bancorp of S.C., Inc., Columbia, South Carolina	Republic National Bank, Columbia, South Carolina	Richmond	August 5, 1983
Security Chicago Corp., Chicago, Illinois	First Security Bank of Chicago, Chicago, Illinois	Chicago	August 19, 1983
Southwest First Community Inc., Beeville, Texas	American Corporation, Sinton, Texas Commercial State Bank, Sinton, Texas	Dallas	August 3, 1983
Stanley Corp., Stanley, Kansas	Stanley Bancshares, Inc., Stanley, Kansas State Bank of Stanley Stanley, Kansas	Kansas City	July 29, 1983
Tonica Bancorp, Inc., Tonica, Illinois	The Farmers State Bank of Lostant, Lostant, Illinois	Chicago	August 3, 1983
Washington Independent Bancshares, Inc., Olympia, Washington	Harbor Security Bank, McCleary, Washington	San Francisco	July 29, 1983
Waxahachie Bancshares, Inc., Waxahachie, Texas	First National Bank of Waxahachie, Waxahachie, Texas	Dallas	August 9, 1983

Section 4

Applicant	Nonbanking company	Reserve Bank	Effective date
Security Pacific Corporation, Los Angeles, California	General Finance Service Corporation, Huntingdon, Pennsylvania The Budget Plan of Virginia, Huntingdon, Pennsylvania	San Francisco	August 2, 1983

Orders Approved Under Bank Merger Act

By the Board of Governors

Applicant	Bank	Effective date
United Virginia Bank, Richmond, Virginia	State Bank of Keysville, Keysville, Virginia	August 11, 1983

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
Security Bank of Monroe, Monroe, Michigan	Security Bank-Monroe County, Newport, Michigan	Chicago	August 8, 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 1983m 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		1983		1983				
	Q3	Q4	Q1	Q2	Mar	Apr	May	June	July
Reserves of depository institutions									
1 Total	5.1	11.0	1.1	9.2	19.7	8.8	−1.9	14.0	6.0
2 Required	4.9	10.1	.8	9.4	20.0	7.6	−1.1	13.2	5.2
3 Nonborrowed	11.5	12.7	.6	3.7	13.6	2.5	−.2	−6.0	11.7
4 Monetary base[2]	6.8	8.0	8.6	10.4	15.0	7.3	10.0	9.9	6.1
Concepts of money and liquid assets[3]									
5 M1	6.1	13.1	14.1	12.2	15.9	−2.7	26.3	10.2	8.9
6 M2	10.9	9.3	20.3	10.1	11.2	2.8	12.4r	10.4r	6.3
7 M3	12.5	9.5	10.2	8.1	8.1	3.4	11.0	11.0	5.0
8 L	12.1	8.6	n.a.	n.a.	11.3	7.3r	n.a.	n.a.	n.a.
Time and savings deposits									
Commercial banks									
9 Total	18.2	3.2	12.4	4.5	2.9	6.8	−2.9	11.1	6.9
10 Savings[4]	−1.8	13.4	−43.4	−14.8	−19.9	−12.6	0	2.6r	−10.2
11 Small-denomination time[5]	18.7	−.5	−48.5	24.1r	−38.7	−19.5	−13.3r	3.0	24.4
12 Large-denomination time[6]	26.8	−6.8	−58.5	−20.8	−27.7	.8	−37.3	2.1	−7.1
13 Thrift institutions[7]	6.5	6.2	12.1	16.0	16.9r	16.6	9.9r	13.3r	14.3
14 Total loans and securities at commercial banks[8]	6.0	5.5	9.8	9.8r	11.2	8.7	10.7	9.9r	9.7

Item	Interest rates (levels, percent per annum)								
	1982		1983		1983				
	Q3	Q4	Q1	Q2	Apr	May	June	July	Aug.
Short-term rates									
15 Federal funds[9]	11.01	9.28	8.65	8.80	8.80	8.63	8.98	9.37	9.56
16 Discount window borrowing[10]	10.83	9.25	8.50	8.50	8.50	8.50	8.50	8.50	8.50
17 Treasury bills (3-month, secondary market)[11]	9.32	7.90	8.11	8.40	8.21	8.19	8.79	9.08	9.34
18 Commercial paper (3-month)[11,12]	11.15	8.80	8.34	8.62	8.53	8.33	9.00	9.25	9.54
Long-term rates									
Bonds									
19 U.S. government[13]	12.94	10.72	10.87	10.81	10.63	10.67	11.12	11.59	11.96
20 State and local government[14]	11.39	9.90	9.43	9.23	9.05	9.11	9.52	9.53	9.72
21 Aaa utility (new issue)[15]	14.25	12.10	11.89	11.46	11.41	11.32	11.87	12.32	12.25
22 Conventional mortgages[16]	15.65	13.79	13.26	13.16	13.02	13.09	13.37	14.00	n.a.

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						
	June	July	Aug.	July 20	July 27	Aug. 3	Aug 10	Aug. 17	Aug. 24p	Aug. 31p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**162,133**	**164,799**	**164,461**	**166,199**	**164,397**	**164,237**	**164,132**	**165,081**	**164,958**	**163,779**
2 U.S. government securities[1]	141,484	143,971	144,893	145,461	143,896	143,975	143,967	145,456	145,584	144,901
3 Bought outright	141,177	143,122	144,820	142,841	143,896	143,975	143,967	145,456	145,584	144,578
4 Held under repurchase agreements	307	849	73	2,620	0	0	0	0	0	323
5 Federal agency securities	8,922	8,950	8,855	9,036	8,880	8,880	8,880	8,880	8,880	8,769
6 Bought outright	8,895	8,883	8,849	8,880	8,880	8,880	8,880	8,880	8,880	8,742
7 Held under repurchase agreements	27	67	6	156	0	0	0	0	0	27
8 Acceptances	38	55	7	129	0	0	0	0	0	30
9 Loans	1,716	1,382	1,576	1,236	1,387	1,311	1,520	1,474	1,580	1,714
10 Float	1,670	1,812	1,114	1,573	1,542	1,596	1,137	1,086	1,380	842
11 Other Federal Reserve assets	8,303	8,629	8,016	8,764	8,691	8,475	8,629	8,186	7,534	7,524
12 Gold stock	11,131	11,131	11,129	11,131	11,131	11,131	11,130	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	159,177	160,683	160,984	160,709	159,916	160,240	161,294	161,443	160,893	160,453
16 Treasury cash holdings	536	520	491	524	512	494	515	515	494	490
Deposits, other than reserves, with Federal Reserve Banks										
17 Treasury	3,525	4,017	3,554	3,309	4,517	4,024	3,815	3,310	3,559	3,300
18 Foreign	219	252	228	262	231	292	228	233	204	237
19 Other	541	623	477	690	620	604	504	446	449	431
20 Service-related balances and adjustment	754	902	1,096	884	979	982	1,167	1,065	979	1,069
21 Other Federal Reserve liabilities and capital	5,107	5,197	5,249	5,313	5,260	5,158	5,116	5,332	5,299	5,289
22 Reserve accounts[2]	21,808	22,139	21,915	24,042	21,897	21,976	21,029	22,269	22,614	22,043
	End-of-month figures			Wednesday figures						
	1983			1983						
	June	July	Aug.	July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit outstanding**	**164,037**	**163,893**	**167,778**	**170,356**	**163,698**	**166,134**	**166,137**	**164,608**	**163,571**	**167,778**
24 U.S. government securities[1]	141,673	144,255	146,489	147,911	143,500	144,322	145,249	144,972	144,696	146,489
25 Bought outright	140,511	144,255	144,226	144,125	143,500	144,322	145,249	144,972	144,696	144,226
26 Held under repurchase agreements	1,162	0	2,263	3,786	0	0	0	0	0	2,263
27 Federal agency securities	9,105	8,880	8,932	9,020	8,880	8,880	8,880	8,880	8,880	8,932
28 Bought outright	8,890	8,880	8,742	8,880	8,880	8,880	8,880	8,880	8,880	8,742
29 Held under repurchase agreements	215	0	190	140	0	0	0	0	0	190
30 Acceptances	203	0	209	74	0	0	0	0	0	209
31 Loans	3,610	1,113	3,633	2,484	1,349	2,478	1,163	1,722	1,612	3,633
32 Float	1,020	1,066	979	1,825	1,497	1,806	2,033	1,421	872	979
33 Other Federal Reserve assets	8,426	8,579	7,536	9,042	8,472	8,648	8,812	7,613	7,511	7,536
34 Gold stock	11,131	11,131	11,128	11,131	11,131	11,131	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	160,419	159,973	161,122	160,383	160,002	160,814	161,662	161,307	160,647	161,122
38 Treasury cash holdings	533	495	490	520	505	488	515	515	490	490
Deposits, other than reserves, with Federal Reserve Banks										
39 Treasury	8,764	3,815	4,189	3,998	3,315	3,586	2,804	3,991	3,025	4,189
40 Foreign	279	369	248	268	242	214	282	223	208	248
41 Other	470	566	465	672	589	518	500	452	540	465
42 Service-related balances and adjustment	775	830	845	823	827	832	836	843	845	845
43 Other Federal Reserve liabilities and capital	5,111	5,178	5,112	5,179	5,022	4,987	5,036	5,173	5,144	5,112
44 Reserve accounts[2]	17,220	22,201	24,839	28,047	22,730	24,230	24,034	21,636	22,204	24,839

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.	Jan	Feb.	Mar.	Apr.	May	June	July	Aug p
1 Reserve balances with Reserve Banks[1]	26,163	24,804	24,431	23,530	22,168	22,565	22,010	21,808	22,139	21,915
2 Total vault cash (estimated)	19,538	20,392	21,454	20,035	19,484	19,569	19,710	20,098	20,413	20,263
3 Vault cash at institutions with required reserve balances[2]	13,577	14,292	14,602	13,705	13,027	13,246	13,339	13,593	13,647	13,746
4 Vault cash equal to required reserves at other institutions	2,178	2,757	2,829	2,562	2,844	2,839	2,933	3,014	3,161	2,941
5 Surplus vault cash at other institutions[3]	3,783	3,343	4,023	3,768	3,613	3,484	3,438	3,491	3,605	3,576
6 Reserve balances + total vault cash[4]	45,701	45,196	45,885	43,565	41,652	42,134	41,720	41,906	42,552	42,178
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	41,918	41,853	41,862	39,797	38,039	38,650	38,282	38,415	38,947	38,602
8 Required reserves (estimated)	41,606	41,353	41,316	39,362	37,602	38,174	37,833	37,935	38,440	38,211
9 Excess reserve balances at Reserve Banks[4,6]	312	500	546	435	437	476	449	480	507	391
10 Total borrowings at Reserve Banks	642	697	500	557	852	993	902	1,714	1,382	1,576
11 Seasonal borrowings at Reserve Banks	53	33	33	39	53	82	98	121	172	198
12 Extended credit at Reserve Banks	149	187	156	277	318	407	514	964	572	490
	Weekly averages of daily figures for week ending									
	1983									
	June 29	July 6	July 13	July 20p	July 27p	Aug 3	Aug. 10	Aug. 17	Aug. 24p	Aug. 31p
13 Reserve balances with Reserve Banks[1]	22,254	22,124	20,586	24,042	21,897	21,976	21,029	22,269	22,614	22,043
14 Total vault cash (estimated)	20,150	20,284	21,027	19,182	20,984	20,684	20,804	20,284	19,409	20,402
15 Vault cash at institutions with required reserve balances[2]	13,869	13,749	13,625	12,926	14,162	13,896	13,733	13,393	13,595	13,990
16 Vault cash equal to required reserves at other institutions	2,919	3,050	3,531	2,861	3,195	3,144	3,325	3,144	2,550	2,878
17 Surplus vault cash at other institutions[3]	3,362	3,485	3,871	3,395	3,627	3,644	3,746	3,747	3,264	3,534
18 Reserve balances + total vault cash[4]	42,404	42,408	41,613	43,224	42,881	42,660	41,833	42,553	42,023	42,445
19 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	39,042	38,923	37,742	39,829	39,254	39,016	38,087	38,806	38,759	38,911
20 Required reserves (estimated)	38,557	38,069	37,246	39,503	38,882	38,454	37,693	38,358	38,341	38,349
21 Excess reserve balances at Reserve Banks[4,6]	485	854	496	326	372	562	394	448	418	562
22 Total borrowings at Reserve Banks	2,102	2,234	1,147	1,236	1,387	1,311	1,520	1,474	1,580	1,714
23 Seasonal borrowings at Reserve Banks	143	143	144	179	203	192	178	194	207	216
24 Extended credit at Reserve Banks	1,262	1,103	434	460	464	445	457	502	524	499

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								
	July 6	July 13	July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31
One day and continuing contract									
1 Commercial banks in United States	67,387r	66,505r	60,000r	57,096r	60,046	62,652	58,593	53,344	52,437
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	22,375r	23,141r	23,965r	24,160r	23,992	24,440	23,822	24,299	23,803
3 Nonbank securities dealers	5,307	4,715r	4,928r	4,764	4,292	4,581	4,571	4,761	3,877
4 All other	26,274r	25,863r	25,045r	25,374r	24,222	24,340	25,478	25,886	25,195
All other maturities									
5 Commercial banks in United States	5,273r	5,016	5,322	5,481r	5,680	5,637	5,702	5,822	6,184
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	10,416	10,368	10,833	9,668	9,240	9,185	9,388	9,284	9,105
7 Nonbank securities dealers	5,075	5,039	5,938	5,930r	6,324	6,326	6,169	6,232	6,582
8 All other	8,628r	7,851	8,043	8,418r	8,524	8,254	8,821	9,186	9,606
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	30,802r	29,534	27,359r	26,320r	28,424	24,801	23,095	22,415	23,065
10 Nonbank securities dealers	4,623	4,439	4,828	4,042r	4,631	4,675	5,289	5,354	4,710

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]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 8/31/83	Effective date	Previous rate	Rate on 8/31/83	Previous rate	Rate on 8/31/83	Previous rate	Rate on 8/31/83	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 Aug. 31, 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 Aug 31, 1983		Previous maximum		In effect Aug 31, 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 August 1983 (in percent) for commercial banks and thrifts were as follows. Aug 2, 9.36, Aug. 9, 9.57, Aug. 16, 9.43, Aug 23, 9.18; and Aug 30, 9 28

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 August 1983 for commercial banks based on the bill rate were as follows: Aug. 2, 9.81, Aug 9, 9 95; Aug. 16, 9 80; Aug 23, 9.54, and Aug 30, 9 78, and based on the 4-week average bill rate were as follows. Aug. 2, 9.62, Aug. 9, 9.73; Aug 16, 9.78; Aug 23, 9 77; and Aug 30, 9.76 The maximum allowable rates in August 1983 for thrifts based on the bill rate were as follows. Aug. 2, 9.81; Aug. 9, 9.95; Aug. 16, 9.80, Aug 23, 9.54, and Aug 30, 9 78, and based on the 4-week average bill rate were as follows: Aug. 2, 9.62; Aug. 9, 9.73; Aug. 16, 9.78; Aug. 23, 9 77, and Aug. 30, 9 76

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 August 1983 (in percent) for commercial banks were as follows Aug. 2, 10.45: Aug. 16, 10.80, and Aug 30, 10.40 , and for thrift institutions: Aug. 2, 10 70, Aug. 16, 11.05; and Aug. 30, 10.65

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 ¼ 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 Jan.	Feb.	Mar.	Apr.	May	June	July
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	7,668	13,899	17,067	0	1,456	1,259	2,880	516	1,721	666
2 Gross sales	7,331	6,746	8,369	1 983	934	0	0	0	0	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	3,389	1,816	3,000	900	300	0	0	0	0	0
Others within 1 year										
5 Gross purchases	912	317	312	0	0	0	0	173	0	156
6 Gross sales	0	23	0	0	0	0	0	0	0	0
7 Maturity shift	12,427	13,794	17,295	558	4,564	1,198	826	1,795	1,398	1,162
8 Exchange	−18,251	−12,869	−14,164	−544	−2,688	−900	0	−1,842	−916	0
9 Redemptions	0	0	0	0	0	0	0	0	87	0
1 to 5 years										
10 Gross purchases	2,138	1,702	1,797	0	0	0	0	595	0	481
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−8,909	−10,299	−14,524	−553	−4,564	−1,198	−684	−41	−1,398	−1,121
13 Exchange	13,412	10,117	11,804	544	1,599	900	0	1,367	916	0
5 to 10 years										
14 Gross purchases	703	393	388	0	0	0	0	326	0	215
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	−3,092	−3,495	−2,172	−5	229	0	−142	−1,754	0	−41
17 Exchange	2,970	1,500	2,128	0	650	0	0	300	0	0
Over 10 years										
18 Gross purchases	811	379	307	0	0	0	0	108	0	124
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	−426	0	−601	0	−229	0	0	0	0	0
21 Exchange	1,869	1,253	234	0	439	0	0	175	0	0
All maturities										
22 Gross purchases	12,232	16,690	19,870	0	1,456	1,259	2,880	1,719	1,721	1,642
23 Gross sales	7,331	6,769	8,369	1,983	934	0	0	0	0	0
24 Redemptions	3,389	1,816	3,000	900	300	0	0	0	87	0
Matched transactions										
25 Gross sales	674,000	589,312	543,804	59,398	35,234	47,892	37,873	43,404	50,086	40,934
26 Gross purchases	675,496	589,647	543,173	59,043	38,204	47,724	36,205	45,001	47,783	43,037
Repurchase agreements										
27 Gross purchases	113,902	79,920	130,774	6,747	6,697	3,526	7,671	0	7,891	7,816
28 Gross sales	113,040	78,733	130,286	10,451	6,697	3,526	3,984	3,687	6,730	8,978
29 Net change in U.S. government securities	3,869	9,626	8,358	−6,943	3,192	1,090	4,899	−371	493	2,583
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	9	5	8	7	*	17	10
Repurchase agreements										
33 Gross purchases	28,895	13,320	18,957	452	276	379	340	0	678	558
34 Gross sales	28,863	13,576	18,638	1,040	276	379	92	248	463	773
35 Net change in federal agency obligations	555	130	130	−596	−5	−8	241	−248	198	−225
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	73	−582	1,285	−1,480	0	0	704	−704	203	−203
37 Total net change in System Open Market Account	**4,497**	**9,175**	**9,773**	**−9,019**	**3,187**	**1,082**	**5,844**	**−1,322**	**893**	**2,155**

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1983					1983		
	Aug. 3	Aug 10	Aug. 17	Aug. 24	Aug. 31	June	July	Aug.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,131	11,128	11,128	11,128	11,128	11,131	11,131	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	413	417	425	424	415	382	411	415
Loans								
4 To depository institutions	2,478	1,163	1,722	1,612	3,633	3,610	1,113	3,633
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	0	0	0	0	209	203	0	209
Federal agency obligations								
7 Bought outright	8,880	8,880	8,880	8,880	8,742	8,890	8,880	8,742
8 Held under repurchase agreements	0	0	0	0	190	215	0	190
U.S. government securities								
Bought outright								
9 Bills	61,049	61,976	61,699	61,423	60,953	58,213	60,982	60,953
10 Notes	63,958	63,958	63,044	63,044	63,044	63,107	63,958	63,044
11 Bonds	19,315	19,315	20,229	20,229	20,229	19,191	19,315	20,229
12 Total[1]	144,322	145,249	144,972	144,696	144,226	140,511	144,255	144,226
13 Held under repurchase agreements	0	0	0	0	2,263	1,162	0	2,263
14 Total U.S. government securities	144,322	145,249	144,972	144,696	146,489	141,673	144,255	146,489
15 **Total loans and securities**	**155,680**	**155,292**	**155,574**	**155,188**	**159,263**	**154,591**	**154,248**	**159,263**
16 Cash items in process of collection	9,878	8,441	9,734	7,608	8,158	8,173	8,635	8,158
17 Bank premises	553	553	554	553	553	553	552	553
Other assets								
18 Denominated in foreign currencies[2]	3,884	3,971	3,918	3,706	3,617	4,322	3,839	3,617
19 All other[3]	4,211	4,288	3,141	3,252	3,366	3,551	4,188	3,366
20 **Total assets**	**190,368**	**188,708**	**189,092**	**186,477**	**191,118**	**187,321**	**187,622**	**191,118**
LIABILITIES								
21 Federal Reserve notes	147,929	148,808	148,461	147,775	148,241	147,549	147,094	148,241
Deposits								
22 Depository institutions	25,088	24,889	22,490	23,060	25,702	18,004	23,046	25,702
23 U.S. Treasury—General account	3,586	2,804	3,991	3,025	4,189	8,764	3,815	4,189
24 Foreign—Official accounts	214	282	223	208	248	279	369	248
25 Other	492	481	441	529	447	461	551	447
26 **Total deposits**	**29,380**	**28,456**	**27,145**	**26,822**	**30,586**	**27,508**	**27,781**	**30,586**
27 Deferred availability cash items	8,072	6,408	8,313	6,736	7,179	7,153	7,569	7,179
28 Other liabilities and accrued dividends[4]	1,959	1,894	2,028	1,990	2,056	2,021	1,989	2,056
29 **Total liabilities**	**187,340**	**185,566**	**185,947**	**183,323**	**188,062**	**184,231**	**184,433**	**188,062**
CAPITAL ACCOUNTS								
30 Capital paid in	1,428	1,429	1,429	1,430	1,434	1,421	1,427	1,434
31 Surplus	1,359	1,359	1,359	1,359	1,359	1,359	1,359	1,359
32 Other capital accounts	241	354	357	365	263	310	403	263
33 **Total liabilities and capital accounts**	**190,368**	**188,708**	**189,092**	**186,477**	**191,118**	**187,321**	**187,622**	**191,118**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	111,983	110,746	110,120	108,983	108,053	110,889	94,203	108,053
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to bank)	169,568	170,444	170,860	171,546	171,346	166,397	169,213	171,346
36 LESS: Held by bank[5]	21,639	21,636	22,399	23,771	23,105	18,848	22,119	23,105
37 Federal Reserve notes, net	147,929	148,808	148,461	147,775	148,241	147,549	147,094	148,241
Collateral for Federal Reserve notes								
38 Gold certificate account	11,131	11,128	11,128	11,128	11,128	11,131	11,131	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	132,180	133,062	132,715	132,029	132,495	131,800	131,345	132,495
42 **Total collateral**	**147,929**	**148,808**	**148,461**	**147,775**	**148,241**	**147,549**	**147,094**	**148,241**

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 1983					End of month 1983		
	Aug. 3	Aug. 10	Aug. 17	Aug 24	Aug. 31	June 30	July 29	Aug 31
1 Loans—Total	2,478	1,163	1,722	1,612	3,633	3,610	1,113	3,633
2 Within 15 days	2,366	1,033	1,682	1,569	3,583	3,561	1,045	3,583
3 16 days to 90 days	112	130	40	43	50	49	68	50
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	209	203	0	209
6 Within 15 days	0	0	0	0	209	203	0	209
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	144,322	145,249	144,972	144,696	146,489	141,673	144,255	146,489
10 Within 15 days[1]	10,318	11,174	6,326	7,871	9,715	3,767	4,116	9,715
11 16 days to 90 days	28,862	30,229	31,482	29,351	28,657	30,111	34,748	28,657
12 91 days to 1 year	43,745	42,449	43,059	43,369	43,975	46,442	43,218	43,975
13 Over 1 year to 5 years	32,332	32,332	32,826	32,826	32,863	32,586	33,108	32,863
14 Over 5 years to 10 years	11,874	11,874	13,690	13,690	13,690	11,700	11,874	13,690
15 Over 10 years	17,191	17,191	17,589	17,589	17,589	17,067	17,191	17,589
16 Federal agency obligations—Total	8,880	8,880	8,880	8,880	8,932	9,105	8,880	8,932
17 Within 15 days[1]	0	223	289	289	336	406	82	336
18 16 days to 90 days	912	689	659	659	713	583	814	713
19 91 days to 1 year	1,899	1,898	1,862	1,862	1,832	2,012	1,914	1,832
20 Over 1 year to 5 years	4,419	4,418	4,429	4,429	4,370	4,421	4,418	4,370
21 Over 5 years to 10 years	1,132	1,134	1,123	1,123	1,163	1,165	1,134	1,163
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	1979 Dec.	1980 Dec.	1981 Dec	1982 Dec	1983 Jan	Feb	Mar.	Apr	May	June	July	Aug
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]												
1 **Total reserves[2]**	**34.23**	**36.23**	**37.93**	**40.78**	**40.12**	**40.34**	**41.00**	**41.30**	**41.24**	**41.72**	**41.93**	**41.80**
2 Nonborrowed reserves	32 76	34 54	39.45	40.15	39 59	39 76	40.21	40.29	40.29	40.08	40 48	40 26
3 Required reserves	33 91	35 71	39 53	40.28	39.57	39.91	40 57	40.83	40.79	41.24	41.43	41.34
4 Monetary base[3]	142.8	154 9	173.2	175.6	176.3	178.0	180.2	181 3	182.8	184.3	185.0	186.0
	Not seasonally adjusted											
5 **Total reserves[2]**	**34.83**	**37.24**	**38.85**	**41.56**	**42.23**	**40.23**	**40.23**	**41.05**	**40.71**	**40.84**	**41.42**	**41.13**
6 Nonborrowed reserves	33 35	35 55	38 21	40 93	41.69	39 64	39 44	40.04	39.75	39.20	39 97	39.59
7 Required reserves	34.50	36.72	38.59	41.06	41 67	39.79	39.80	40.57	40.26	40.36	40.92	40.67
8 Monetary base[3]	145.3	158.2	166 1	178.9	177 7	175 9	177.7	180.3	181.7	183 5	185.6	185.7
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**	**34.42**	**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	40 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 7	175.9	175.7	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 Apr.	1983 May	1983 June	1983 July
	Seasonally adjusted							
MEASURES[1]								
1 M1	389 0	414 1	440.6	478 2	496.5	507 4	511.7r	515 5
2 M2	1,497.5	1,630.3	1,794 9	1,959.5	2,074 8r	2,096.2r	2,114 3r	2,125.4
3 M3	1,758 4	1,936.7	2,167 9	2,377.6	2,454 0	2,476.5	2,499 2r	2,509.6
4 L[2]	2,131 8	2,343 6	2,622 0	2,896 8	3,006.5	n a	n.a.	n a
SELECTED COMPONENTS								
5 Currency	106.5	116.2	123 2	132.8	138 0	139.3	140 3	140 9
6 Travelers checks[3]	3.7	4 1	4 5	4.2	4 6	4 7	4 7	4 6
7 Demand deposits	262 0	266 8	236 4	239.8	238 9	242 5	244 0	245 7
8 Other checkable deposits[4]	17 0	26 9	76.6	101.3	115.0	120.9	122.7	124.2
9 Savings deposits[5]	423 1	400 7	344.4	359.3	321.5	323 1r	325.0r	323 5
10 Small-denomination time deposits[6]	635 9	731 7	828.6	859 1	725.7	720 1	722.1r	734 9
11 Large-denomination time deposits[7]	222 2	258 9	302 6	333.8	300 4	299 5	304 6r	305 9
	Not seasonally adjusted							
MEASURES[1]								
12 M1	398.8	424 7	452 1	491.0	504 5	499.8	508 3	514.7
13 M2	1,502.1	1,635 0	1,799.6	1,964 5	2,088 4	2,092 7r	2,114 0r	2,126.9
14 M3	1,766 1	1,944.9	2,175.9	2,385 3	2,465.5	2,471 7r	2,495.8r	2,507.5
15 L[2]	2,138.9	2,350 8	2,629 7	2,904 7	3,021 4	n.a	n a	n.a
SELECTED COMPONENTS								
16 Currency	108 2	118.3	125.4	135 2	137.4	138 9	140.3	142.0
17 Travelers checks[3]	3 5	3 9	4 3	4 0	4 4	4 5	4 9	5 2
18 Demand deposits	270.1	275.2	244 0	247 7	242 4	238 2	242.1	245 0
19 Other checkable deposits[4]	17.0	27 2	78 4	104.0	120 2	118 2	121 0	122.5
20 Overnight RPs and Eurodollars[8]	21 2	28.4	36 1	44.3	50 6	55.1r	55 9r	52.4
21 Savings deposits[5]	420.7	398 3	342.1	356 7	324.3	324.6	326.3	326.6
22 Money market deposit accounts	n a	n a	n.a.	43 2	341.2	356 8	367.3	368.4
23 Small-denomination time deposits[6]	633 1	728.3	824 1	853.9	728 6	722.7	723 9r	734.2
Money market mutual funds								
24 General purpose and broker/dealer	33 4	61.4	150 9	177 8r	140.1r	135 0r	132 9r	131 3
25 Institution only	9.5	14 9	36.0	43 1r	36.0r	35 7r	34.7r	34 0
26 Large-denomination time deposits[7]	226.0	262 4	305 9	336.5	298 1	298 2	301 5r	302 3

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 Jan.	Feb	Mar.	Apr	May	June
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	62,757.8	80,858.7	90,914.4	103,333.1	102,743.5	102,206.1	103,022.3	107,273.3	106,858.3
2 Major New York City banks	25,156.1	33,891.9	37,932.9	46,353.0	45,133.2	44,327.4	46,025.6	46,891.2	46,444.3
3 Other banks	37,601.7	46,966.9	52,981.6	56,980.1	57,610.3	57,878.7	56,996.7	60,382.1	60,414.1
4 ATS-NOW accounts[3]	159.3	743.4	1,036.2	1,262.3	1,286.4	1,369.4	1,202.2	1,371.5	1,375.4
5 Savings deposits[4]	670.0	672.7	721.4	904.3	827.9	803.2	714.9	743.1	784.5
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	198.7	285.8	324.2	361.1	361.3	356.1	359.7	370.4	368.6
7 Major New York City banks	803.7	1,105.1	1,287.6	1,462.3	1,462.5	1,437.4	1,502.8	1,471.5	1,449.0
8 Other banks	132.2	186.2	211.1	223.9	227.2	225.9	222.9	234.3	234.3
9 ATS-NOW accounts[3]	9.7	14.0	14.5	15.8	15.1	15.6	13.9	15.2	15.0
10 Savings deposits[4]	3.6	4.1	4.5	6.0	5.8	5.7	5.1	5.4	5.7
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	63,124.4	81,197.9	91,031.9	101,566.1	92,654.1	109,166.3	100,117.1	103,947.8	113,836.2
12 Major New York City banks	25,243.1	34,032.0	38,001.0	45,657.2	40,937.3	47,496.6	43,678.9	44,942.5	50,643.1
13 Other banks	37,881.3	47,165.9	53,030.9	55,908.8	51,716.8	61,669.7	56,438.1	59,005.4	63,193.1
14 ATS-NOW accounts[3]	158.0	737.6	1,027.1	1,525.5	1,198.7	1,398.4	1,405.3	1,353.1	1,455.9
15 MMDA[5]	0	0	0	278.4	324.7	454.9	545.8	505.6	630.7
16 Savings deposits[4]	669.8	672.9	720.0	980.4	754.3	820.4	779.9	722.2	787.5
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	202.3	286.1	325.0	346.1	334.8	391.8	347.9	368.1	394.3
18 Major New York City banks	814.8	1,114.2	1,295.7	1,368.1	1,366.7	1,561.1	1,446.9	1,471.0	1,563.6
19 Other banks	134.8	186.2	211.5	215.0	209.5	248.5	219.1	234.3	246.5
20 ATS-NOW accounts[3]	9.7	14.0	14.3	18.6	14.4	16.2	15.6	15.3	16.1
21 MMDA[5]	0	0	0	2.4	2.0	2.4	2.8	2.4	2.9
22 Savings deposits[4]	3.6	4.1	4.5	6.6	5.3	5.8	5.6	5.2	5.7

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 Apr	1983 May	1983 June	1983 July	1981 Dec.[2]	1982 Dec.	1983 Apr	1983 May	1983 June	1983 July
	Seasonally adjusted						Not seasonally adjusted					
1 **Total loans and securities[3]**	**1,316.3**	**1,412.1**	**1,460.6**	**1,474.4**	**1,488.0r**	**1,499.9**	**1,326.1**	**1,422.5**	**1,460.0**	**1,468.1**	**1,485.6**	**1,493.6**
2 U.S. Treasury securities	111.0	130.9	157.8	166.1	171.2r	172.9	111.4	131.5	160.6	165.3	171.6	171.6
3 Other securities	231.4	239.1	243.4	245.0	246.2	246.0	232.8	240.6	243.3	245.2	245.9	244.8
4 Total loans and leases[3]	973.9	1,042.0	1,059.5	1,063.3	1,070.6	1,081.0	981.8	1,050.4	1,056.0	1,057.6	1,068.0	1,077.3
5 Commercial and industrial loans	358.0	392.4	392.8	393.0	395.0	399.1	360.1	394.7	395.2	393.1	394.4	397.9
6 Real estate loans	285.7	303.2	311.4	313.6	317.0r	319.4	286.8	304.1	310.4	312.4	315.4	318.5
7 Loans to individuals	185.1	191.8	196.0	197.9	199.8	203.2	186.4	193.1	194.7	196.7	199.0	202.2
8 Security loans	21.9	24.7	22.9	23.4	22.3	23.7	22.7	25.5	22.9	22.5	23.5	23.1
9 Loans to nonbank financial institutions	30.2	31.1	31.6	31.1	31.1	31.2	31.2	32.1	31.3	30.7	30.7	30.6
10 Agricultural loans	33.0	36.1	37.2	36.9	36.7	36.8	33.0	36.1	36.6	36.7	36.9	37.2
11 Lease financing receivables	12.7	13.1	13.1	13.1	13.0	12.9	12.7	13.1	13.1	13.1	13.0	12.9
12 All other loans	47.2	49.7	54.3	54.4	55.7	54.7	49.2	51.7	51.9	52.5	55.2	55.0
MEMO												
13 **Total loans and securities plus loans sold[3,4]**	**1,319.1**	**1,415.0**	**1,463.6**	**1,477.2**	**1,490.7**	**1,502.6**	**1,328.9**	**1,425.4**	**1,462.9**	**1,470.9**	**1,488.3**	**1,496.3**
14 Total loans plus loans sold[3,4]	976.7	1,045.0	1,062.4	1,066.1	1,073.3	1,083.6	984.7	1,053.3	1,059.0	1,060.4	1,070.8	1,080.0
15 Total loans sold to affiliates[3,4]	2.8	2.9	3.0	2.8	2.7	2.7	2.8	2.9	3.0	2.8	2.7	2.7
16 Commercial and industrial loans plus loans sold[4]	360.2	394.6	395.3	395.1	397.2	401.2	362.3	396.9	397.5	395.3	396.5	399.9
17 Commercial and industrial loans sold[4]	2.2	2.3	2.4	2.2	2.1	2.1	2.2	2.3	2.4	2.2	2.1	2.1
18 Acceptances held	8.9	8.5	8.9	8.2	8.0	8.5	9.8	9.5	8.2	7.7	8.1	8.4
19 Other commercial and industrial loans	349.1	383.8	384.0	384.8	387.0	390.7	350.3	385.2	386.9	385.4	386.3	389.4
20 To U.S. addressees[5]	334.9	373.5	372.1	371.8	373.7	378.1	334.3	372.7	375.1	373.4	374.2	377.3
21 To non-U.S. addressees	14.2	10.3	11.9	13.0	13.3	12.5	16.1	12.4	11.8	12.0	12.1	12.1
22 Loans to foreign banks	19.0	13.5	15.2	15.1	15.0	14.4	20.0	14.5	14.6	14.5	14.5	14.1

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	Sept.	Oct.	Nov.r	Dec.r	Jan.r	Feb.r	Mar.r	Apr.r	Mayr	Juner	July
Total nondeposit funds												
1 Seasonally adjusted[2]	96.5r	78.8r	81.1	87.3	82.8	72.8	75.8	75.3	79.7	90.3	87.7	75.8
2 Not seasonally adjusted	98.0r	81.2r	83.3	89.3	84.3	74.3	76.7	76.0	78.3	89.8	89.9	77.8
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	111.6r	121.6	126.2r	129.2	127.5	131.8	134.7	134.8	139.3	145.3	140.1	131.9
4 Not seasonally adjusted	113.1r	124.0	128.4	131.2	128.9	133.2	135.6	135.5	137.8	144.8	141.8	134.0
5 Net balances due to foreign-related institutions, not seasonally adjusted	−17.9r	−45.6r	−47.9	−44.8	−47.6	−61.9	−61.9	−62.4	−62.5	−57.8	−55.1	−58.8
6 *Loans sold to affiliates, not seasonally adjusted*[4]	2.8	2.8	2.8	2.9	2.9	3.0	3.0	3.0	3.0	2.8	2.7	2.7
MEMO												
7 Domestically chartered banks' net positions *with own foreign branches, not seasonally adjusted*[5]	−22.5	−39.0	−40.4	−38.3	−39.8	−50.2	−50.6	−52.9	−52.6	−48.7	−49.2	−51.0
8 Gross due from balances	54.9	68.8	69.8	69.9	72.4	79.4	78.9	79.8	80.1	76.3	75.8	77.5
9 Gross due to balances	32.4	29.7	29.4	31.6	32.6	29.2	28.3	26.9	27.5	27.6	26.6	26.5
10 Foreign-related institutions' net positions with *directly related institutions, not seasonally adjusted*[6]	4.3	−7.3	−7.5	−6.4	−8.7	−12.0	−11.3	−9.4	−9.8	−9.1	−5.9	−7.8
11 Gross due from balances	48.1	54.6	53.9	53.5	55.3	57.2	55.7	56.1	55.9	55.7	53.9	55.2
12 Gross due to balances	52.4	47.3	46.4	47.1	46.6	45.2	44.4	46.7	46.1	46.7	48.0	47.4
Security RP borrowings												
13 Seasonally adjusted[7]	59.0	65.0	69.0	71.5	71.0	72.2	74.3	74.7	79.3	84.6	81.4	75.5
14 Not seasonally adjusted	59.2	66.0	69.8	72.1	71.1	72.2	73.7	73.9	76.3	82.6	81.5	76.0
U.S. Treasury demand balances[8]												
15 Seasonally adjusted	12.2	11.1	14.4	10.6	11.9	15.7	8.8	12.5	13.5	11.3	13.0	24.1
16 Not seasonally adjusted	11.1	12.3	16.4	7.8	10.8	16.3	10.2	13.2	14.2	12.5	13.2	21.9
Time deposits, $100,000 or more[9]												
17 Seasonally adjusted	324.1	366.7	376.6	360.6	347.3	319.2	303.0	296.0	296.2	287.0	287.5	285.7
18 Not seasonally adjusted	330.4	361.8	364.9	361.7	353.9	325.4	310.5	300.7	293.0	285.0	283.5	281.4
IBF ADJUSTMENTS FOR SELECTED ITEMS[10]												
19 Items 1 and 2	22.4	32.8	33.1	33.3	33.9	34.2	......	......	......	......	......	......
20 Items 3 and 4	1.7	2.4	2.4	2.4	2.4	2.4	......	......	......	......	......	......
21 Item 5	20.7	30.4	30.7	30.9	31.5	31.8	......	......	......	......	......	......
22 Item 7	3.1	5.4	5.4	5.5	5.8	5.8	......	......	......	......	......	......
23 Item 10	17.6	25.0	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

Account	1982			1983							
	Oct	Nov	Dec.	Jan	Feb	Mar.	Apr.	May	June	July[r]	Aug
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	1,343.0	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	1,456.9
2 Loans, excluding interbank	988.5	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
3 Commercial and industrial	355.8	355.4	357.9	355.6	356.3	358.6	358.5	357.3	360.6	361.7	363.6
4 Other	632.7	635.0	642.9	638.2	635.8	643.7	646.8	650.8	664.5	666.9	679.2
5 U.S. Treasury securities	119.4	122.2	129.0	136.0	141.4	150.6	155.5	160.9	166.0	165.1	167.5
6 Other securities	235.1	234.4	240.5	241.6	240.8	239.9	243.9	244.1	244.1	243.9	246.7
7 Cash assets, total	162.1	169.7	184.4	167.8	184.7	168.9	170.1	164.5	176.9	168.7	176.9
8 Currency and coin	20.5	19.0	23.0	20.4	20.3	19.9	20.4	20.3	21.3	20.7	21.0
9 Reserves with Federal Reserve Banks	23.5	22.0	25.4	23.9	25.3	20.5	23.9	22.4	18.8	20.6	22.5
10 Balances with depository institutions	61.3	64.6	67.6	67.7	71.6	67.1	66.1	65.6	69.7	67.1	69.0
11 Cash items in process of collection	56.8	64.1	68.4	55.9	67.5	61.5	59.6	56.3	67.1	60.3	64.4
12 Other assets[2]	237.0	241.8	265.3	260.1	263.6	257.9	252.4	248.3	253.2	254.5	257.3
13 Total assets/total liabilities and capital	**1,742.1**	**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**
14 Deposits	1,300.2	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	1,420.2
15 Demand	326.5	338.1	363.9	324.0	337.9	333.4	329.2	324.5	344.4	334.2	344.6
16 Savings	238.2	244.9	296.4	361.5	395.2	419.2	426.9	440.2	445.3	447.5	449.0
17 Time	735.4	733.9	701.5	655.1	635.2	621.6	611.9	606.1	613.1	614.8	626.5
18 Borrowings	203.7	198.1	215.1	221.6	218.0	211.3	224.0	214.1	221.2	217.5	217.2
19 Other liabilities	106.2	109.3	109.2	106.4	106.0	103.5	102.3	104.7	104.3	105.5	107.6
20 Residual (assets less liabilities)	132.0	134.3	133.9	130.1	129.6	130.0	132.0	135.1	137.0	141.1	146.1
MEMO.											
21 U.S. Treasury note balances included in borrowing	11.7	2.4	10.7	17.1	7.0	9.6	17.8	2.7	19.3	19.3	14.8
22 Number of banks	14,797	14,782	14,787	14,780	14,812	14,819	14,823	14,817	14,826	14,785	14,795
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	1,401.7	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
24 Loans, excluding interbank	1,042.3	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
25 Commercial and industrial	393.7	398.9	396.5	393.0	392.9	396.5	394.1	392.3	395.9	398.3	401.2
26 Other	648.6	653.2	658.4	652.4	650.0	658.6	661.8	664.7	678.7	680.0	693.0
27 U.S. Treasury securities	122.7	125.7	132.8	139.5	145.1	155.3	160.3	166.1	171.3	170.3	172.7
28 Other securities	236.7	235.9	242.1	243.2	242.4	241.5	245.5	245.8	245.7	245.6	248.4
29 Cash assets, total	178.7	181.2	200.7	183.7	200.5	185.5	186.3	180.3	193.5	185.2	193.3
30 Currency and coin	20.5	19.0	23.0	20.4	20.3	19.9	20.4	20.3	21.3	20.7	21.1
31 Reserves with Federal Reserve Banks	25.0	23.4	26.8	25.3	26.7	22.0	25.4	23.8	20.0	21.9	24.0
32 Balances with depository institutions	75.3	74.4	81.4	81.1	84.9	81.0	79.8	78.9	84.0	81.2	82.8
33 Cash items in process of collection	57.8	64.3	69.4	56.9	68.6	62.6	60.7	57.3	68.2	61.4	65.4
34 Other assets[2]	313.9	323.3	341.7	333.2	330.2	325.4	317.7	309.5	318.1	318.7	324.8
35 Total assets/total liabilities and capital	**1,894.2**	**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**	**2,033.3**
36 Deposits	1,345.2	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	1,461.5
37 Demand	338.9	344.9	376.2	335.9	350.2	345.7	341.1	336.4	356.4	346.4	356.6
38 Savings	238.5	245.1	296.7	361.9	395.6	419.7	427.3	440.7	445.7	448.0	449.5
39 Time	767.8	768.0	736.7	687.7	666.8	654.1	642.6	636.0	641.6	643.8	655.4
40 Borrowings	268.3	267.0	278.3	283.5	276.0	269.9	281.3	269.5	278.2	277.9	280.5
41 Other liabilities	146.9	156.6	148.4	143.5	140.4	141.1	138.7	137.9	142.3	139.1	143.4
42 Residual (assets less liabilities)	133.9	136.6	135.8	132.0	131.5	131.9	133.9	137.0	138.9	143.0	148.0
MEMO.											
43 U.S. Treasury note balances included in borrowing	11.7	2.4	10.7	17.1	7.0	9.6	17.8	2.7	19.3	19.3	14.8
44 Number of banks	15,330	15,318	15,329	15,332	15,366	15,376	15,390	15,385	15,396	15,359	15,370

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 July 6	July 13	July 20	July 27	Aug. 3p	Aug. 10p	Aug. 17p	Aug. 24p	Aug. 31p
1 Cash items in process of collection	60,182	49,529	47,364	48,072	50,268	43,096	47,945	43,897	50,410
2 Demand deposits due from banks in the United States	9,555	6,913	7,381	6,721	7,424	6,645	7,347	6,749	7,759
3 All other cash and due from depository institutions	33,325	36,621	37,502	33,829	34,492	35,051	32,649	32,718	35,480
4 **Total loans and securities**	**681,634**	**667,246**	**667,159**	**664,448**	**672,113**	**666,202**	**668,119**	**666,443**	**670,961**
Securities									
5 U.S Treasury securities	55,742	51,489	51,907	50,126	51,445	50,218	52,075	51,615	51,461
6 Trading account	11,831	9,243	10,104	9,095	9,837	8,240	9,736	9,229	8,303
7 Investment account, by maturity	43,911	42,246	41,804	41,031	41,608	41,978	42,338	42,386	43,158
8 One year or less	14,510	13,957	13,548	13,660	14,342	14,263	13,591	13,684	14,058
9 Over one through five years	26,567	25,596	25,684	24,767	24,597	25,116	26,288	26,235	26,647
10 Over five years	2,835	2,693	2,571	2,605	2,670	2,599	2,460	2,466	2,453
11 Other securities	83,206	81,992	82,743	83,373	84,470	84,171	85,038	84,111	84,415
12 Trading account	6,224	4,922	5,490	5,450	6,416	6,045	7,059	6,322	6,629
13 Investment account	76,982	77,070	77,252	77,923	78,054	78,125	77,979	77,788	77,786
14 U.S government agencies	16,472	16,392	16,335	16,407	16,563	16,512	16,468	16,551	16,388
15 States and political subdivisions, by maturity	57,084	57,206	57,359	58,008	57,988	58,094	58,007	57,644	57,774
16 One year or less	7,314	6,800	7,020	7,701	7,826	7,861	7,900	7,569	7,640
17 Over one year	49,769	50,407	50,339	50,307	50,162	50,233	50,108	50,075	50,134
18 Other bonds, corporate stocks and securities	3,426	3,471	3,559	3,509	3,503	3,519	3,503	3,593	3,624
Loans									
19 Federal funds sold[1]	51,318	45,706	44,489	43,785	44,049	41,543	39,756	40,406	41,304
20 To commercial banks	40,173	35,461	33,870	32,764	33,276	30,869	28,356	29,611	30,606
21 To nonbank brokers and dealers in securities	7,633	7,002	7,198	7,735	7,526	7,584	8,618	8,048	7,750
22 To others	3,512	3,242	3,421	3,286	3,246	3,090	2,782	2,747	2,947
23 Other loans, gross	504,707	501,385	501,360	500,543	505,539	503,678	504,657	503,724	507,252
24 Commercial and industrial	214,896	214,140	214,254	213,215	215,402	214,677	213,829	213,860	214,047
25 Bankers acceptances and commercial paper	4,561	4,493	4,065	3,749	4,372	3,867	3,749	3,977	3,948
26 All other	210,335	209,648	210,189	209,465	211,030	210,810	210,081	209,883	210,100
27 U.S. addressees	203,488	202,661	203,355	202,553	204,094	203,929	203,186	203,006	203,196
28 Non-U.S. addressees	6,847	6,987	6,834	6,912	6,936	6,881	6,895	6,877	6,903
29 Real estate	135,013	135,291	135,553	135,665	135,575	135,984	136,485	136,641	137,081
30 To individuals for personal expenditures	76,647	76,720	76,987	77,296	77,522	77,775	78,098	78,454	79,015
To financial institutions									
31 Commercial banks in the United States	7,527	7,328	7,080	6,919	7,491	7,178	7,302	7,551	7,490
32 Banks in foreign countries	7,995	7,677	7,975	7,883	8,272	7,972	7,759	7,672	8,304
33 Sales finance, personal finance companies, etc.	9,478	9,529	9,006	9,091	9,420	9,194	9,079	9,094	9,287
34 Other financial institutions	16,009	15,997	15,886	15,738	16,283	16,375	16,283	15,956	15,959
35 To nonbank brokers and dealers in securities	9,450	8,595	8,524	8,652	8,842	8,143	9,234	7,990	9,406
36 To others for purchasing and carrying securities[2]	3,090	3,095	3,106	3,074	3,098	3,106	3,096	3,074	3,184
37 To finance agricultural production	7,006	6,997	7,047	7,060	7,094	7,140	7,122	7,085	7,123
38 All other	17,596	16,014	15,943	15,949	16,540	16,132	16,370	16,344	16,356
39 LESS: Unearned income	5,081	5,091	5,070	5,064	5,040	5,067	5,042	5,059	5,035
40 Loan loss reserve	8,259	8,235	8,271	8,316	8,350	8,340	8,365	8,353	8,436
41 Other loans, net	491,368	488,059	488,020	487,163	492,149	490,270	491,250	490,312	493,782
42 Lease financing receivables	10,855	10,922	10,854	10,859	10,889	10,882	10,939	10,944	10,948
43 All other assets	148,646	143,731	141,273	139,393	143,024	143,216	142,686	139,668	140,340
44 **Total assets**	**944,197**	**914,964**	**911,534**	**903,322**	**918,210**	**905,092**	**909,686**	**900,420**	**915,898**
Deposits									
45 Demand deposits	195,302	177,072	174,431	173,307	179,472	169,249	174,494	166,493	177,346
46 Mutual savings banks	838	643	743	616	796	705	742	614	711
47 Individuals, partnerships, and corporations	145,468	136,631	132,158	132,724	134,492	129,368	134,201	126,858	134,801
48 States and political subdivisions	5,218	4,654	4,697	4,932	5,309	4,350	4,844	4,541	4,881
49 U.S. government	3,312	987	2,770	2,037	3,221	1,878	1,091	2,078	1,015
50 Commercial banks in the United States	23,977	18,717	19,635	17,987	20,146	18,361	19,409	18,050	20,029
51 Banks in foreign countries	6,568	6,218	5,853	5,810	5,923	6,085	5,692	5,748	5,972
52 Foreign governments and official institutions	1,097	1,046	905	873	1,065	996	992	1,109	1,361
53 Certified and officers' checks	8,823	8,176	7,669	8,328	8,520	7,506	7,522	7,495	8,575
54 Time and savings deposits	416,123	414,990	414,876	414,301	416,182	416,206	417,620	418,146	419,145
55 Savings	176,158	174,859	174,340	173,397	175,006	174,248	173,423	172,444	172,770
56 Individuals and nonprofit organizations	157,789	156,368	155,894	154,837	156,366	155,484	154,597	153,499	153,823
57 Partnerships and corporations operated for profit	17,220	17,325	17,343	17,445	17,483	17,584	17,649	17,771	17,785
58 Domestic governmental units	1,101	1,113	1,048	1,045	1,100	1,125	1,120	1,115	1,116
59 All other	47	52	55	71	57	54	56	58	45
60 Time	239,965	240,130	240,536	240,904	241,176	241,957	244,197	245,702	246,375
61 Individuals, partnerships, and corporations	212,372	212,534	213,192	213,830	214,371	214,615	216,703	217,944	218,794
62 States and political subdivisions	16,815	16,852	16,784	16,671	16,597	16,955	17,033	17,270	17,074
63 U.S. government	324	330	328	331	327	314	314	318	320
64 Commercial banks in the United States	7,145	7,104	6,935	6,814	6,694	6,844	6,833	6,822	6,831
65 Foreign governments, official institutions, and banks	3,309	3,310	3,298	3,258	3,187	3,230	3,314	3,346	3,355
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	823	2,158	1,532	330	1,430	164	410	381	2,409
67 Treasury tax-and-loan notes	13,580	14,274	13,202	14,024	10,753	8,797	9,996	11,012	11,066
68 All other liabilities for borrowed money[3]	173,370	161,942	162,166	155,858	162,672	162,728	157,094	155,594	157,198
69 Other liabilities and subordinated notes and debentures	84,090	83,514	84,496	84,870	86,598	86,666	88,980	87,672	87,357
70 **Total liabilities**	**883,289**	**853,949**	**850,704**	**842,690**	**857,108**	**843,811**	**848,594**	**839,298**	**854,521**
71 Residual (total assets minus total liabilities)[4]	60,908	61,014	60,830	60,631	61,102	61,281	61,092	61,122	61,378

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								
	July 6	July 13	July 20	July 27	Aug 3p	Aug. 10p	Aug 17p	Aug. 24p	Aug 31p
1 Cash items in process of collection	56,418	46,668	44,601	45,382	47,265	40,574	45,214	41,189	47,494
2 Demand deposits due from banks in the United States	8,796	6,301	6,803	6,180	6,864	6,110	6,763	6,265	7,173
3 All other cash and due from depository institutions	30,342	33,671	34,468	30,737	31,467	31,927	29,550	29,569	32,471
4 **Total loans and securities**	**633,720**	**619,640**	**619,670**	**617,299**	**624,738**	**618,770**	**620,570**	**619,022**	**623,126**
Securities									
5 U S Treasury securities	51,010	46,802	47,127	45,385	46,729	45,433	47,286	46,746	46,678
6 Trading account	11,655	9,138	9,901	8,960	9,751	8,153	9,609	9,076	8,221
7 Investment account, by maturity	39,355	37,665	37,226	36,426	36,978	37,280	37,677	37,670	38,457
8 One year or less	12,701	12,139	11,741	11,820	12,536	12,454	11,948	12,057	12,379
9 Over one through five years	24,071	23,089	23,170	22,254	22,027	22,483	23,523	23,400	23,907
10 Over five years	2,584	2,436	2,315	2,352	2,415	2,343	2,206	2,213	2,171
11 Other securities	75,534	74,312	74,936	75,624	76,776	76,523	77,237	76,411	76,677
12 Trading account	6,073	4,740	5,219	5,252	6,276	5,939	6,830	6,224	6,500
13 Investment account	69,461	69,571	69,718	70,372	70,500	70,584	70,407	70,186	70,177
14 U S government agencies	14,838	14,808	14,719	14,790	14,950	14,905	14,846	14,920	14,779
15 States and political subdivisions, by maturity	51,566	51,676	51,819	52,460	52,434	52,540	52,428	52,064	52,168
16 One year or less	6,658	6,146	6,378	7,060	7,171	7,206	7,235	6,908	6,956
17 Over one year	44,908	45,530	45,442	45,399	45,263	45,334	45,194	45,156	45,212
18 Other bonds, corporate stocks and securities	3,057	3,087	3,179	3,122	3,116	3,139	3,132	3,202	3,230
Loans									
19 Federal funds sold[1]	46,280	40,963	40,252	39,846	39,940	37,470	35,795	36,651	37,305
20 To commercial banks	35,663	31,254	30,234	29,362	29,620	27,222	24,890	26,328	27,110
21 To nonbank brokers and dealers in securities	7,134	6,503	6,628	7,235	7,098	7,189	8,148	7,601	7,274
22 To others	3,482	3,206	3,389	3,249	3,222	3,060	2,757	2,722	2,921
23 Other loans, gross	473,215	469,862	469,661	468,797	473,660	471,728	472,631	471,594	474,908
24 Commercial and industrial	203,097	202,347	202,433	201,349	203,476	202,783	202,015	202,018	202,122
25 Bankers acceptances and commercial paper	4,253	4,189	3,759	3,475	4,077	3,579	3,474	3,735	3,722
26 All other	198,845	198,158	198,674	197,874	199,399	199,204	198,540	198,283	198,400
27 U S addressees	192,115	191,289	191,959	191,083	192,597	192,444	191,765	191,531	191,619
28 Non-U S addressees	6,729	6,869	6,714	6,792	6,802	6,760	6,776	6,752	6,781
29 Real estate	126,674	126,926	127,174	127,253	127,172	127,502	127,926	128,095	128,506
30 To individuals for personal expenditures	68,008	68,089	68,292	68,601	68,775	68,987	69,272	69,575	70,068
To financial institutions									
31 Commercial banks in the United States	7,142	6,873	6,538	6,424	7,031	6,767	6,831	7,071	7,016
32 Banks in foreign countries	7,910	7,584	7,899	7,809	8,201	7,860	7,678	7,583	8,217
33 Sales finance, personal finance companies, etc	9,303	9,353	8,825	8,915	9,213	8,994	8,870	8,880	9,066
34 Other financial institutions	15,289	15,266	15,167	15,014	15,522	15,630	15,544	15,213	15,217
35 To nonbank brokers and dealers in securities	9,386	8,539	8,480	8,580	8,777	8,060	9,161	7,916	9,335
36 To others for purchasing and carrying securities[2]	2,833	2,841	2,849	2,816	2,839	2,842	2,834	2,812	2,920
37 To finance agricultural production	6,798	6,787	6,834	6,844	6,881	6,919	6,902	6,870	6,908
38 All other	16,773	15,257	15,169	15,190	15,773	15,383	15,597	15,560	15,533
39 LESS: Unearned income	4,488	4,495	4,471	4,469	4,453	4,478	4,449	4,463	4,446
40 Loan loss reserve	7,830	7,805	7,835	7,885	7,915	7,906	7,930	7,917	7,996
41 Other loans, net	460,896	457,563	457,355	456,443	461,292	459,344	460,252	459,214	462,467
42 Lease financing receivables	10,448	10,515	10,447	10,452	10,480	10,471	10,527	10,529	10,531
43 All other assets	144,389	139,547	137,021	135,203	138,668	138,850	138,497	135,598	135,955
44 **Total assets**	**884,113**	**856,343**	**853,012**	**845,254**	**859,482**	**846,702**	**851,120**	**842,173**	**856,750**
Deposits									
45 Demand deposits	181,331	164,274	161,895	161,062	166,591	157,001	162,353	154,490	164,635
46 Mutual savings banks	791	613	715	584	759	680	713	589	683
47 Individuals, partnerships and corporations	134,726	126,380	122,280	123,008	124,476	119,634	124,576	117,423	124,762
48 States and political subdivisions	4,743	4,165	4,162	4,428	4,788	3,850	4,346	3,940	4,344
49 U S. government	3,048	823	2,557	1,877	2,961	1,717	943	1,906	904
50 Commercial banks in the United States	21,888	17,138	18,084	16,468	18,408	16,840	17,899	16,568	18,349
51 Banks in foreign countries	6,524	6,174	5,803	5,764	5,876	6,044	5,643	5,703	5,926
52 Foreign governments and official institutions	1,095	1,043	904	868	1,064	990	989	1,108	1,358
53 Certified and officers' checks	8,516	7,939	7,389	8,064	8,258	7,245	7,243	7,254	8,309
54 Time and savings deposits	386,054	384,935	384,831	384,160	385,938	385,898	387,158	387,646	388,639
55 Savings	163,024	161,826	161,330	160,410	161,909	161,174	160,390	159,537	159,808
56 Individuals and nonprofit organizations	146,202	144,910	144,455	143,455	144,878	144,035	143,191	142,214	142,468
57 Partnerships and corporations operated for profit	15,790	15,868	15,881	15,947	15,987	16,073	16,138	16,280	16,289
58 Domestic governmental units	986	996	939	937	987	1,013	1,006	986	991
59 All other	45	51	54	70	57	53	56	58	59
60 Time	223,031	223,110	223,501	223,750	224,029	224,724	226,768	228,109	228,831
61 Individuals, partnerships, and corporations	197,453	197,525	198,121	198,606	199,125	199,299	201,170	202,298	203,178
62 States and political subdivisions	15,073	15,108	15,068	14,982	14,918	15,248	15,360	15,564	15,378
63 U S government	223	228	226	230	242	240	242	246	247
64 Commercial banks in the United States	6,973	6,938	6,788	6,673	6,557	6,707	6,681	6,655	6,672
65 Foreign governments, official institutions, and banks	3,309	3,310	3,298	3,258	3,187	3,230	3,314	3,346	3,355
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	823	2,158	1,532	330	1,425	154	410	356	2,399
67 Treasury tax-and-loan notes	12,832	13,482	12,406	13,214	10,128	8,255	9,351	10,295	10,368
68 All other liabilities for borrowed money[3]	163,933	152,748	152,821	146,820	153,548	153,282	147,711	146,434	147,926
69 Other liabilities and subordinated notes and debentures	82,056	81,562	82,494	82,847	84,617	84,706	86,867	85,640	85,263
70 **Total liabilities**	**827,031**	**799,160**	**795,978**	**788,433**	**802,248**	**789,295**	**793,851**	**784,861**	**799,231**
71 Residual (total assets minus total liabilities)[4]	57,082	57,183	57,033	56,821	57,233	57,407	57,270	57,312	57,519

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								
	July 6	July 13	July 20	July 27	Aug 3p	Aug 10p	Aug. 17p	Aug. 24p	Aug 31p
1 Cash items in process of collection	18,333	17,270	15,348	17,454	15,948	14,191	15,675	14,689	17,099
2 Demand deposits due from banks in the United States	1,327	1,015	1,204	1,045	1,194	1,163	1,149	1,133	1,020
3 All other cash and due from depository institutions	5,679	8,965	7,594	5,212	7,014	8,569	5,397	4,683	6,303
4 Total loans and securities[1]	**147,043**	**143,658**	**142,440**	**141,740**	**144,824**	**143,069**	**143,861**	**142,695**	**144,843**
Securities									
5 U S Treasury securities[2]	...	...	...	...	...	...	...	...	...
6 Trading account[2]	...	...	...	...	...	...	...	...	...
7 Investment account, by maturity	9,109	8,265	8,268	7,601	8,108	8,253	8,438	8,289	8,843
8 One year or less	2,083	1,851	1,871	1,859	2,452	2,481	2,464	2,458	2,396
9 Over one through five years	6,362	5,800	5,829	5,178	4,851	5,034	5,517	5,373	5,986
10 Over five years	664	614	568	564	805	738	457	458	461
11 Other securities[2]	...	...	...	...	...	...	...	...	...
12 Trading account[2]	...	...	...	...	...	...	...	...	...
13 Investment account	14,210	14,317	14,498	14,844	14,889	15,046	14,997	14,820	14,833
14 U.S government agencies	1,527	1,532	1,542	1,550	1,547	1,544	1,533	1,586	1,592
15 States and political subdivisions, by maturity	11,876	11,978	12,125	12,496	12,554	12,713	12,657	12,428	12,435
16 One year or less	1,548	1,530	1,607	1,942	2,010	2,103	2,045	1,835	1,821
17 Over one year	10,328	10,448	10,518	10,554	10,544	10,610	10,612	10,593	10,614
18 Other bonds, corporate stocks and securities	807	806	830	798	788	789	807	806	806
Loans									
19 Federal funds sold[3]	12,247	11,355	10,521	10,590	10,437	10,217	10,700	10,457	10,672
20 To commercial banks	6,740	6,378	5,506	5,354	4,965	4,688	5,418	5,300	5,467
21 *To nonbank brokers and dealers in securities*	3,942	3,445	3,241	3,745	3,815	4,011	3,856	3,796	3,670
22 To others	1,565	1,532	1,774	1,491	1,657	1,517	1,425	1,362	1,535
23 Other loans, gross	115,421	113,668	113,102	112,706	115,396	113,566	113,728	113,134	114,536
24 Commercial and industrial	58,458	58,760	58,494	58,670	59,499	58,955	58,270	58,584	58,029
25 Bankers' acceptances and commercial paper	1,076	1,324	1,026	942	1,171	1,040	975	1,195	950
26 All other	57,382	57,436	57,468	57,728	58,327	57,915	57,294	57,390	57,080
27 U.S. addressees	55,791	55,784	55,898	56,130	56,772	56,333	55,725	55,791	55,474
28 Non-U.S. addressees	1,591	1,653	1,570	1,598	1,555	1,582	1,569	1,598	1,606
29 Real estate	19,505	19,546	19,546	19,506	19,530	19,598	19,938	19,998	20,131
30 To individuals for personal expenditures	11,822	11,810	11,830	11,885	11,964	12,038	12,069	12,096	12,182
To financial institutions									
31 Commercial banks in the United States	2,235	1,752	1,320	1,509	1,787	1,625	1,582	1,720	1,906
32 Banks in foreign countries	2,906	2,528	2,715	2,541	2,909	2,617	2,510	2,516	2,737
33 *Sales finance, personal finance companies, etc.*	3,800	3,859	3,598	3,710	3,903	3,811	3,692	3,663	3,820
34 Other financial institutions	4,364	4,347	4,431	4,356	4,390	4,510	4,430	4,321	4,373
35 To nonbank brokers and dealers in securities	6,008	5,389	5,767	5,427	5,892	4,984	5,781	4,861	6,144
36 To others for purchasing and carrying securities[4]	735	708	695	642	644	654	649	608	635
37 To finance agricultural production	458	434	438	432	432	432	419	393	422
38 All other	5,130	4,535	4,267	4,027	4,445	4,342	4,388	4,374	4,156
39 LESS. Unearned income	1,408	1,420	1,426	1,430	1,417	1,438	1,422	1,430	1,419
40 Loan loss reserve	2,536	2,527	2,523	2,572	2,588	2,576	2,579	2,575	2,622
41 Other loans, net	111,477	109,721	109,153	108,704	111,390	109,552	109,726	109,129	110,494
42 Lease financing receivables	1,989	2,077	2,076	2,075	2,075	2,072	2,078	2,080	2,074
43 All other assets[5]	66,675	59,994	58,933	57,663	61,434	59,905	60,793	59,450	59,108
44 Total assets	**241,046**	**232,979**	**227,595**	**225,190**	**232,488**	**228,968**	**228,952**	**224,730**	**230,447**
Deposits									
45 Demand deposits	53,159	48,321	46,574	48,140	47,866	44,647	46,803	45,131	48,048
46 Mutual savings banks	395	278	396	289	364	340	373	286	332
47 Individuals, partnerships, and corporations	35,168	32,390	31,063	33,028	31,959	29,448	32,299	30,490	32,065
48 States and political subdivisions	883	815	832	757	710	598	692	559	586
49 U.S. government	859	171	625	554	695	539	226	506	172
50 Commercial banks in the United States	5,676	4,806	5,022	4,052	4,333	4,722	4,635	4,346	5,320
51 Banks in foreign countries	5,184	4,891	4,264	4,391	4,610	4,723	4,334	4,492	4,654
52 Foreign governments and official institutions	849	845	697	657	841	786	794	912	1,117
53 Certified and officers' checks	4,146	4,126	3,674	4,411	4,354	3,491	3,450	3,540	3,802
54 Time and savings deposits	72,886	73,124	73,223	72,640	73,102	73,127	73,507	73,027	73,285
55 Savings	29,682	29,511	29,466	29,232	29,281	29,114	28,940	28,847	28,872
56 Individuals and nonprofit organizations	27,042	26,860	26,790	26,607	26,636	26,468	26,300	26,189	26,214
57 Partnerships and corporations operated for profit	2,415	2,417	2,441	2,377	2,394	2,414	2,420	2,442	2,448
58 Domestic governmental units	199	205	203	197	212	198	184	177	171
59 All other	26	28	32	50	39	34	35	38	39
60 Time	43,204	43,613	43,758	43,408	43,821	44,013	44,567	44,180	44,413
61 Individuals, partnerships, and corporations	36,802	37,210	37,445	37,197	37,508	37,590	38,279	37,979	38,262
62 States and political subdivisions	1,903	1,962	2,047	2,059	2,199	2,210	2,233	2,235	2,096
63 U.S. government	15	22	21	23	22	22	22	24	24
64 Commercial banks in the United States	3,074	3,020	2,840	2,728	2,740	2,758	2,583	2,510	2,584
65 Foreign governments, official institutions, and banks	1,410	1,400	1,404	1,401	1,352	1,432	1,450	1,433	1,447
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	...	925	...	...	450	...	...	...	1,050
67 Treasury tax-and-loan notes	3,003	3,343	3,063	3,335	2,317	2,119	2,432	2,755	2,789
68 *All other liabilities for borrowed money[6]*	58,105	53,542	51,073	47,396	54,112	54,074	50,296	48,718	49,473
69 Other liabilities and subordinated notes and debentures	34,291	34,067	34,016	34,240	35,027	35,278	36,163	35,327	36,022
70 Total liabilities	**221,444**	**213,322**	**207,949**	**205,751**	**212,874**	**209,245**	**209,201**	**204,958**	**210,668**
71 Residual (total assets minus total liabilities)[7]	19,601	19,658	19,646	19,438	19,614	19,723	19,751	19,772	19,779

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								
	July 6	July 13	July 20	July 27	Aug. 3p	Aug. 10p	Aug. 17p	Aug. 24p	Aug 31p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	647,274	637,782	639,549	638,145	644,735	641,562	645,868	642,693	646,337
2 Total loans (gross) adjusted[1]	508,326	504,301	504,899	504,645	508,820	507,173	508,755	506,967	510,461
3 Demand deposits adjusted[2]	107,831	107,839	104,661	105,211	105,836	105,914	106,049	102,468	105,892
4 Time deposits in accounts of $100,000 or more	143,350	142,918	142,834	142,708	142,375	142,637	144,303	145,418	145,594
5 Negotiable CDs	95,739	94,537	93,977	93,781	93,172	93,199	94,528	95,185	95,401
6 Other time deposits	47,611	48,381	48,856	48,927	49,204	49,438	49,775	50,233	50,193
7 Loans sold outright to affiliates[3]	2,634	2,666	2,682	2,636	2,623	2,611	2,533	2,579	2,529
8 Commercial and industrial	2,066	2,080	2,098	2,033	2,024	2,010	1,934	2,022	1,993
9 Other	568	586	584	602	599	601	598	558	536
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	603,233	593,813	595,204	593,867	600,455	597,166	601,228	598,003	601,442
11 Total loans (gross) adjusted[1]	476,689	472,699	473,140	472,857	476,950	475,210	476,705	474,846	478,087
12 Demand deposits adjusted[2]	99,977	99,644	96,653	97,335	97,958	97,869	98,297	94,827	97,888
13 Time deposits in accounts of $100,000 or more	135,111	134,657	134,572	134,369	134,087	134,291	135,795	136,797	137,033
14 Negotiable CDs	91,101	89,910	89,359	89,111	88,550	88,530	89,755	90,336	90,626
15 Other time deposits	44,010	44,747	45,213	45,258	45,537	45,761	46,040	46,460	46,407
16 Loans sold outright to affiliates[3]	2,580	2,615	2,633	2,587	2,574	2,562	2,484	2,531	2,480
17 Commercial and industrial	2,023	2,037	2,057	1,991	1,981	1,967	1,890	1,978	1,949
18 Other	557	578	576	596	593	595	594	553	530
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	142,012	139,474	139,564	138,879	142,078	140,770	140,862	139,681	141,511
20 Total loans (gross) adjusted[1]	118,693	116,892	116,798	116,433	119,081	117,470	117,427	116,571	117,835
21 Demand deposits adjusted[2]	28,291	26,074	25,578	26,079	26,890	25,195	26,267	25,590	25,457
22 Time deposits in accounts of $100,000 or more	32,683	32,939	33,034	32,583	32,757	32,964	33,417	33,008	33,144
23 Negotiable CDs	22,356	22,207	22,095	21,785	21,910	22,072	22,600	22,207	22,468
24 Other time deposits	10,328	10,731	10,939	10,799	10,846	10,892	10,818	10,801	10,676

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								
	July 6	July 13	July 20	July 27	Aug 3p	Aug. 10p	Aug. 17p	Aug. 24p	Aug. 31p
1 Cash and due from depository institutions	7,536	7,517	7,340	7,399	7,874	7,366	7,283	6,846	7,323
2 Total loans and securities	41,422	40,350	41,797	40,668	40,852	41,225	40,804	41,616	42,942
3 U.S. Treasury securities	4,489	4,407	4,396	4,369	4,100	4,060	4,255	4,215	4,378
4 Other securities	865	858	858	927	847	848	862	862	901
5 Federal funds sold[1]	2,629	2,028	2,413	1,850	2,174	2,534	1,876	2,503	2,711
6 To commercial banks in United States	2,386	1,916	2,293	1,774	2,049	2,258	1,728	2,396	2,520
7 To others	243	113	120	76	125	276	148	106	190
8 Other loans, gross	33,439	33,057	34,130	33,522	33,731	33,783	33,811	34,036	34,952
9 Commercial and industrial	17,264	17,382	18,323	18,132	18,116	18,034	18,358	18,365	18,734
10 Bankers acceptances and commercial paper	2,817	2,856	2,981	3,020	3,037	3,163	3,099	3,013	3,004
11 All other	14,447	14,526	15,342	15,112	15,079	14,871	15,259	15,352	15,731
12 U.S. addressees	12,732	12,792	13,591	13,327	13,343	13,123	13,450	13,542	13,938
13 Non-U.S. addressees	1,715	1,734	1,751	1,785	1,736	1,748	1,809	1,810	1,793
14 To financial institutions	12,140	11,846	11,707	11,485	11,462	11,782	11,472	11,636	12,080
15 Commercial banks in United States	9,470	9,400	9,370	9,213	9,141	9,522	9,174	9,294	9,689
16 Banks in foreign countries	2,010	1,870	1,740	1,686	1,732	1,659	1,685	1,740	1,802
17 Nonbank financial institutions	660	576	597	586	590	600	613	602	589
18 For purchasing and carrying securities	249	220	342	185	401	298	365	406	466
19 All other	3,786	3,609	3,757	3,720	3,752	3,670	3,615	3,629	3,672
20 Other assets (claims on nonrelated parties)	10,111	10,237	11,009	10,803	11,130	11,250	11,304	11,218	11,436
21 Net due from related institutions	12,530	11,826	12,142	12,469	11,543	11,097	10,968	11,882	12,615
22 Total assets	71,599	69,930	72,289	71,339	71,400	70,938	70,360	71,562	74,317
23 Deposits or credit balances[2]	20,428	20,165	20,195	20,599	21,089	20,876	20,326	20,643	21,197
24 Credit balances	203	158	155	168	195	166	190	147	188
25 Demand deposits	2,034	1,875	1,934	1,864	1,937	1,816	1,770	1,742	1,976
26 Individuals, partnerships, and corporations	985	892	933	942	844	785	834	790	809
27 Other	1,049	983	1,001	922	1,093	1,030	936	952	1,167
28 Total time and savings	18,190	18,131	18,106	18,567	18,957	18,894	18,366	18,754	19,033
29 Individuals, partnerships, and corporations	15,431	15,382	15,088	15,752	16,095	16,146	15,647	15,950	16,381
30 Other	2,759	2,750	3,017	2,816	2,862	2,749	2,719	2,804	2,652
31 Borrowings[3]	32,293	30,256	32,947	32,826	32,599	32,179	32,414	32,731	33,801
32 Federal funds purchased[4]	12,194	9,793	11,018	11,018	9,716	9,141	9,318	9,312	10,243
33 From commercial banks in United States	10,520	7,954	9,239	9,100	7,790	7,260	7,510	7,281	8,142
34 From others	1,674	1,838	1,779	1,918	1,925	1,880	1,808	2,032	2,101
35 Other liabilities for borrowed money	20,099	20,463	21,929	21,808	22,883	23,038	23,095	23,419	23,558
36 To commercial banks in United States	17,211	17,696	18,137	17,750	18,695	19,062	19,168	19,480	19,618
37 To others	2,888	2,767	3,792	4,058	4,188	3,976	3,927	3,939	3,940
38 Other liabilities to nonrelated parties	11,203	11,180	11,400	11,447	11,730	11,889	12,083	12,035	12,191
39 Net due to related institutions	7,674	8,329	7,747	6,467	5,982	5,994	5,536	6,153	7,128
40 Total liabilities	71,599	69,930	72,289	71,339	71,400	70,938	70,360	71,562	74,317
MEMO									
41 Total loans (gross) and securities adjusted[5]	29,566	29,035	30,134	29,680	29,663	29,445	29,903	29,926	30,732
42 Total loans (gross) adjusted[5]	24,212	23,770	24,880	24,384	24,716	24,537	24,785	24,849	25,453

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 Feb.	Mar.	Apr	May	June	July
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**83,438**	**112,803**	**124,374**	**165,455**	**166,208**	**168,562**	**167,665**	**170,659**	**169,503**	**170,716**	**172,150**
Financial companies[3]											
Dealer-placed paper[4]											
2 Total	12,181	17,359	19,599	29,904	34,067	37,593	36,255	37,481	38,645	39,850	39,027
3 Bank-related (not seasonally adjusted)	3,521	2,784	3,561	6,045	2,516	2,604	2,030	1,950	1,954	2,192	2,367
Directly placed paper[5]											
4 Total	51,647	64,757	67,854	81,715	84,183	84,932	85,773	87,831	87,238	87,749	89,585
5 Bank-related (not seasonally adjusted)	12,314	17,598	22,382	26,914	32,034	31,661	32,951	32,495	32,943	33,420	33,613
6 Nonfinancial companies[6]	19,610	30,687	36,921	53,836	47,958	46,037	45,637	45,347	43,620	43,117	43,538
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**33,700**	**45,321**	**54,744**	**69,226**	**79,543**	**73,706**	**70,843**	**70,389**	**68,797**	**70,907**	n.a.
Holder											
8 Accepting banks	8,579	9,865	10,564	10,857	10,910	9,567	10,518	9,494	8,223	9,147	n.a.
9 Own bills	7,653	8,327	8,963	9,743	9,471	8,258	9,083	7,951	7,497	7,998	n.a.
10 Bills bought	927	1,538	1,601	1,115	1,439	1,308	1,435	1,543	726	1,148	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	1,003	758	778	788	792	n.a.
13 Others	23,870	33,370	41,614	56,926	66,204	63,136	59,568	60,118	59,786	60,968	n.a.
Basis											
14 Imports into United States	8,574	10,270	11,776	14,765	17,683	14,976	14,217	14,418	13,858	14,324	n.a.
15 Exports from United States	7,586	9,640	12,712	15,400	16,328	17,633	16,826	17,124	16,074	16,356	n.a.
16 All other	17,540	25,411	30,257	39,061	45,532	41,097	39,800	38,848	38,865	40,226	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 December 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		
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, May 2–6, 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)	37,412,526	1,048,071	837,428	1,106,290	2,183,547	1,037,743	31,199,446
2 Number of loans	200,209	139,045	25,153	17,287	12,630	1,571	4,522
3 Weighted-average maturity (months)	1 4	4.0	4 2	4 5	5 0	3.3	8
4 With fixed rates	9	3.4	3 7	3.3	4.7	2 0	5
5 With floating rates	2 3	5.5	5 3	5 9	5.1	4 1	1 6
6 Weighted-average interest rate (percent per annum)	10.31	13 86	13.68	12 62	11 87	11.34	9.87
7 Interquartile range[1]	9.55–10.52	12 68–14 49	12.34–14 11	11 57–13 80	11 02–12 47	10.92–12.10	9.52–9 96
8 With fixed rates	10.21	14 39	14.36	13.29	11 86	10.72	9.80
9 With floating rates	10 46	12 96	12 55	12.00	11 87	11 58	10 00
Percentage of amount of loans							
10 With floating rate	40.1	36 6	37 6	51.9	63 5	71 6	37 2
11 Made under commitment	65 6	39.5	37 9	61 4	54.2	70.5	68 0
12 With no stated maturity	13 4	12 7	18 1	16.9	29 7	32 2	11.4
13 With one-day maturity	37 3	1	0	1	.4	2.1	44.6
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS		1–99					
14 Amount of loans (thousands of dollars)	4,113,314	775,809			418,758	178,643	2,740,104
15 Number of loans	38,455	35,820			1,990	262	383
16 Weighted-average maturity (months)	55 6	33 4			35.6	44.5	65 6
17 With fixed rates	43 5	36 9			21.9	58.2	54.7
18 With floating rates	61 5	26 3			46 4	42.0	68 8
19 Weighted-average interest rate (percent per annum)	11.46	14.52			12 87	11.92	10.35
20 Interquartile range[1]	9 71–12.19	12 13–14.93			11.73–14 00	11 19–12 68	9 63–11 02
21 With fixed rates	12 31	15.02			13 78	11 96	9.61
22 With floating rates	11 04	13.51			12 15	11 92	10 56
Percentage of amount of loans							
23 With floating rate	67 2	33 0			56.1	84.7	77 4
24 Made under commitment	71 8	18 3			42.7	75 9	91 2
CONSTRUCTION AND LAND DEVELOPMENT LOANS		1–24	25–49	50–99		500 and over	
25 Amount of loans (thousands of dollars)	1,917,014	199,628	77,218	47,315	438,205	1,154,649	
26 Number of loans	25,727	21,047	2,219	716	1,460	284	
27 Weighted-average maturity (months)	8 3	5 8	7 1	13 8	7 6	8 9	
28 With fixed rates	5 2	5.7	6 8	8.6	6.1	4 4	
29 With floating rates	12.2	5 9	8 0	14.8	11 3	12 9	
30 Weighted-average interest rate (percent per annum)	11 72	14.44	13 99	12 91	12.08	10 91	
31 Interquartile range[1]	10 18–12.68	13 50–14 74	13 52–14.76	12 46–13 31	11 84–12 12	9.55–12.41	
32 With fixed rates	11.53	14 97	14 42	13.16	11.93	10.01	
33 With floating rates	11 93	13 34	12 93	12 87	12.46	11.59	
Percentage of amount of loans							
34 With floating rate	47 7	32 2	28.8	85 0	29 5	56.9	
35 Secured by real estate	56.7	75.3	94.1	84 2	93 5	36.0	
36 Made under commitment	48.3	41 5	61.9	64 8	22 4	57.7	
37 With no stated maturity	6 9	10.7	2 8	7 0	2 5	8 2	
38 With one-day maturity	18 0	0	0	4	0	29 9	
Type of construction							
39 1- to 4-family	7.3	20 2	17 2	46.1	8 3	2 4	
40 Multifamily	5.5	14 6	6 1	17 2	7 4	2 6	
41 Nonresidential	87 2	65.1	76.7	36 7	84.3	95.0	
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)	1,698,648	195,436	204,859	168,982	254,228	240,631	634,513
43 Number of loans	79,848	54,748	13,889	5,146	3,625	1,724	717
44 Weighted-average maturity (months)	10.6	6 8	8.8	8 0	7 7	29.4	7.0
45 Weighted-average interest rate (percent per annum)	13 26	14.01	13 80	13 60	14 23	13.68	12 21
46 Interquartile range[1]	12 13–14.21	13 43–14 56	13.29–14.18	12.96–14.20	13.42–15 19	13 00–14.45	11.83–12.55
By purpose of loan							
47 Feeder livestock	13 35	14.26	13 90	13 44	14 36	13.71	12 17
48 Other livestock	13 00	14.01	12 96	13 75	13 26	(2)	(2)
49 Other current operating expenses	13.25	13.98	13 59	13.80	13 54	13 76	12 35
50 Farm machinery and equipment	14.78	13 90	15.01	13.64	15 68	14 16	(2)
51 Other	12 62	14.19	14.08	12 97	13 75	13.74	12.03

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				1983, week ending				
				May	June	July	Aug.	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2
MONEY MARKET RATES												
1 Federal funds[1,2]	13.36	16.38	12.26	8.63	8.98	9.37	9.56	9.59	9.66	9.67	9.41	9.44
Commercial paper[3,4]												
2 1-month	12.76	15.69	11.83	8.36	8.97	9.15	9.41	9.42	9.59	9.46	9.20	9.34
3 3-month	12.66	15.32	11.89	8.33	9.00	9.25	9.54	9.61	9.75	9.55	9.30	9.46
4 6-month	12.29	14.76	11.89	8.31	9.03	9.36	9.68	9.79	9.90	9.67	9.39	9.61
Finance paper, directly placed[3,4]												
5 1-month	12.44	15.30	11.64	8.28	8.86	9.13	9.35	9.36	9.50	9.39	9.16	9.34
6 3-month	11.49	14.08	11.23	8.19	8.81	9.11	9.41	9.39	9.55	9.48	9.25	9.34
7 6-month	11.28	13.73	11.20	8.15	8.80	9.10	9.42	9.44	9.53	9.48	9.30	9.32
Bankers acceptances[4,5]												
8 3-month	12.72	15.32	11.89	8.36	9.04	9.33	9.59	9.65	9.83	9.57	9.36	9.52
9 6-month	12.25	14.66	11.83	8.33	9.06	9.47	9.71	9.88	9.97	9.62	9.41	9.68
Certificates of deposit, secondary market[6]												
10 1-month	12.91	15.91	12.04	8.44	9.06	9.30	9.52	9.54	9.65	9.59	9.34	9.46
11 3-month	13.07	15.91	12.27	8.49	9.20	9.50	9.77	9.82	9.99	9.78	9.49	9.73
12 6-month	12.99	15.77	12.57	8.62	9.45	9.91	10.17	10.35	10.43	10.10	9.82	10.14
13 Eurodollar deposits, 3-month[2]	14.00	16.79	13.12	8.96	9.67	10.00	10.27	10.30	10.50	10.30	10.04	10.13
U.S. Treasury bills[4]												
Secondary market[7]												
14 3-month	11.43	14.03	10.61	8.19	8.79	9.08	9.34	9.41	9.52	9.35	9.15	9.26
15 6-month	11.37	13.80	11.07	8.22	8.89	9.26	9.51	9.58	9.67	9.45	9.32	9.52
16 1-year	10.89	13.14	11.07	8.23	8.87	9.34	9.60	9.71	9.80	9.50	9.37	9.64
Auction average[8]												
17 3-month	11.506	14.029	10.686	8.19	8.82	9.12	9.39	9.36	9.57	9.43	9.18	9.28
18 6-month	11.374	13.776	11.084	8.20	8.89	9.29	9.53	9.56	9.70	9.55	9.29	9.53
19 1-year	10.748	13.159	11.099	8.05	8.80	9.36	9.77	...	9.77	...	...	...
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[9]												
Constant maturities[10]												
20 1-year	12.05	14.78	12.27	8.90	9.66	10.20	10.53	10.63	10.77	10.43	10.27	10.57
21 1-½-year[11]		.		...	...	...	...		11.05	...	10.65	
22 2-year	11.77	14.56	12.80	9.49	10.18	10.69	11.07	11.18	11.34	10.93	10.80	11.14
23 2-½-year[12]	...	...	...	...	..		...	...	11.40	...	11.00	...
24 3-year	11.55	14.44	12.92	9.66	10.32	10.90	11.30	11.38	11.58	11.17	11.03	11.41
25 5-year	11.48	14.24	13.01	10.03	10.63	11.21	11.63	11.74	11.89	11.49	11.34	11.73
26 7-year	11.43	14.06	13.06	10.30	10.83	11.35	11.77	11.88	12.06	11.61	11.47	11.88
27 10-year	11.46	13.91	13.00	10.38	10.85	11.38	11.85	11.95	12.10	11.71	11.58	11.94
28 20-year	11.39	13.72	12.92	10.67	11.12	11.59	11.96	12.10	12.18	11.81	11.71	12.09
29 30-year	11.30	13.44	12.76	10.53	10.93	11.40	11.82	11.93	12.05	11.69	11.55	11.92
Composite[13]												
30 Over 10 years (long-term)	10.81	12.87	12.23	10.21	10.64	11.10	11.42	11.52	11.65	11.28	11.18	11.52
State and local notes and bonds												
Moody's series[14]												
31 Aaa	7.85	10.43	10.88	8.39	8.76	8.70	9.04	9.00	9.15	9.00	9.00	9.10
32 Baa	9.01	11.76	12.48	9.74	10.21	10.06	10.25	10.20	10.40	10.20	10.20	10.25
33 *Bond Buyer* series[15]	8.59	11.33	11.66	9.11	9.52	9.53	9.72	9.74	9.85	9.70	9.59	9.75
Corporate bonds												
Seasoned issues[16]												
34 All industries	12.75	15.06	14.94	12.30	12.54	12.73	13.01	13.06	13.16	12.97	12.87	13.03
35 Aaa	11.94	14.17	13.79	11.46	11.74	12.15	12.51	12.62	12.71	12.40	12.32	12.54
36 Aa	12.50	14.75	14.41	11.95	12.15	12.39	12.72	12.77	12.88	12.68	12.54	12.76
37 A	12.89	15.29	15.43	12.68	12.88	12.99	13.17	13.18	13.30	13.16	13.07	13.16
38 Baa	13.67	16.04	16.11	13.09	13.37	13.39	13.64	13.64	13.75	13.63	13.55	13.65
Aaa utility bonds[17]												
39 New issue	12.74	15.56	14.41	11.32	11.87	12.32	12.25	.	...	..	12.25	...
40 Recently offered issues	12.70	15.56	14.45	11.37	11.81	12.39	12.75	12.86	12.90	12.68	12.53	12.80
MEMO: Dividend/price ratio[18]												
41 Preferred stocks	10.60	12.36	12.53	10.65	10.81	11.06	11.07	11.04	11.22	10.93	11.09	11.05
42 Common stocks	5.26	5.20	5.81	4.27	4.26	4.21	4.35	4.34	4.39	4.29	4.40	4.32

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	1982	1983							
				Dec	Jan	Feb.	Mar	Apr.	May	June	July	Aug.
	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	80.30	83.25	84.74	87.50	90.61	94.61	96.43	96.74	93.96
2 Industrial	78.64	85.44	78.18	92.00	95.37	97.26	100.61	104.46	109.43	112.52	113.21	109.50
3 Transportation	60.52	72.61	60.41	73.40	75.65	79.44	83.28	85.26	89.07	92.22	92.91	88.06
4 Utility	37.35	38.90	39.75	42.93	45.59	45.92	45.89	46.22	47.62	46.76	46.61	46.94
5 Finance	64.28	73.52	71.99	86.22	85.66	86.57	93.22	99.07	102.45	101.22	99.60	95.76
6 Standard & Poor's Corporation (1941–43 = 10)[1]	118.71	128.05	119.71	139.37	145.13	146.80	151.88	157.71	164.10	166.39	166.96	162.42
7 American Stock Exchange[2] (Aug. 31, 1973 = 100)	150.47	171.79	141.31	166.68	180.47	187.17	191.88	202.51	223.97	237.51	244.03	230.10
Volume of trading (thousands of shares)												
8 New York Stock Exchange	44,867	46,967	64,617	76,463	88,463	85,026	82,694	89,627	93,016	89,729	79,508	74,191
9 American Stock Exchange	6,377	5,346	5,283	7,475	9,220	8,256	7,354	8,576	12,260	10,874	8,199	6,329
	Customer financing (end-of-period balances, in millions of dollars)											
10 Regulated margin credit at brokers–dealers[3]	**14,721**	**14,411**	**13,325**	**13,325**	**13,370**	**13,985**	**14,483**	**15,590**	**16,713**	**18,292**	**19,218**	n.a.
11 Margin stock[4]	14,500	14,150	12,980	12,980	13,070	13,680	14,170	15,260	16,370	17,930	18,870	
12 Convertible bonds	219	259	344	344	299	304	312	329	342	361	347	
13 Subscription issues	2	2	1	1	1	1	1	1	1	1	1	
Free credit balances at brokers[5]												
14 Margin-account	2,105	3,515	5,735	5,735	6,257	6,195	6,370	6,090	6,090	6,150	6,275	
15 Cash-account	6,070	7,150	8,390	8,390	8,225	7,955	7,965[r]	7,970	8,310	8,590	8,145	
	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	21.0	18.0	18.0	17.0	14.0	14.0	13.0	21.0	
18 40–49	30.0	24.0	24.0	24.0	23.0	20.0	21.0	19.0	19.0	21.0	28.0	
19 50–59	25.0	17.0	24.0	24.0	25.0	27.0	25.0	28.0	30.0	29.0	21.0	
20 60–69	14.0	10.0	14.0	14.0	16.0	16.0	18.0	19.0	16.0	16.0	14.0	
21 70–79	9.0	6.0	9.0	9.0	9.0	10.0	10.0	10.0	11.0	12.0	9.0	
22 80 or more	8.0	6.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	7.0	
	Special miscellaneous-account balances at brokers (end of period)											
23 Total balances (millions of dollars)[7]	**21,690**	**25,870**	**35,598**	**35,598**	**43,838**	**43,006**	**43,472**	**44,999**	**45,465**	**47,100**	**50,580**	n.a.
Distribution by equity status (percent)												
24 Net credit status	47.8	58.0	62.0	62.0	65.0	66.0	62.0	64.0	62.0	62.0	62.0	
Debt status, equity of												
25 60 percent or more	44.4	31.0	29.0	29.0	28.0	27.0	28.0	30.0	32.0	33.0	31.0	
26 Less than 60 percent	7.7	11.0	9.0	9.0	8.0	7.0	9.0	6.0	6.0	5.0	6.0	

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

	Mar 11, 1968	June 8, 1968	May 6, 1970	Dec 6, 1971	Nov 24, 1972	Jan. 3, 1974
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
In addition to 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 Oct	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb	1983 Mar.	1983 Apr	1983 May[r]	1983 June	1983 July[p]
	Savings and loan associations											
1 **Assets**	**630,712**	**664,167**	**692,549**	**697,189**	**706,045**	**714,676**	**772,352**	**723,616**	**727,659**	**726,331**	**729,168**	**736,755**
2 Mortgages	503,192	518,547	489,923	488,614	482,234	481,470	481,090	475,688	473,813	470,999	471,853	476,158
3 Cash and investment securities[1]	57,928	63,123	75,638	78,122	84,767	90,662	94,080	96,649	98,933	103,050	100,816	101,447
4 Other	69,592	82,497	126,988	130,453	139,044	142,544	147,182	151,279	152,913	152,282	156,499	159,150
5 **Liabilities and net worth**	**630,712**	**664,167**	**692,549**	**697,189**	**706,045**	**714,676**	**772,352**	**723,616**	**727,659**	**726,331**	**729,168**	**736,755**
6 Savings capital	511,636	525,061	547,112	548,439	566,189	582,918	591,913	597,112	600,508	598,168	601,425	606,487
7 Borrowed money	64,586	88,782	100,881	102,948	97,979	88,925	86,544	84,884	83,552	82,548	84,135	84,332
8 FHLBB	47,045	62,794	65,015	64,202	63,861	60,415	58,841	56,859	55,845	54,274	54,101	53,409
9 Other	17,541	25,988	35,866	38,746	34,118	28,510	27,703	28,025	27,707	28,274	30,034	30,923
10 Loans in process	8,767	6,385	8,484	8,967	9,934	10,453	11,039	12,245	13,447	14,504	15,935	16,925
11 Other	12,394	15,544	20,018	21,048	15,720	16,658	17,524	14,767	16,181	18,276	15,505	17,827
12 Net worth[2]	33,329	28,395	24,538	24,754	26,157	26,175	26,371	26,853	27,418	27,339	28,103	28,109
13 MEMO: Mortgage loan commitments outstanding[3]	16,102	15,225	18,407	19,682	18,054	19,453	22,051	24,885	27,912	30,060	30,576	32,074
	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**	
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	
16 Other	11,733	14,753	17,035	16,702	16,957	17,420	18,211	17,837	18,353	17,893	17,438	
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	
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	
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	
20 Cash	4,334	5,442	6,749	6,291	6,919	6,275	6,104	6,548	6,039	5,960	6,224	
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	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**	
23 Deposits	154,805	155,110	152,210	151,304	155,196	157,113	159,162	161,489	161,262	162,287	163,990	
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	
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	
26 Time	97,445	103,578	101,408	99,959	96,369	90,184	87,377	86,276	84,593	83,506	84,705	
27 Other	2,086	2,108	2,283	2,137	2,419	2,237	2,247	2,401	2,502	2,447	2,417	
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	
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	
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	
	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**	
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	
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	
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	
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	n.a.
36 Business	238,113	255,769	279,918	283,650	283,799	290,178	293,427	296,223	300,558	309,254	313,510	
37 Bonds	190,747	208,098	226,879	229,101	228,220	233,380	235,376	236,420	238,689	245,833	248,248	
38 Stocks	47,366	47,670	53,039	54,549	55,579	56,798	58,051	59,803	61,869	63,421	65,262	
39 Mortgages	131,030	137,747	140,678	140,956	141,919	142,277	142,683	143,031	143,011	143,758	144,725	
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	
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	
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	
	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.
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	May	June	July
U.S. budget									
1 Receipts[1]	517,112	599,272	617,766	322,478	286,338	306,331	33,755	66,517	43,948
2 Outlays[1,2]	576,675	657,204	728,375	348,678	390,846	396,477	63,040	63,116	65,360
3 Surplus, or deficit (−)	−59,563	−57,932	−110,609	−26,200	−104,508	−90,146	−29,285	3,401	−21,412
4 Trust funds	8,801	6,817	5,456	−17,690	−6,576	22,680	24,923	3,722	−5,592
5 Federal funds[3]	−68,364	−64,749	−116,065	−43,889	−97,934	−112,822	−54,208	−318	−15,820
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−14,549	−20,769	−14,142	−7,942	−4,923	−5,418	−1,433	−1,128	−1,326
7 Other[4]	303	−236	−3,190	227	−2,267	−528	242	−889	33
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	−30,476	1,382	−22,705
Source or financing									
9 Borrowing from the public	70,515	79,329	134,993	41,728	119,609	102,538	18,497	25,719	11,877
10 Cash and monetary assets (decrease, or increase (−))[5]	−355	−1,878	−11,911	−408	−9,057	−9,664	19,189	−23,605	6,317
11 Other[6]	3,648	1,485	4,858	−7,405	1,146	3,222	−7,209	−3,496	4,511
MEMO:									
12 Treasury operating balance (level, end of period)	20,990	18,670	29,164	10,999	19,773	100,243	5,233	27,997	18,469
13 Federal Reserve Banks	4,102	3,520	10,975	4,099	5,033	19,442	4,372	8,764	4,189
14 Tax and loan accounts	16,888	15,150	18,189	6,900	14,740	72,037	861	19,233	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 H1	Calendar year 1982 H2	Calendar year 1983 H1	1983 May	1983 June	1983 July
RECEIPTS									
1 **All sources**[1]	**517,112**	**599,272**	**617,766**	**322,478**	**286,338**	**306,331**	**33,755**	**66,517**	**43,948**
2 Individual income taxes, net	244,069	285,917	297,744	150,565	145,676	144,550	6,384	32,773	21,938
3 Withheld	223,763	256,332	267,513	133,575	131,567	135,531	22,205	23,641	21,437
4 Presidential Election Campaign Fund	39	41	39	34	5	30	6	3	3
5 Nonwithheld	63,746	76,844	84,691	66,174	20,040	63,014	1,131	11,131	2,160
6 Refunds	43,479	47,299	54,498	49,217	5,938	54,024	16,958	2,003	1,662
Corporation income taxes									
7 Gross receipts	72,380	73,733	65,991	37,836	25,661	33,522	1,903	11,680	2,562
8 Refunds	7,780	12,596	16,784	8,028	11,467	13,809	2,205	1,724	1,706
9 Social insurance taxes and contributions, net	157,803	182,720	201,498	108,079	94,278	110,521	22,330	17,903	15,317
10 Payroll employment taxes and contributions[2]	133,025	156,932	172,744	88,795	85,063	90,912	15,680	16,366	14,108
11 Self-employment taxes and contributions[3]	5,723	6,041	7,941	7,357	177	6,427	418	901	−632
12 Unemployment insurance	15,336	15,763	16,600	9,809	6,857	11,146	5,875	285	1,454
13 Other net receipts[1,4]	3,719	3,984	4,212	2,119	2,181	2,196	357	351	387
14 Excise taxes	24,329	40,839	36,311	17,525	16,556	16,904	2,991	3,100r	3,369
15 Customs deposits	7,174	8,083	8,854	4,310	4,299	4,010	670	857	772
16 Estate and gift taxes	6,389	6,787	7,991	4,208	3,445	2,883	493	530	559
17 Miscellaneous receipts[5]	12,748	13,790	16,161	7,984	7,891	7,751	1,190	1,400	1,137
OUTLAYS									
18 **All types**[1]	**576,675**	**657,204**	**728,424**	**348,683**	**390,847**	**396,477**	**63,040**	**63,116**	**65,360**
19 National defense	135,856	159,765	187,418	93,154	100,419	105,072	17,309	18,337	17,394
20 International affairs	10,733	11,130	9,982	5,183	4,406	4,705	438	817	1,038
21 General science, space, and technology	5,722	6,359	7,070	3,370	3,903	3,486	589	667	687
22 Energy	6,313	10,277	4,674	2,946	2,059	2,073	375	372	243
23 Natural resources and environment	13,812	13,525	12,934	5,636	6,940	5,892	905	1,033	955
24 Agriculture	4,762	5,572	14,875	7,087	13,260	10,154	558	483	685
25 Commerce and housing credit	7,788	3,946	3,865	1,408	2,244	2,164	136	545	665
26 Transportation	21,120	23,381	20,560	9,915	10,686	9,918	1,531	1,755	1,875
27 Community and regional development	10,068	9,394	7,165	3,055	4,186	3,124	469	757	514
28 Education, training, employment, social services	30,767	31,402	26,300	12,607	12,187	12,801	2,113	2,171	1,943
29 Health[1]	55,220	65,982	74,017	37,219	39,073	41,206	6,966	7,020	6,672
30 Income security	193,100	225,101	248,343	112,782	133,779	143,001	22,304	25,381	22,536
31 Veterans benefits and services	21,183	22,988	23,955	10,865	13,241	11,334	882	1,903	2,024
32 Administration of justice	4,570	4,696	4,671	2,334	2,373	2,522	378	379	453
33 General government	4,505	4,614	4,726	2,400	2,322	2,434	1,002	160	−93
34 General-purpose fiscal assistance	8,584	6,856	6,393	3,325	3,152	3,124	287	277	1,178
35 Net interest[6]	52,458	68,726	84,697	41,883	44,948	50,383	8,215	12,939	7,606
36 Undistributed offsetting receipts[7]	−9,887	−16,509	−13,270	−6,490	−8,333	−16,912	−1,414	−11,881	−1,017

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				
					Apr.	May	June	July	Aug
1 **Total gross public debt**	**845.1**	**930.2**	**1,028.7**	**1,197.1**	**1,247.9**	**1,291.4**	**1,319.6**	**1,326.9**	**1,348.4**
By type									
2 Interest-bearing debt	844.0	928.9	1,027.3	1,195.5	1,242.1	1,289.9	1,318.1	1,320.7r	1,346.9
3 Marketable	530.7	623.2	720.3	881.5	935.5	957.3	978.9	985.7	1,010.4
4 Bills	172.6	216.1	245.0	311.8	325.9	325.2	334.3	337.6	340.4
5 Notes	283.4	321.6	375.3	465.0	494.9	513.6	527.1	527.2	544.2
6 Bonds	74.7	85.4	99.9	104.6	114.6	118.5	117.5	120.9	125.8
7 Nonmarketable[1]	313.2	305.7	307.0	314.0	306.6	332.6	339.2	335.0	336.5
8 Convertible bonds[2]	2.2	...	...	...	...	...	...	...	...
9 State and local government series	24.6	23.8	23.0	25.7	29.6	29.6	33.1	33.2	33.9
10 Foreign issues[3]	28.8	24.0	19.0	14.7	12.0	11.1	11.4	11.2	11.1
11 Government	23.6	17.6	14.9	13.0	10.7	10.5	10.8	11.2	11.1
12 Public	5.3	6.4	4.1	1.7	1.3	.6	.6	0	0
13 Savings bonds and notes	79.9	72.5	68.1	68.0	68.8	69.2	69.4	69.7	70.0
14 Government account series[4]	177.5	185.1	196.7	205.4	197.6	222.4	225.0	220.6	221.4
15 Non-interest-bearing debt	1.2	1.3	1.4	1.6	5.9	1.5	1.5	6.2	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 May[r]	1983 June[r]	1983 July	1983, week ending Wednesday July 13[r]	July 20[r]	July 27	Aug 3	Aug 10	Aug. 17
	Immediate delivery[1]												
1	U.S. government securities	18,331	24,728	32,271	41,050	42,649	38,158	38,473	41,330	35,461[r]	45,184	43,191	48,105
	By maturity												
2	Bills	11,413	14,768	18,398	21,095	22,732	21,998	23,311	23,787	18,537[r]	24,474	21,854	25,097
3	Other within 1 year	421	621	810	571	637	575	607	611	595	631	505	712
4	1–5 years	3,330	4,360	6,272	9,073	8,222	7,141	6,455	7,386	8,230[r]	10,985	7,745	10,127
5	5–10 years	1,464	2,451	3,557	4,519	6,156	4,177	4,280	4,909	3,951	3,683	5,009	5,451
6	Over 10 years	1,704	2,528	3,234	5,791	4,903	4,266	3,820	4,637	4,147	5,411	8,078	6,818
	By type of customer												
7	U.S. government securities dealers	1,484	1,640	1,769	2,240	2,375	2,135	2,077	2,160	2,111	2,230	2,120	2,401
8	U.S. government securities brokers	7,610	11,750	15,659	20,711	22,178	19,049	20,314	20,675	17,165	23,670	22,372	25,401
9	All others[2]	9,237	11,337	15,344	18,099	18 097	16,974	16,082	18,495	16,185[r]	19,284	18,700	20,303
10	Federal agency securities	3,258	3,306	4,142	5,544	4,827	4,990	4,722	6,271	5,071[r]	4,315	4,192	6,926
11	Certificates of deposit	2,472	4,477	5,001	3,755	4,177	4,504	3,991	4,979	4,631[r]	3,944	3,280	5,025
12	Bankers acceptances		1,807	2,502	2,411	2,467	2,618	2,683	2,648	2,365[r]	2,524	2,408	2,731
13	Commercial paper		6,128	7,595	8,018	8,486	8,275	8,866	8,224	7,157	7,202	7,006	6,188
	Futures transactions[3]												
14	Treasury bills		3,523	5,031	6,430	7,737	6,672	6,615	7,066	6,435[r]	9,331	6,466	7,592
15	Treasury coupons	n.a.	1,330	1,490	2,314	2,647	2,498	2,190	2,602	2,828[r]	3,410	2,986	3,464
16	Federal agency securities		234	259	308	369	447	487	415	615	181	308	359
	Forward transactions[4]												
17	U.S government securities		365	835	1,529	1,396	1,481	632	1,919	1,607[r]	3,460	1,918	799
18	Federal agency securities		1,370	982	1,562	1,598	1,588	1,690	2,273	1,129[r]	1,873	2,346	2,734

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 May[r]	1983 June[r]	1983 July	1983, week ending Wednesday July 6	July 13	July 20	July 27	Aug. 3
						Positions						
	Net immediate[1]											
1	U S. government securities	4,306	9,033	9,328	6,298	3,884	558	850[r]	465	549	1,315	1,108
2	Bills	4,103	6,485	4,837	4,449	3,667	421	500	1,564	1,054	−455	189
3	Other within 1 year	−1,062	−1,526	−199	31	63	126	133	167	108	95	125
4	1–5 years	434	1,488	2,932	571	−186	317	−172[r]	−1,031	−347	2,238	1,785
5	5–10 years	166	292	−341	−127	550	366	1,066	683	262	−146	18
6	Over 10 years	665	2,294	2,001	1,374	−210	−673	−676	−918	−528	−418	−1,009
7	Federal agency securities	797	2,277	3,712	5,694	5,631	6,919	5,583	6,520	7,434	7,440	7,462
8	Certificates of deposit	3,115	3,435	5,531	4,835	4,488	4,729	4,804	4,795	4,918	4,588	4,425
9	Bankers acceptances		1,746	2,832	3,050	2,405	2,764	3,201	2,962	2,738	2,453	2,817
10	Commercial paper		2,658	3,317	3,029	2,894	2,782	2,469[r]	2,756	2,832	2,962	2,899
	Futures positions											
11	Treasury bills		−8,934	−2,508	−6,088	−1,023	−1,560	−1,973[r]	−1,346	−983	−2,359	1,960
12	Treasury coupons	n.a	−2,733	−2,361	−1,478	−2	−1,062	107	−150	−1,341	−2,110	−1,999
13	Federal agency securities		522	−224	57	205	413	351	374	584	459	96
	Forward positions											
14	U.S. government securities		−603	−788	−2,057	−635	−1,631	−124	−503	−1,914	−2,603	−3,925
15	Federal agency securities		−451	−1,190	−1,722	−1,802	−2,197	−1,176[r]	−1,908	−2,657	−2,438	−2,726
						Financing[2]						
	Reverse repurchase agreements[3]											
16	Overnight and continuing		14,568	26,754	23,679	29,613		32,759	37,285	36,943		31,969
17	Term agreements		32,048	48,247	49,308	49,145		44,700	47,280	49,717		49,325
	Repurchase agreements[4]	n.a					n.a.				n.a.	
18	Overnight and continuing		35,919	49,695	52,378	56,459		59,400	58,868	59,574		58,369
19	Term agreements		29,449	43,410	42,350	39,423		34,617	36,086	37,768		37,866

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 Feb	Mar	Apr.	May	June	July
1 **Federal and federally sponsored agencies**	**188,665**	**221,946**	**237,085**	**235,607**	**234,412**	**234,852**	**234,289**	**235,041**	**236,037**
2 Federal agencies	28,606	31,806	33,055	33,045	33,083	33,120	33,065	33,353	33,436
3 Defense Department[1]	610	484	354	336	335	318	308	298	284
4 Export-Import Bank[2,3]	11,250	13,339	14,218	14,255	14,304	14,304	14,303	14,563	14,563
5 Federal Housing Administration[4]	477	413	288	281	271	255	243	228	220
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	1,471	1,404	1,404	1,404
8 Tennessee Valley Authority	11,190	13,115	14,365	14,415	14,415	14,485	14,520	14,570	14,675
9 United States Railway Association[6]	492	202	194	122	122	122	122	125	125
10 Federally sponsored agencies[7]	160,059	190,140	204,030	202,562	201,329	201,732	201,224	201,688	202,601
11 Federal Home Loan Banks	37,268	54,131	55,967	53,071	51,899	50,297	49,756	48,871	49,065
12 Federal Home Loan Mortgage Corporation	4,686	5,480	4,524	4,026	4,475	5,160	5,777	6,500	6,146
13 Federal National Mortgage Association	55,182	58,749	70,052	72,221	71,366	72,058	70,769	71,303	71,612
14 Farm Credit Banks	62,923	71,359	71,896	71,987	72,047	72,227	72,548	72,652	73,306
15 Student Loan Marketing Association	(8)	421	1,591	1,257	1,542	1,990	2,374	2,362	2,472
MEMO.									
16 **Federal Financing Bank debt**[9]	**87,460**	**110,698**	**126,424**	**126,623**	**127,717**	**129,125**	**130,528**	**131,987**	**133,367**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	10,654	12,741	14,177	14,177	14,232	14,232	14,232	14,493	14,493
18 Postal Service[6]	1,520	1,288	1,221	1,221	1,221	1,221	1,154	1,154	1,154
19 Tennessee Valley Authority	9,465	11,390	12,640	12,690	12,675	12,760	12,795	12,845	12,950
20 United States Railway Association[6]	492	202	194	122	122	122	122	125	125
Other Lending[10]									
21 Farmers Home Administration	39,431	48,821	53,261	52,431	52,686	53,541	54,586	54,946	55,776
22 Rural Electrification Administration	9,196	13,516	17,157	17,502	17,817r	17,970	18,076	18,378	18,497
23 Other	13,982	18,140	27,774	28,480	28,964r	29,279	29,563	30,046	30,372

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 Nov	1982 Dec.	1983 Jan ʳ	1983 Feb ʳ	1983 Mar.ʳ	1983 Apr ʳ	1983 Mayʳ	1983 June
1 **All issues, new and refunding**[1]	**48,367**	**47,732**	**78,950**	**10,287**	**9,761**	**3,770**	**6,150**	**8,733**	**10,926**	**9,363**	**6,963**
Type of issue											
2 General obligation	14,100	12,394	21,088	3,392	1,623	869	1,256	2,261	3,457	3,527	1,478
3 U.S. government loans[2]	38	34	225	34	37	0	3	3	2	6	7
4 Revenue	34,267	35,338	57,862	6,895	8,138	2,901	4,894	6,472	7,469	5,836	5,485
5 U S government loans[2]	57	55	461	57	62	0	2	5	9	14	16
Type of issuer											
6 State	5,304	5,288	8,406	1,091	220	237	252	724	1,745	830	249
7 Special district and statutory authority	26,972	27,499	45,000	5,489	6,171	2,196	4,235	5,416	5,768	4,406	4,025
8 Municipalities, counties, townships, school districts	16,090	14,945	25,544	3,243	3,370	1,337	1,663	2,593	3,413	4,127	2,689
9 **Issues for new capital, total**	**46,736**	**46,530**	**74,612**	**9,496**	**9,531**	**3,268**	**5,059**	**7,514**	**8,982**	**6,865**	**5,554**
Use of proceeds											
10 Education	4,572	4,547	6,444	765	895	355	1,089	828	671	817	798
11 Transportation	2,621	3,447	6,256	1,291	1,342	50	541	815	560	416	222
12 Utilities and conservation	8,149	10,037	14,254	1,969	1,891	977	1,050	1,732	2,590	1,504	924
13 Social welfare	19,958	12,729	26,605	2,336	3,121	904	1,497	2,773	3,120	2,052	2,000
14 Industrial aid	3,974	7,651	8,256	877	1,308	319	183	393	447	638	473
15 Other purposes	7,462	8,119	12,797	2,258	974	663	699	973	1,594	1,438	1,137

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	1981ʳ	1982ʳ	1982 Nov.ʳ	1982 Dec	1983 Jan.ʳ	1983 Feb ʳ	1983 Mar.ʳ	1983 Apr.ʳ	1983 May	1983 June
1 **All issues**[1,2]	**73,694**	**70,441**	**84,198**	**8,887**	**9,830**	**7,709**	**8,491**	**11,728**	**10,468**	**11,489**	**8,165**
2 **Bonds**	**53,206**	**45,092**	**53,636**	**5,497**	**5,636**	**4,569**	**3,839**	**5,317**	**6,015**	**7,017**	**2,244**
Type of offering											
3 Public	41,587	38,103	43,838	5,012	4,264	4,569	3,839	5,317	6,015	7,017	2,244
4 Private placement	11,619	6,989	9,798	485	1,372	n.a.	n a	n.a.	n a.	n.a.	n a
Industry group											
5 Manufacturing	15,409	12,325	13,123	1,954	1,204	849	655	962	1,449	2,158	706
6 Commercial and miscellaneous	6,693	5,229	5,681	523	565	562	335	511	1,109	1,055	425
7 Transportation	3,329	2,052	1,474	88	120	32	250	0	175	150	115
8 Public utility	9,557	8,963	12,155	1,246	944	313	763	950	755	1,115	363
9 Communication	6,683	4,280	2,265	115	372	0	0	650	725	505	250
10 Real estate and financial	11,534	12,243	18,938	1,571	2,431	2,813	1,836	2,244	1,802	2,034	385
11 **Stocks**[3]	**20,489**	**25,349**	**30,562**	**3,390**	**4,194**	**3,140**	**4,652**	**6,411**	**4,453**	**4,472**	**5,921**
Type											
12 Preferred	3,631	1,797	5,113	573	421	594	1,962	893	440	492	665
13 Common	16,858	23,552	25,449	2,817	3,773	2,546	2,690	5,518	4,013	3,980	5,256
Industry group											
14 Manufacturing	4,839	5,074	5,649	481	921	888	1,038	1,654	1,424	1,545	2,449
15 Commercial and miscellaneous	5,245	7,557	7,770	1,024	693	994	646	1,225	1,494	922	1,358
16 Transportation	549	779	709	225	22	355	283	91	113	221	109
17 Public utility	6,230	5,577	7,517	752	742	350	534	674	639	264	550
18 Communication	567	1,778	2,227	14	1,361	187	2	1,133	37	8	138
19 Real estate and financial	3,059	4,584	6,690	894	455	366	2,149	1,634	746	1,512	1,317

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	1982	1983						
			Dec	Jan.	Feb	Mar.	Apr.	May[r]	June[r]	July
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	20,596	45,675	5,291	8,095	6,115	7,871	8,418	7,577	8,107	6,944
2 Redemptions of own shares[3]	15,866	30,078	4,835	4,233	3,510	5,066	6,482	4,486	5,416	4,498
3 Net sales	4,730	15,597	456	3,862	2,605	2,805	1,936	3,091	2,691	2,446
4 Assets[4]	55,207	76,741	76,841	80,384	84,981	90,075	98,669	101,423	106,449	104,287
5 Cash position[5]	5,277	5,999	6,040	6,943	7,404	7,904	8,496	8,771	9,110	9,021
6 Other	49,930	70,742	70,801	73,441	77,577	82,171	90,173	92,652	97,339	95,266

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
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[r]
1 Corporate profits with inventory valuation and capital consumption adjustment	175.4	192.3	164.8	185.0	197.6	192.0	162.0	166.8	168.5	161.9	181.8
2 Profits before tax	234.6	227.0	174.2	219.0	227.7	217.2	173.2	178.8	177.3	167.5	169.7
3 Profits tax liability	84.8	82.8	59.2	80.4	83.7	75.6	60.3	61.4	60.8	54.0	61.5
4 Profits after tax	149.8	144.1	115.1	138.6	144.0	141.6	112.9	117.4	116.5	113.5	108.2
5 Dividends	58.6	64.7	68.7	63.7	66.4	67.3	67.7	67.8	68.8	70.4	71.4
6 Undistributed profits	91.2	79.5	46.6	74.9	77.6	74.3	45.2	49.6	47.7	43.1	36.7
7 Inventory valuation	−42.9	−23.6	−8.4	−22.6	−19.4	−15.7	5.5	−8.5	−9.0	−10.3	−1.7
8 Capital consumption adjustment	−16.3	−11.0	−1.1	11.4	−10.7	−9.5	−5.6	−3.5	0.1	4.7	13.9

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				1983
						Q1	Q2	Q3	Q4	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			1983			
				Q2	Q3	Q4	Q1	Q2	Q3[1]	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 June 30, 1983[1]	Changes in accounts receivable 1983 Apr.	May	June	Extensions 1983 Apr.	May	June	Repayments 1983 Apr.	May	June
1 **Total**	**84,894**	**887**	**428**	**789**	**22,927**	**25,322**	**25,341**	**22,040**	**24,894**	**24,552**
2 Retail automotive (commercial vehicles)	16,252	830	580	599	1,810	1,615	1,675	980	1,035	1,076
3 Wholesale automotive	12,758	226	239	52	6,494	6,971	7,468	6,268	6,732	7,416
4 Retail paper on business, industrial, and farm equipment	27,713	−116	−167	−98	1,180	1,344	1,331	1,296	1,511	1,429
5 Loans on commercial accounts receivable and factored commercial accounts receivable	9,247	73	−137	−8	11,897	13,457	13,071	11,824	13,594	13,079
6 All other business credit	18,924	−126	−87	−244	1,546	1,935	1,796	1,672	2,022	1,552

1. Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1980	1981	1982	1983 Jan.	Feb.	Mar.	Apr	May	June	July
	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	88.9	88.4	80.1	89.6	92.1	93.0	97.3
2 Amount of loan (thousands of dollars)	59.2	65.3	69.8	65.4	66.6	60.5	66.5	67.8	69.2	72.3
3 Loan/price ratio (percent)	73.2	74.8	76.6	75.2	77.9	76.8	74.2	77.5	76.9	76.5
4 Maturity (years)	28.2	27.7	27.6	26.5	27.2	24.2	26.9	26.8	27.3	28.1
5 Fees and charges (percent of loan amount)[2]	2.09	2.67	2.95	2.46	2.78	2.21	2.09	2.44	2.43	2.54
6 Contract rate (percent per annum)	12.25	14.16	14.47	13.00	12.62	12.97	12.02	12.21	11.90	12.02
Yield (percent per annum)										
7 FHLBB series[3]	12.65	14.74	15.12	13.49	13.16	13.41	12.42	12.67	12.36	12.50
8 HUD series[4]	13.95	16.52	15.79	13.44	13.18	13.17	13.02	13.09	13.37	14.00
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	13.44	16.31	15.31	12.87	12.65	12.68	12.50	12.41	12.96	14.23
10 GNMA securities[6]	12.55	15.29	14.68	12.06	11.94	11.87	11.76	11.72	12.09	12.54
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	55,104	58,675	66,031	73,106	73,555	73,666	73,554	74,116	74,669	74,630
12 FHA/VA-insured	37,365	39,341	39,718	38,924	38,768	38,409	37,901	37,669	37,376	37,092
13 Conventional	17,725	19,334	26,312	34,182	34,788	35,257	35,653	36,446	37,293	37,583
Mortgage transactions (during period)										
14 Purchases	8,099	6,112	15,116	2,045	1,594	1,433	1,004	1,579	1,333	1,358
15 Sales	0	2	2	0	1	777	586	204	83	786
Mortgage commitments[7]										
16 Contracted (during period)	8,083	9,331	22,105	2,006	785	1,184	1,023	1,534	2,506	1,198
17 Outstanding (end of period)	3,278	3,717	7,606	7,487	6,475	6,187	5,811	5,726	5,887	5,099
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	4,362	5,245	5,153	4,560	4,450	4,795	4,997	6,026		
19 FHA/VA	2,116	2,236	1,921	1,004	1,000	995	990	984		
20 Conventional	2,246	3,010	3,224	3,556	3,450	3,800	4,008	5,042		
Mortgage transactions (during period)										
21 Purchases	3,723	3,789	23,671	1,479	1,688	2,849	1,807	2,439	n.a.	n.a.
22 Sales	2,527	3,531	24,164	1,641	1,756	2,469	1,525	1,408		
Mortgage commitments[9]										
23 Contracted (during period)	3,859	6,974	28,187	2,059	868	1,438	3,079	2,334		
24 Outstanding (end of period)	447	3,518	7,549	8,098	7,238	5,845	7,253	6,889		

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 Q2	1982 Q3	1982 Q4	1983 Q1	1983 Q2
1 **All holders**	**1,471,786**	**1,583,264**	**1,654,667r**	**1,624,279**	**1,632,161**	**1,654,667r**	**1,682,634**	**1,723,874r**
2 1- to 4-family	986,979	1,065,294	1,112,343r	1,089,522	1,097,507	1,112,343r	1,134,538r	1,164,433r
3 Multifamily	137,134	136,354	136,725r	138,332	136,508	136,725r	137,938r	140,477r
4 Commercial	255,655	279,889	298,708r	290,951	291,740	298,708r	303,130r	310,572r
5 Farm	92,018	101,727	106,891r	105,474	106,406	106,891r	107,028r	108,392r
6 Major financial institutions	997,168	1,040,827	1,023,339r	1,042,904	1,027,027	1,023,339r	1,030,068r	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	97,444r	96,346	94,382	97,444r	105,379r	119,830
13 1- to 4-family	67,489	68,187	66,533r	65,381	63,849	66,533r	72,912r	84,483
14 Multifamily	16,058	15,960	15,247r	15,338	15,026	15,247r	15,862r	17,011
15 Commercial	16,278	15,810	15,635r	15,598	15,479	15,635r	16,577r	18,308
16 Farm	40	40	29r	29	28	29r	28	28
17 Savings and loan associations	503,192	518,547	482,234r	512,997	493,899	482,234r	475,688r	471,638
18 1- to 4-family	419,763	433,142	396,361r	425,890	410,035	396,361r	389,967r	384,630
19 Multifamily	38,142	37,699	36,023	38,321	36,894	36,023	35,534r	35,231
20 Commercial	45,287	47,706	49,850r	48,786	46,970	49,850r	50,187r	51,777
21 Life insurance companies	131,081	137,747	141,919	139,539	140,404	141,919	143,329r	144,208
22 1- to 4-family	17,943	17,201	16,743	16,451	16,865	16,743	16,855r	16,965
23 Multifamily	19,514	19,283	18,847	18,982	18,967	18,847	19,076r	19,100
24 Commercial	80,666	88,163	93,501	91,113	91,640	93,501	94,727r	95,443
25 Farm	12,958	13,100	12,828	12,993	12,932	12,828	12,671r	12,700
26 Federal and related agencies	114,300	126,094	138,185	131,456	134,409	138,185	140,028r	142,136r
27 Government National Mortgage Association	4,642	4,765	4,227	4,669	4,110	4,227	3,753r	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	3,088r	3,009
30 Farmers Home Administration	3,492	2,235	1,786	1,335	947	1,786	2,077	1,605r
31 1- to 4-family	916	914	783	491	302	783	707	381r
32 Multifamily	610	473	218	179	46	218	380	555r
33 Commercial	411	506	377	256	164	377	337	248r
34 Farm	1,555	342	408	409	435	408	653	421r
35 Federal Housing and Veterans Administration	5,640	5,999	5,228	5,908	5,362	5,228	5,138r	5,219
36 1- to 4-family	2,051	2,289	1,980	2,218	2,130	1,980	1,867r	1,919
37 Multifamily	3,589	3,710	3,248	3,690	3,232	3,248	3,271r	3,300
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	50,858r
42 1- to 4-family	2,099	2,788	3,068	2,954	3,029	3,068	3,059	3,030r
43 Farm	36,032	43,658	47,282	46,316	46,954	47,282	47,485	47,828r
44 Federal Home Loan Mortgage Corporation	5,068	5,237	4,780	5,266	5,166	4,780	4,850r	6,125
45 1- to 4-family	3,873	5,181	4,733	5,209	5,116	4,733	4,795r	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	139,276r
49 1- to 4-family	91,602	103,007	115,831	108,487	111,728	115,831	124,482	135,628r
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	41,522r
57 1- to 4-family	16,683	18,378	20,005	19,357	20,079	20,005	20,263	20,728r
58 Multifamily	2,612	3,426	4,344	4,044	4,344	4,344	4,344	4,343r
59 Commercial	5,271	6,161	7,011	6,762	7,056	7,011	7,115	7,303r
60 Farm	6,964	8,675	8,940	8,776	8,856	8,940	8,770	9,148r
61 Individual and others[4]	218,060	253,343	276,489r	266,262	272,349	276,489r	277,942r	281,081
62 1- to 4-family[5]	138,284	167,297	184,998r	177,284	182,199	184,998r	185,434r	186,019
63 Multifamily	27,345	27,982	30,532	29,586	30,068	30,532	30,995r	31,798
64 Commercial	26,661	30,517	32,065	30,914	31,381	32,065	32,612r	33,595
65 Farm	25,770	27,547	28,894	28,478	28,701	28,894	28,901r	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	1982	1983						
				Dec.	Jan.	Feb.	Mar	Apr.	May	June	July
	Amounts outstanding (end of period)										
1 **Total**	**313,472**	**331,697**	**344,798**	**344,798**	**343,151**	**340,343**	**342,568**	**344,748**	**347,189**	**353,012**	**358,020**
By major holder											
2 Commercial banks	147,013	147,622	152,069	152,069	150,906	150,257	151,319	152,408	153,471	156,603	159,666
3 Finance companies	76,756	89,818	94,322	94,322	95,080	93,859	94,817	94,675	95,364	96,349	97,319
4 Credit unions	44,041	45,954	47,253	47,253	46,946	46,757	47,081	47,505	47,838	48,652	49,139
5 Retailers[2]	28,448	29,551	30,202	30,202	28,859	27,734	27,472	27,455	27,541	27,804	27,900
6 Savings and loans	9,911	11,598	13,891	13,891	14,209	14,860	15,083	15,551	15,842	16,207	16,369
7 Gasoline companies	4,468	4,403	4,063	4,063	4,102	3,780	3,669	3,980	3,943	4,159	4,356
8 Mutual savings banks	2,835	2,751	2,998	2,998	3,049	3,096	3,127	3,174	3,190	3,238	3,271
By major type of credit											
9 Automobile	116,838	125,331	130,227	130,227	129,482	129,055	130,959	131,976	133,640	136,183	138,689
10 Commercial banks	61,536	58,081	58,851	58,851	57,740	57,971	58,567	59,291	60,384	61,870	63,425
11 Indirect paper	35,233	34,375	35,178	35,178	(3)	(3)	(3)	(3)	(3)	(3)	(3)
12 Direct loans	26,303	23,706	23,673	23,673	(3)	(3)	(3)	(3)	(3)	(3)	(3)
13 Credit unions	21,060	21,975	22,596	22,596	22,458	22,360	22,518	22,721	22,880	23,269	23,502
14 Finance companies	34,242	45,275	48,780	48,780	49,284	48,724	49,874	49,964	50,376	51,044	51,762
15 Revolving	58,352	62,819	67,184	67,184	65,562	63,372	63,091	63,521	63,459	64,899	65,856
16 Commercial banks	29,765	32,880	36,688	36,688	36,282	35,481	35,533	35,651	35,536	36,515	37,173
17 Retailers	24,119	25,536	26,433	26,433	25,178	24,111	23,889	23,890	23,980	24,225	24,327
18 Gasoline companies	4,468	4,403	4,063	4,063	4,102	3,780	3,669	3,980	3,943	4,159	4,356
19 Mobile home	17,322	18,373	18,988	18,988	19,291	19,374	19,379	19,400	19,448	19,647	19,750
20 Commercial banks	10,371	10,187	9,684	9,684	9,828	9,806	9,739	9,624	9,581	9,651	9,717
21 Finance companies	3,745	4,494	4,965	4,965	4,981	4,960	4,967	4,970	4,976	4,995	4,982
22 Savings and loans	2,737	3,203	3,836	3,836	3,984	4,112	4,174	4,303	4,384	4,485	4,530
23 Credit unions	469	489	503	503	498	496	499	503	507	516	521
24 Other	120,960	125,174	128,399	128,399	128,816	128,542	129,139	129,851	130,642	132,283	133,725
25 Commercial banks	45,341	46,474	46,846	46,846	47,056	46,999	47,480	47,842	47,970	48,567	49,351
26 Finance companies	38,769	40,049	40,577	40,577	40,815	40,175	39,976	39,741	40,012	40,310	40,575
27 Credit unions	22,512	23,490	24,154	24,154	23,990	23,901	24,064	24,281	24,451	24,867	25,116
28 Retailers	4,329	4,015	3,769	3,769	3,681	3,623	3,583	3,565	3,561	3,579	3,573
29 Savings and loans	7,174	8,395	10,055	10,055	10,225	10,748	10,909	11,248	11,458	11,722	11,839
30 Mutual savings banks	2,835	2,751	2,998	2,998	3,049	3,096	3,127	3,174	3,190	3,238	3,271
	Net change (during period)[4]										
31 **Total**	**1,448**	**18,217**	**13,096**	**2,418**	**2,725**	**735**	**2,582**	**2,271**	**2,696**	**4,406**	**4,840**
By major holder											
32 Commercial banks	−7,163	607	4,442	1,111	410	788	1,354	1,186	1,540	2,422	2,766
33 Finance companies	8,438	13,062	4,504	1,024	1,881	−658	487	−520	362	470	909
34 Credit unions	−2,475	1,913	1,298	197	20	43	143	708	288	573	662
35 Retailers[2]	329	1,103	651	−91	−14	36	422	147	169	368	272
36 Savings and loans	1,485	1,682	2,290	201	412	677	187	394	374	456	188
37 Gasoline companies	739	−65	−340	−51	−78	−200	−35	299	−51	77	5
38 Mutual savings banks	95	−85	251	27	94	49	24	57	14	40	38
By major type of credit											
39 Automobile	477	8,495	4,898	1,491	625	−233	1,221	689	1,313	1,973	2,421
40 Commercial banks	−5,830	−3,455	770	527	−581	321	240	612	1,066	1,284	1,482
41 Indirect paper	−3,104	−858	803	429	(3)	(3)	(3)	(3)	(3)	(3)	(3)
42 Direct loans	−2,726	−2,597	−33	98	(3)	(3)	(3)	(3)	(3)	(3)	(3)
43 Credit unions	−1,184	914	622	89	20	15	68	341	137	275	328
44 Finance companies	7,491	11,033	3,505	875	1,186	−569	913	−264	110	414	611
45 Revolving	1,415	4,467	4,365	501	68	−135	1,177	917	514	1,210	821
46 Commercial banks	−97	3,115	3,808	650	130	61	786	468	373	806	556
47 Retailers	773	1,417	897	−98	16	4	426	150	192	327	260
48 Gasoline companies	739	−65	−340	−51	−78	−200	−35	299	−51	77	5
49 Mobile home	483	1,049	609	−37	420	204	−61	22	17	151	141
50 Commercial banks	−276	−186	−508	−74	193	26	−95	−99	−86	28	68
51 Finance companies	355	749	471	−15	53	59	−23	8	1	−6	7
52 Savings and loans	430	466	633	49	175	120	54	107	98	123	59
53 Credit unions	−25	20	14	3	−1	−1	3	6	4	6	7
54 Other	−927	4,206	3,224	463	1,612	899	245	643	852	1,072	1,457
55 Commercial banks	−960	1,133	372	8	668	380	423	205	187	304	660
56 Finance companies	592	1,280	528	164	642	−148	−403	−264	251	62	291
57 Credit unions	−1,266	975	662	105	1	29	72	361	147	292	327
58 Retailers	−444	−314	−246	7	−30	32	−4	−3	−23	41	12
59 Savings and loans	1,056	1,217	1,657	152	237	557	133	287	276	333	129
60 Mutual savings banks	95	−85	251	27	94	49	24	57	14	40	38

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	....
6 Used car	19.10	20 00	20.75	19.91	19.38	18 91	18 76	18 58	18 28	..
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	....
8 Used car	34.8	35.8	34 0	37 7	37.7	37.7	37 9	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	......
10 Used car	94.2	91 8	90 3	90.0	91 0	91.0	92.0	92	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	.....
12 Used car	3,810	4,343	4,746	4,731	4,802	4,869	4,984	5,039	5,052	...

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	1981		1982		1983
							H2	H1	H2	H1	H2	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	1982	1983							
				Dec	Jan.	Feb.	Mar.	Apr.	May^r	June^r	July^r	Aug.
1 **Industrial production**[1]	**147.0**	**151.0**	**138.6**	**135.2**	**137.4**	**138.1**	**140.0**	**142.6**	**144.4**	**146.3**	**149.2**	**150.5**
Market groupings												
2 Products, total	146.7	150 6	141 8	139.9	140.9	140.3	141.6	144.5	146 2	148 1	150 8	151.9
3 Final, total	145.3	149 5	141.5	139.5	140.1	138.9	139.9	142 8	144.5	146 4	148.9	149.8
4 Consumer goods	145.4	147.9	142.6	142.0	143 6	143 4	144.3	147.7	150.4	152.3	155.0	155.9
5 Equipment	145.2	151.5	139.8	136.1	135.3	132.7	133.8	136.2	136.5	138.4	140.6	141.4
6 Intermediate	151.9	154 4	143.3	141.5	143.7	145.3	147.8	150.8	152.2	154.3	157.5	159.5
7 Materials	147.6	151.6	133.7	127.8	132.0	134.9	137.6	139.7	141.7	143 6	146.7	148.3
Industry groupings												
8 Manufacturing	146.7	150.4	137.6	134 5	136.7	138.2	140.4	143.1	145.1	147 4	150.3	151.4
Capacity utilization (percent)[1,2]												
9 Manufacturing	79 6	79.4	71 1	68.9	70.0	70.6	71.6	72 9	73 8	74.8	76.2	76.7
10 Industrial materials industries	80.4	80.7	70 1	66.6	68 7	70.1	71.5	72.5	73.5	74.4	76.0	76.7
11 Construction contracts (1977 = 100)[3]	107.0	111.0	111.0	131.0	127 0	119.0	131.0	129.0	148.0	151.0	137.0	137.0
12 Nonagricultural employment, total[4]	137.4	138.5	136.2	134.7	135 1	134.9	135.0	135.4	135.9	136.5	137.1	136.5
13 Goods-producing, total	110.1	109.4	102.6	98.9	99.5	98 9	98.8	99.4	100.2	100.9	101.8	102.2
14 Manufacturing, total	104 3	103.7	96 9	93 6	93.8	93.8	93.9	94.5	95 1	95.6	96.4	96.5
15 Manufacturing, production-worker	99.3	98.0	89.4	85.6	85.9	86.0	86.1	86.9	87.6	88.2	89.2	89.4
16 Service-producing	152.4	154.4	154.7	154.4	154.6	154.6	154.8	155.2	155.5	156.1	156.4	155.3
17 Personal income, total	343.7	386.5	409.3	419.8	421.0	420.7	423.8	426.8^r	432.1	434.2	436.7	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	391.9	n.a.
19 Manufacturing	264.4	287.3	286 2		286.2	286.9	289.3	293.4	296.4	299.3	303.1	n.a.
20 Disposable personal income[5]	333.8	373 7	397.3		411.2	410.3	413 7	417 4^r	421.0	422 6	429.9	372.9
21 Retail sales[6]	303.8	330 6	326.0	353.3	352.7	348.3	356.4	364 7	376.1	378.9	378.1	372.9
Prices[7]												
22 Consumer	246.8	272 4	289.1	292.4	293.1	293 2	293 4	295.5	297.1	298.1	299.3	n.a.
23 Producer finished goods	247.0	269 8	280.7	285.5	283.9	284.1	283.4	283.0	284 3	285.0	285.7	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	1982		1983		1982		1983		1982		1983	
	Q3	Q4	Q1	Q2^r	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2^r
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Total industry**	**138.2**	**135.3**	**138.5**	**144.4**	**192.8**	**193.7**	**194.6**	**195.5**	**71.7**	**69.8**	**71.2**	**73.9**
2 Mining	117.2	117.0	116 7	112.5	164.8	165.1	165.2	165.3	71.1	70.9	70.6	68.1
3 Utilities	167.9	166.2	163.6	169.4	206.5	207.4	208.5	209.8	81.3	80 1	78.5	80.7
4 **Manufacturing**	**137.7**	**134.5**	**138.4**	**145.2**	**193.9**	**194.8**	**195.7**	**196.6**	**71.0**	**69.0**	**70.7**	**73.8**
5 Primary processing	132.4	129 3	137.0	145.3	193.0	193.7	194.3	194.8	68.6	66.8	70.5	74.6
6 Advanced processing	140 5	137 3	139.7	145.1	194.3	195.4	196.5	197.6	72.3	70.2	71.1	73.4
7 **Materials**	**132.6**	**128.7**	**134.8**	**141.7**	**191.0**	**191.7**	**192.3**	**192.9**	**69.4**	**67.1**	**70.1**	**73.5**
8 Durable goods	124.7	117.1	125.2	134 8	194.4	194.8	195.2	195.6	64.2	60.2	64.2	68.9
9 Metal materials	73.0	66 5	78.6	85.2	140.6	140.3	140.2	139.9	51.9	47.4	56.1	60.9
10 Nondurable goods	155.1	157.0	163.7	171 5	215 6	216.9	217.8	218 8	71.9	72.4	75.2	78.4
11 Textile, paper, and chemical	158.4	160.8	169.3	179.3	226.8	228.3	229.4	230.7	69.8	70.5	73.8	77.8
12 Paper	145 9	147.6	149.9	153.3	163.6	164.4	165.3	166.1	89.1	89.7	90.7	92.3
13 Chemical	188.5	191 9	204.7	218.8	290.6	292.8	294.8	296.6	64.9	65.5	69.4	73.8
14 Energy materials	123.8	121.5	122.2	121 5	152.8	153.3	153.9	154.3	81.0	79.2	79.5	78.7

2.11 Continued

Series	Previous cycle[1] High	Previous cycle[1] Low	Latest cycle[2] High	Latest cycle[2] Low	1982 Aug.	1982 Dec	1983 Jan.	1983 Feb.	1983 Mar	1983 Apr.	1983 May[r]	1983 June[r]	1983 July[r]	1983 Aug.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.4**	**71.1**	**87.3**	**76.5**	**71.8**	**69.7**	**70.7**	**71.0**	**71.8**	**73.1**	**73.9**	**74.7**	**76.1**	**76.7**
16 Mining	91.8	86.0	88.5	84.0	70.9	71.7	73.8	69.9	68.1	67.5	68.2	68.4	69.7	70.7
17 Utilities	94.9	82.0	86.7	83.8	81.6	79.0	78.4	77.7	79.4	80.9	80.9	80.4	81.7	83.0
18 **Manufacturing**	**87.9**	**69.0**	**87.5**	**75.5**	**71.2**	**68.9**	**70.0**	**70.6**	**71.6**	**72.9**	**73.8**	**74.8**	**76.2**	**76.7**
19 Primary processing	93.7	68.2	91.4	72.6	68.7	66.2	68.6	70.8	72.1	73.4	74.6	75.5	76.9	77.9
20 Advanced processing	85.5	69.4	85.9	77.0	72.4	70.4	70.9	70.8	71.5	72.5	73.4	74.4	75.8	76.1
21 **Materials**	**92.6**	**69.3**	**88.9**	**74.2**	**69.5**	**66.6**	**68.7**	**70.1**	**71.5**	**72.5**	**73.5**	**74.4**	**76.0**	**76.7**
22 Durable goods	91.4	63.5	88.4	68.4	64.4	59.8	62.3	64.2	66.0	67.7	68.9	70.1	72.0	72.9
23 Metal materials	97.8	68.0	95.4	59.4	51.8	46.8	53.3	56.1	58.8	59.9	61.0	61.7	62.8	63.8
24 Nondurable goods	94.4	67.4	91.7	77.5	71.6	71.6	73.4	75.3	76.8	77.2	78.7	79.3	79.9	80.6
25 Textile, paper, and chemical	95.1	65.4	92.3	75.5	69.5	70.0	71.4	74.1	75.8	76.4	78.1	78.8	79.6	80.4
26 Paper	99.4	72.4	97.9	89.8	89.6	87.4	90.9	90.8	90.3	91.0	92.9	93.0	96.2	n.a.
27 Chemical	95.5	64.2	91.3	70.7	64.2	65.4	66.4	69.9	71.9	72.6	74.0	74.7	75.1	n.a.
28 Energy materials	94.5	84.4	88.7	84.4	81.5	78.5	80.1	79.2	79.2	78.9	78.5	78.8	81.1	81.7

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 Feb	1983 Mar.	1983 Apr	1983 May	1983 June	1983 July	1983 Aug.
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population[1]**	**169,847**	**172,272**	**174,451**	**175,693**	**175,850**	**175,996**	**176,151**	**176,320**	**176,498**	**176,648**
2 Labor force (including Armed Forces)[1]	109,042	110,812	112,384	112,741	112,678	112,988	112,947	114,127	114,067	114,469
3 Civilian labor force	106,940	108,670	110,204	110,553	110,484	110,786	110,749	111,932	111,875	112,261
Employment										
4 Nonagricultural industries[2]	95,938	97,030	96,125	95,670	95,729	96,088	96,190	97,264	97,758	98,074
5 Agriculture	3,364	3,368	3,401	3,393	3,375	3,371	3,367	3,522	3,527	3,489
Unemployment										
6 Number	7,637	8,273	10,678	11,490	11,381	11,328	11,192	11,146	10,590	10,699
7 Rate (percent of civilian labor force)	7.1	7.6	9.7	10.4	10.3	10.2	10.1	10.0	9.5	9.5
8 Not in labor force	60,805	61,460	62,067	62,952	63,172	63,008	63,204	62,193	62,431	62,179
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment[3]**	**90,406**	**91,156**	**89,596**	**88,746**	**88,814**	**89,101**	**89,421**	**89,844**[r]	**90,202**[r]	**89,791**
10 Manufacturing	20,285	20,170	18,853	18,245	18,267	18,376	18,493	18,582[r]	18,742[r]	18,770
11 Mining	1,027	1,132	1,122	1,014	1,006	997	994	1,003[r]	1,015[r]	1,021
12 Contract construction	4,346	4,176	3,912	3,790	3,757	3,786	3,860	3,933[r]	3,971[r]	4,024
13 Transportation and public utilities	5,146	5,157	5,057	4,965	4,963	4,988	4,993	4,992[r]	4,986[r]	4,331
14 Trade	20,310	20,551	20,547	20,343	20,350	20,329	20,356	20,494[r]	20,528[r]	20,544
15 Finance	5,160	5,301	5,350	5,384	5,391	5,423	5,435	5,451	5,463[r]	5,480
16 Service	17,890	20,547	20,401	19,262	19,356	19,478	19,546	19,668[r]	19,771[r]	19,877
17 Government	16,241	16,024	15,784	15,742	15,724	15,724	15,744	15,721[r]	15,726[r]	15,744

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 Aug.	1982 Sept	1982 Oct	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb	1983 Mar	1983 Apr	1983 May[r]	1983 June	1983 July[p]	1983 Aug[e]
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**138.6**	**138.4**	**137.3**	**135.7**	**134.9**	**135.2**	**137.4**	**138.1**	**140.0**	**142.6**	**144.4**	**146.3**	**149.2**	**150.5**
2 Products	60.71	141.8	142.0	140.8	139.3	139.0	139.9	140.9	140.3	141.6	144.5	146.2	148.1	150.8	151.9
3 Final products	47.82	141.5	141.2	140.0	138.7	138.3	139.5	140.1	138.9	139.9	142.8	144.5	146.4	148.9	149.8
4 Consumer goods	27.68	142.6	144.1	143.4	142.2	141.3	142.0	143.6	143.4	144.3	147.7	150.4	152.3	155.0	155.9
5 Equipment	20.14	139.8	137.3	135.2	134.0	134.2	136.1	135.3	132.7	133.8	136.2	136.5	138.4	140.6	141.4
6 Intermediate products	12.89	143.3	144.7	143.7	141.6	141.8	141.5	143.7	145.3	147.8	150.8	152.2	154.3	157.5	159.5
7 Materials	39.29	133.7	132.8	132.0	130.0	128.4	127.8	132.0	134.9	137.6	139.7	141.7	143.6	146.7	148.3
Consumer goods															
8 Durable consumer goods	7.89	129.2	132.9	131.3	126.5	124.6	125.9	131.6	134.4	136.3	140.5	145.5	149.1	153.7	155.8
9 Automotive products	2.83	129.5	135.5	135.5	123.6	120.7	128.7	136.2	144.3	142.6	144.9	152.2	159.9	167.4	168.5
10 Autos and utility vehicles	2.03	99.0	107.1	105.8	89.6	86.9	99.0	107.0	120.8	116.4	117.8	124.9	135.4	145.6	147.6
11 Autos	1.90	86.6	93.3	94.3	79.5	77.7	87.9	97.1	107.3	99.9	102.7	107.4	118.3	129.8	132.0
12 Auto parts and allied goods	.80	206.9	207.6	210.7	210.0	206.6	204.0	210.2	203.9	209.3	213.6	221.5	222.3	222.6	221.7
13 Home goods	5.06	129.1	131.4	128.9	128.1	126.8	124.3	129.1	128.8	132.8	138.1	141.8	143.1	146.1	148.7
14 Appliances, A/C, and TV	1.40	102.6	104.5	99.4	106.1	104.8	94.2	109.5	105.8	105.0	106.1	112.8	114.0	115.6	122.6
15 Appliances and TV	1.33	104.6	108.6	104.1	110.5	108.4	98.3	112.9	108.8	108.5	109.7	116.1	118.0	119.1	
16 Carpeting and furniture	1.07	149.7	152.5	153.3	151.9	151.4	150.8	149.0	156.7	168.3	180.5	181.9	185.6	195.3	..
17 Miscellaneous home goods	2.59	135.0	137.2	134.9	130.1	128.6	129.8	131.4	129.7	133.3	137.9	140.9	141.3	142.3	143.9
18 Nondurable consumer goods	19.79	148.0	148.6	148.2	148.5	147.9	148.4	148.3	147.0	147.5	150.5	152.3	153.5	155.5	155.9
19 Clothing	4.29							...	...	...					
20 Consumer staples	15.50	159.0	159.4	158.8	159.1	158.1	158.8	158.6	157.4	158.1	161.1	162.8	164.1	165.8	166.0
21 Consumer foods and tobacco	8.33	149.7	149.6	148.6	150.2	149.0	149.5	150.9	149.5	148.4	150.9	153.2	155.5		
22 Nonfood staples	7.17	169.7	170.8	170.7	169.5	168.7	169.6	167.6	166.5	169.4	172.9	174.0	174.1	176.1	176.7
23 Consumer chemical products	2.63	219.9	222.4	221.7	220.0	218.9	220.9	222.6	220.9	225.6	225.5	227.8	229.0	230.0	.
24 Consumer paper products	1.92	127.7	129.4	128.2	125.3	125.1	128.3	127.1	127.9	128.1	129.2	128.6	130.1	132.1	..
25 Consumer energy products	2.62	150.2	149.3	150.6	151.1	150.2	148.4	142.2	140.2	143.3	152.2	153.4	151.2	154.2	
26 Residential utilities	1.45	170.8	169.7	169.5	169.1	171.5	169.3	164.1	162.9	166.1	175.5	174.3	170.5	...	..
Equipment															
27 Business	12.63	157.9	153.9	150.5	147.1	146.4	148.1	146.6	142.7	143.7	146.9	147.7	150.6	152.6	152.8
28 Industrial	6.77	134.9	128.4	123.8	118.3	117.2	117.9	118.4	113.7	113.1	113.5	114.5	116.3	118.4	120.8
29 Building and mining	1.44	214.2	190.8	182.1	169.3	165.7	171.9	173.8	153.6	145.3	141.8	146.2	148.7	153.7	159.1
30 Manufacturing	3.85	107.2	104.4	101.6	98.0	97.5	97.0	97.6	97.9	99.7	101.7	102.5	105.0	107.1	108.8
31 Power	1.47	129.9	130.1	124.7	121.0	121.0	119.7	118.3	116.0	116.2	116.6	115.0	114.1	113.5	114.7
32 Commercial transit, farm	5.86	184.4	183.3	181.4	180.5	180.2	183.0	179.2	176.1	179.2	185.4	186.1	190.2	192.1	189.8
33 Commercial	3.26	253.5	253.5	254.0	253.5	254.8	258.6	254.9	251.2	255.7	264.3	265.0	272.3	276.7	272.0
34 Transit	1.93	103.9	102.0	95.5	93.2	92.3	96.2	90.8	88.2	90.1	92.0	92.6	93.2	91.9	92.5
35 Farm	.67	80.5	75.8	76.1	76.8	70.7	65.1	66.0	63.4	63.4	70.2	71.3	70.4	69.9	...
36 Defense and space	7.51	109.4	109.5	109.5	111.9	113.6	115.9	116.4	116.1	117.0	118.2	117.6	118.0	120.5	122.1
Intermediate products															
37 Construction supplies	6.42	124.3	127.1	125.5	122.5	123.4	123.0	127.0	129.7	133.1	136.4	138.4	141.9	145.0	147.4
38 Business supplies	6.47	162.1	162.1	161.8	160.5	160.1	159.8	160.3	160.9	162.3	165.2	166.0	166.7	170.0	.
39 Commercial energy products	1.14	181.1	178.1	179.2	180.4	182.4	182.4	180.6	178.6	180.3	183.3	183.1	180.5	182.4	
Materials															
40 Durable goods materials	20.35	125.0	125.1	123.0	118.5	116.4	116.5	121.5	125.3	128.7	132.4	134.7	137.2	140.9	142.8
41 Durable consumer parts	4.58	95.3	101.0	97.1	91.4	90.0	91.1	96.2	101.6	104.0	106.5	108.5	109.5	115.0	117.5
42 Equipment parts	5.44	166.8	164.1	158.3	155.4	155.1	155.3	157.5	158.8	162.5	167.2	170.6	175.8	180.7	182.7
43 Durable materials n.e.c.	10.34	116.2	115.4	115.8	111.1	107.7	107.4	113.8	118.2	121.9	125.4	127.5	129.2	131.5	132.9
44 Basic metal materials	5.57	79.9	76.1	77.7	73.0	69.1	68.7	78.1	82.4	86.0	87.8	89.3	90.4	91.3	...
45 Nondurable goods materials	10.47	157.5	154.5	158.5	158.2	157.3	155.6	159.7	164.0	167.5	168.7	172.1	173.7	175.3	177.0
46 Textile, paper, and chemical materials	7.62	161.1	157.7	162.2	161.5	161.0	160.0	163.7	170.0	174.3	175.9	180.2	181.9	184.1	186.0
47 Textile materials	1.85	102.2	103.2	103.3	104.4	102.5	102.1	104.7	106.4	110.6	110.6	114.6	116.0	116.8	
48 Paper materials	1.62	145.6	146.6	148.9	148.9	149.7	144.1	150.1	150.1	149.5	150.8	154.4	154.8	160.3	
49 Chemical materials	4.15	193.5	186.5	193.7	192.0	191.6	192.0	195.4	206.2	212.5	214.9	219.6	222.0	223.5	
50 Containers, nondurable	1.70	161.4	162.8	167.3	164.9	160.8	155.2	162.1	159.6	163.8	163.2	164.3	166.1	164.6	
51 Nondurable materials n.e.c.	1.14	127.9	120.1	121.1	125.5	127.4	127.2	129.6	130.5	127.7	129.1	129.7	130.0	132.1	
52 Energy materials	8.48	125.1	124.5	121.0	122.6	121.4	120.4	123.0	121.8	121.9	121.6	121.1	121.8	125.4	126.4
53 Primary energy	4.65	116.0	113.8	111.1	114.4	113.7	113.5	116.5	115.4	114.4	113.9	113.8	113.4	117.1	..
54 Converted fuel materials	3.82	136.3	137.4	133.0	132.6	130.8	128.9	130.8	129.6	131.1	131.0	129.9	132.0	135.6	
Supplementary groups															
55 Home goods and clothing	9.35	119.6	121.3	120.1	119.9	119.6	118.2	120.8	119.9	122.0	126.3	129.2	130.3	133.4	135.4
56 Energy, total	12.23	135.7	134.8	132.7	134.1	133.3	132.2	132.4	131.0	131.9	133.9	133.8	133.6	136.9	137.9
57 Products	3.76	159.6	158.0	159.3	160.0	160.0	158.7	153.8	151.9	154.5	161.7	162.4	160.1	162.7	
58 Materials	8.48	125.1	124.5	121.0	122.6	121.4	120.4	123.0	121.8	121.9	121.6	121.1	121.8	125.4	126.4

2.13 Continued

Grouping	SIC code	1967 pro-portion	1982 avg.	1982 Aug	Sept	Oct	Nov	Dec	1983 Jan	Feb	Mar	Apr	May[r]	June	July[p]	Aug[e]
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	...	12 05	146.3	141.3	139.7	140.4	140.4	140 1	141.3	141.7	137 7	138.9	139.7	139 6	142.1	144.5
2 Mining		6 36	126 1	116 9	114.7	115.9	116 8	118 4	121.9	114.5	112 6	111 6	112.8	113.1	115 4	117 0
3 Utilities	.....	5.69	168 7	168 5	167 5	167.8	166.7	164 2	163 1	171.9	165.8	169 3	169.7	169.1	172 0	175 3
4 Electric	......	3.88	190.5	189.9	188.2	188.4	188.3	185 6	184 4	191.6	188 2	192 7	192.9	191.5	195 6	200.2
5 Manufacturing	. .	87 95	137.6	138.0	137.1	135.0	134 0	134 5	136.7	138.0	140 4	143 1	145 1	147.4	150 3	151.4
6 Nondurable		35 97	156 2	156 9	156.7	156.2	155 3	155 6	157 4	157.5	160 7	163 3	165.4	167.7	170 0	171.1
7 Durable		51 98	124 7	124.9	123.5	120.3	119 3	119 9	122 5	124.5	126 3	129.1	131.0	133 3	136 7	137.7
Mining																
8 Metal	10	.51	82.4	53.4	55 4	63 1	70.4	74 9	81 7	71 2	75.2	79 8	84 4	81.9	79.5	
9 Coal	11.12	69	142.7	135.8	127.9	143.2	134 1	129 7	144.8	135.0	127 3	125 3	125.6	124 6	139 9	145.5
10 Oil and gas extraction	13	4.40	131.1	123 3	121 0	119.1	120.3	122.9	124 6	117 5	114.4	112 2	112 5	113.5	114.3	115 5
11 Stone and earth minerals	14	75	112.1	105 7	106 3	108 5	111.9	111.7	112 8	108 1	114.0	117 7	122 5	121 7	123.8	
Nondurable manufactures																
12 Foods	20	8.75	151.1	150 7	149.0	151.5	152 0	152 8	154.4	147.0	152 0	153.7	155.6	157 1	...	..
13 Tobacco products	21	67	118.0	120.6	113.3	110.6	113 0	109 9	104.7	115 9	113 4	114.8	112 9	120 0	. .	..
14 Textile mill products	22	2.68	124 5	125 9	126 1	125 9	123.1	122.2	125 8	128 7	131.9	136 6	139 6	141 8	145 0	....
15 Apparel products	23	3.31	.....	.....	...	...			....	.	..	...	...		.....	....
16 Paper and products	26	3 21	150 8	152 5	154.3	155.0	154 5	151 1	158 8	160.9	156 3	157 0	161.5	162 9	166 2	169 2
17 Printing and publishing	27	4 72	144.1	145 3	144 3	142 0	141 7	142.8	141 3	135 8	145.9	145.7	145 2	147 4	150.8	151.9
18 Chemicals and products	28	7.74	196.1	195.6	196 4	194.1	192 8	195.9	197 6	200 0	205.7	208.5	211 0	214.6	216.9	
19 Petroleum products	29	1.79	121.8	121 4	122 6	123 8	120.0	118.7	113 5	108 6	114 8	120.6	123 8	123.6	124.6	121 7
20 Rubber and plastic products	30	2 24	254 7	261.1	262.0	256.3	250 2	249 7	256.2	275 2	272 0	283.0	288.0	292 7	295 5	...
21 Leather and products	31	.86	60.9	60.8	60 9	59 5	57 7	56.0	59 5	64 1	59 4	58.7	59.6	60 1	62.7	
Durable manufactures																
22 Ordnance, private and government	19 91	3 64	86 9	86 5	86.9	89.5	91.9	92 5	93.5	93 4	91 9	93 2	92 6	93.3	95 2	97.1
23 Lumber and products	24	1 64	112.6	120.3	119.9	117.2	119 1	121.4	130.0	130.5	128 7	132.1	135 8	137 4	140.9	....
24 Furniture and fixtures	25	1.37	151.9	156.7	155 7	154 3	152 4	153.7	150.0	162 5	161 0	167.7	169 6	173 1	178.4	....
25 Clay, glass, stone products	32	2.74	128.2	128.8	130.4	128 1	127 3	125.4	128.0	124 8	135 6	138.3	139.2	141 9	144.4	
26 Primary metals	33	6 57	75.3	72.9	73.2	69.6	63 6	63.5	73.1	79 4	81 2	83.1	84 9	85 5	87.2	87 5
27 Iron and steel	331 2	4.21	61 7	57 4	56 4	54 1	47 5	46 6	59 0	64.3	66 9	68 5	69 5	69 7	73 2	
28 Fabricated metal products	34	5.93	114.8	114.3	112 3	107 6	107.0	107.3	107.6	112 3	113 9	115.3	115 5	118.5	121.4	122.8
29 Nonelectrical machinery	35	9 15	149.0	147 2	144.9	140 4	139 6	139 2	138 0	137 1	138 6	143 1	146 1	149.8	154 2	156 3
30 Electrical machinery	36	8.05	169.3	169.7	167 0	165 4	165 5	165.5	169.5	170 1	173 8	177.2	180 1	182 0	187.3	186 3
31 Transportation equipment	37	9 27	104.9	107.0	105.3	100 8	100 2	103 7	106.3	110 5	110 1	111.4	113 8	116 6	119.7	121.1
32 Motor vehicles and parts	371	4.50	109.8	116.7	113.5	103 0	101 7	108.8	113.9	124.8	123 2	125.5	130.4	136 2	142.2	145.0
33 Aerospace and miscellaneous transportation equipment	372–9	4 77	100.4	97 8	97.6	98.6	98.7	98.9	99.1	97.0	97 7	98 1	98.1	98.1	98.6	98.6
34 Instruments	38	2 11	161.9	165.5	161.9	157.4	155.8	155 2	154 5	151.6	154 0	155 1	156.0	156.1	158 3	160 3
35 Miscellaneous manufactures	39	1.51	137.0	133.9	132.9	129.6	129.5	128 2	131.3	130.6	136 9	145 0	149 0	151 0	153.7	152.0
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
36 Products, total	....	**507.4**	**579.6**	**578.5**	**575.3**	**570.0**	**568.4**	**572.9**	**578.1**	**578.4**	**584.1**	**592.6**	**601.8**	**611.3**	**618.7**	**620.5**
37 Final	...	390.9	451.1	449.2	446 3	442 8	441 3	445.8	448.3	447.3	451 3	457.7	465.6	472 7	477 6	477.6
38 Consumer goods	.....	277.5	308.0	309.1	309 3	306 6	305 6	306.8	310 9	312 0	313.8	318.8	325 6	331 1	333.7	334 8
39 Equipment	.	113 4	143.1	140.1	137.0	136.2	135 7	138 9	137.4	135.3	137 5	138.9	140.0	141 6	143 9	142.8
40 Intermediate	....	116.6	128.5	129.3	129.0	127.2	127.1	127 1	129.8	131.1	132 8	134 9	136.2	138.6	141 1	143.0

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
	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	1,816
2 1-family	710	564	546	738	753	866	835	859	841	940	1,013	932
3 2-or-more-family	480	421	454	489	573	581	644	608	695	695	748	884
4 Started	1,292	1,084	1,062	1,361	1,280	1,694	1,784	1,605	1,506	1,807	1,752	1,741
5 1-family	852	705	663	868	842	1,126	1,103	1,008	1,001	1,183	1,146	1,010
6 2-or-more-family	440	379	400	493	438	568	681	597	505	624	606	731
7 Under construction, end of period[1]	896	682	720	712	730	756	796	828[r]	859[r]	899	937	
8 1-family	515	382	400	395	411	428	455	472	489[r]	518	536	
9 2-or-more-family	382	301	320	317	319	329	341	356[r]	370	382	401	
10 Completed	1,502	1,266	1,006	1,053	1,035	1,195	1,138	1,147[r]	1,164[r]	1,354	1,388	n.a.
11 1-family	957	818	631	679	647	782	709	788[r]	803[r]	851	950	
12 2-or-more-family	545	447	374	374	388	413	429	359[r]	361[r]	503	438	
13 Mobile homes shipped	222	241	239	251	243	284	283	276	291	298	308	
Merchant builder activity in 1-family units												
14 Number sold	545	436	413	545	529	611	593	611[r]	635[r]	661	663	620
15 Number for sale, end of period[1]	342	278	255	246	251	259	262	262	266[r]	277	290	293
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[r]	74.7[r]	74.5	76.1	75.0
Average												
17 Units sold	76.4	83.1	83.8	87.8	86.7	87.2	86.8	86.2[r]	87.6	88.5	90.7	88.1
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	2,810
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	71.6
20 Average	72.7	78.0	80.4	80.4	80.6	80.0	80.3	81.1	81.3	81.7	84.7	84.1
	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**	**245,548**	**253,096**	**263,061**	**267,710**
22 Private	175,700	186,069	180,979	190,520	190,768	195,032	194,331	194,865	197,998	204,647	213,428	217,192
23 Residential	87,262	86,567	74,809	81,245	86,018	89,701	93,568	96,127	101,987	107,533	113,787	117,699
24 Nonresidential, total	88,438	99,502	106,170	109,275	104,750	105,331	100,763	98,738	96,011	97,114	99,641	99,493
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	12,606
26 Commercial	29,940	34,243	37,281	37,861	36,934	38,167	36,675	35,469	33,619	33,291	35,898	35,753
27 Other	8,654	9,543	10,507	11,517	11,784	11,983	11,664	11,598	10,770	11,237	10,974	11,639
28 Public utilities and other	36,005	38,685	41,036	43,181	40,401	39,999	38,109	37,408	38,399	39,539	39,633	39,495
29 Public	55,011	53,346	51,068	53,194	49,439	52,882	48,701	47,043	47,549	48,450	49,633	50,517
30 Military	1,880	1,966	2,205	2,572	2,432	2,341	2,421	2,541	2,782	2,232	2,166	2,376
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	13,648
32 Conservation and development	5,089	5,300	5,029	4,708	4,625	4,756	4,532	4,894	4,706	4,240	4,564	5,287
33 Other	34,272	32,481	30,313	31,505	29,334	31,819	29,239	27,742	27,161	28,934	29,978	29,206

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 July 1983 (1967 = 100)[1]
	1982 June	1983 June	1982		1983		1983					
			Sept	Dec	Mar	June	Mar.	Apr	May	June	July	
CONSUMER PRICES[2]												
1 **All items**	**7.1**	**2.6**	**4.1**	**.5**	**.4**	**5.4**	**.1**	**.6**	**.5**	**.2**	**.4**	**299.3**
2 Food	5.2	1.5	6	8	2.8	1.7	6	4	3	-.3	-1	292.0
3 Energy items	1.1	2.1	8.1	10.2	-25.1	21.0	-.9	2.0	2.5	.3	3	430.1
4 All items less food and energy	8.5	3.0	4.7	-3	4.4	3.9	2	4	3	.3	6	286.8
5 Commodities	6.7	4.0	2.4	5.4	5.7	2.9	4	1	.2	4	7	242.7
6 Services	10.0	2.0	4.6	-4.8	3.7	4.6	1	5	3	.3	4	337.9
PRODUCER PRICES												
7 Finished goods	3.5	1.8	4.2	5.2	-4.7	2.9	-3r	-1	3	5	1	285.7
8 Consumer foods	3.8	.9	-7.7	8	4.1r	-3r	.2r	1.1r	-.5	-6	6	260.8
9 Consumer energy	-7.9	3	30.9	7.0	-35.5r	12.0r	-3.1r	-2.4r	2.2	3.2	2	795.3
10 Other consumer goods	5.6	3.1	4.2	7.9	-2.0r	2.5r	0r	1r	.1	5	5	240.3
11 Capital equipment	5.8	2.8	3.5	3.6	2.0r	2.1r	3r	0r	.2	2	1	287.4
12 Intermediate materials[3]	1.1	0.7	2.3	1.5	-4.7r	3.6r	-.4r	-4	.4	9	.3	318.1
13 Excluding energy	2.4	1.4	1.0	1.0	8r	2.8r	1r	-1r	4	4	3	295.1
Crude materials												
14 Foods	1.7	-3.0	-26.4	1.3	18.1	.8	7r	3.0	1.2	-1.6	-2.6	248.6
15 Energy	-2	0	8.7	6.4	-9.2r	-4.8r	2r	-9r	-3	0	6	787.1
16 Other	-12.4	6.1	2.9	-8.0	16.2r	59.3r	1.7r	2.1r	5.2	4.6	2.2	250.3

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			1983	
				Q2	Q3	Q4	Q1	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**	**3,270.0**
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	2,148.4
3 Durable goods	214.7	236.1	244.5	242.9	243.4	252.1	258.5	278.0
4 Nondurable goods	668.8	733.9	761.0	754.7	766.6	773.0	777.1	798.2
5 Services	784.5	887.1	986.4	975.2	998.9	1,021.8	1,037.4	1,072.2
6 Gross private domestic investment	401.9	474.9	414.5	432.5	425.3	377.4	404.1	451.8
7 Fixed investment	411.7	456.5	439.1	443.7	430.2	433.8	443.5	463.7
8 Nonresidential	308.8	352.2	348.3	352.7	342.3	337.0	332.1	335.9
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	208.5
11 Residential structures	102.9	104.3	90.8	91.0	87.9	96.8	111.3	127.7
12 Nonfarm	98.1	99.8	86.0	86.1	83.4	91.2	106.7	122.7
13 Change in business inventories	−9.8	18.5	−24.5	−11.2	−4.9	−56.4	−39.4	−11.9
14 Nonfarm	−4.5	10.9	−23.1	−8.8	−2.3	−53.7	−39.0	−10.4
15 Net exports of goods and services	24.0	26.3	17.4	33.3	.9	5.6	17.0	−12.3
16 Exports	338.8	368.8	347.6	364.5	346.0	321.6	326.9	322.8
17 Imports	314.8	342.5	330.2	331.2	345.0	316.1	309.9	335.1
18 Government purchases of goods and services	537.8	595.7	649.2	631.6	655.7	679.7	677.4	682.1
19 Federal	197.1	229.2	258.7	244.1	261.7	279.2	273.5	272.7
20 State and local	340.8	366.5	390.5	387.5	394.0	400.5	404.0	409.4
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	3,281.9
22 Goods	1,140.6	1,291.9	1,280.9	1,290.8	1,286.7	1,264.8	1,292.2	1,345.7
23 Durable	477.9	528.0	500.8	514.3	518.4	474.0	482.7	534.9
24 Nondurable	662.7	763.9	780.1	776.5	768.3	790.8	809.5	810.8
25 Services	1,225.2	1,374.2	1,511.2	1,496.4	1,527.2	1,560.5	1,588.4	1,623.5
26 Structures	266.0	288.0	281.0	283.0	276.9	284.3	290.9	300.7
27 Change in business inventories	−9.8	18.5	−24.5	−11.2	−4.9	−56.4	−39.4	−11.9
28 Durable goods	−4.1	3.6	−15.5	−2.5	6.4	−45.0	−38.2	−9.5
29 Nondurable goods	−5.7	14.9	−9.1	−8.7	−11.3	−11.4	−1.2	−2.4
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**	**1,523.4**
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**	**2,612.0**
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	1,968.8
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	1,647.2
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	1,323.9
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	129.7
40 Business and professional[1]	95.6	89.7	87.5	88.1	87.8	90.2	98.4	106.1
41 Farm[1]	21.8	30.5	21.5	16.8	15.8	26.0	22.2	23.6
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	214.7
44 Profits before tax[3]	234.6	227.0	174.2	178.8	177.3	167.5	169.7	199.1
45 Inventory valuation adjustment	−42.9	−23.6	−8.4	−8.5	−9.0	−10.3	−1.7	−9.8
46 Capital consumption adjustment	−16.3	−11.0	−1.1	−3.5	1	4.7	13.9	25.4
47 Net interest	192.6	249.9	261.1	268.3	256.4	254.7	248.3	244.0

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			1983	
				Q2	Q3	Q4	Q1	Q2[r]
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**	**2,715.7**
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	1,648.5
3 Commodity-producing industries	468.1	509.5	509.2	513.7	508.9	499.5	508.6	522.3
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	129.7
10 Business and professional[1]	95.6	89.7	87.5	88.1	87.8	90.2	98.4	106.1
11 Farm[1]	21.8	30.5	21.5	16.8	15.8	26.0	22.2	23.6
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	356.7
15 Transfer payments	297.6	337.2	374.6	364.2	380.4	399.0	398.5	405.2
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	2,715.7
19 LESS: Personal tax and nontax payments	336.5	387.4	402.1	404.2	399.8	404.1	401.8	412.7
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	2,303.0
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	2,210.8
22 EQUALS: Personal saving	110.2	135.3	125.4	127.1	123.0	120.8	121.7	92.2
MEMO								
Per capita (1972 dollars)								
23 Gross national product	6,478	6,584	6,399	6,425	6,393	6,355	6,382	6,511
24 Personal consumption expenditures	4,092	4,161	4,179	4,180	4,178	4,205	4,226	4,316
25 Disposable personal income	4,487	4,587	4,567	4,574	4,558	4,576	4,599	4,626
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**	**421.1**
28 Gross private saving	435.4	509.6	521.6	520.7	524.9	526.6	541.5	533.0
29 Personal saving	110.2	135.3	125.4	127.1	123.0	120.8	121.7	92.2
30 *Undistributed corporate profits*[1]	32.1	44.8	37.0	37.5	38.9	37.5	48.9	67.7
31 Corporate inventory valuation adjustment	42.9	23.6	-8.4	8.5	9.0	10.3	-1.7	9.8
Capital consumption allowances								
32 Corporate	179.3	202.9	222.0	220.2	224.5	227.7	228.3	230.0
33 Noncorporate	113.8	126.6	137.2	135.9	138.5	140.5	142.6	143.1
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	-111.9
36 Federal	-61.3	-62.2	-147.1	113.2	158.3	208.2	183.3	-163.7
37 State and local	30.6	35.3	31.3	32.0	31.3	32.9	40.4	51.8
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**	**415.9**
40 Gross private domestic	401.9	474.9	414.5	432.5	425.3	377.4	404.1	451.8
41 Net foreign	6.3	4.0	8.3	8.7	24.8	21.9	-6.7	35.8
42 **Statistical discrepancy**	**2.3**	**-4.9**	**.5**	**1.7**	**2.5**	**4.2**	**-1.2**	**-5.2**

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 Q1	1982 Q2	1982 Q3	1982 Q4	1983 Q1[p]
1 Balance on current account	421	4,592	-11,211	564	1,434	-6,596	-6,621	-3,045
2 Not seasonally adjusted	...	...	...	259	2,218	-8,143	-5,546	-2,961
3 Merchandise trade balance[2]	-25,544	-28,067	-36,389	-6,103	-5,854	-13,078	-11,354	-8,738
4 Merchandise exports	224,237	237,019	211,217	55,636	54,996	52,241	48,344	49,563
5 Merchandise imports	-249,781	-265,086	-247,606	-61,739	-60,850	-65,319	-59,698	-58,301
6 Military transactions, net	-2,286	-1,355	179	-51	201	54	-26	702
7 Investment income, net[3]	29,570	33,484	27,304	6,937	7,536	6,821	6,008	5,235
8 Other service transactions, net	5,738	7,462	5,729	1,842	1,353	1,349	1,182	1,319
9 Remittances, pensions, and other transfers	-2,347	-2,382	-2,621	-603	-702	-656	-661	-644
10 U S government grants (excluding military)	-4,709	-4,549	-5,413	-1,458	-1,100	-1,086	-1,770	-919
11 Change in U S. government assets, other than official reserve assets, net (increase, −)	-5,140	-5,078	-5,732	-807	-1,489	-2,502	-934	-1,060
12 Change in U S official reserve assets (increase, −)	-8,155	-5,175	-4,965	-1,089	-1,132	-794	-1,949	-787
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-16	-1,823	-1,371	-400	-241	-434	-297	-98
15 Reserve position in International Monetary Fund	-1,667	-2,491	-2,552	-547	-814	-459	-732	-2,139
16 Foreign currencies	-6,472	-861	-1,041	-142	-77	99	-920	1,450
17 Change in U.S private assets abroad (increase, −)[3]	-72,757	-100,348	-107,348	-29,560	-38,313	-22,803	-16,670	-19,936
18 Bank-reported claims	-46,838	-83,851	-109,346	-32,551	-38,653	-20,631	-17,511	-17,483
19 Nonbank-reported claims	-3,174	-1,181	6,976	3,918	-277	998	2,337	n a
20 U.S. purchase of foreign securities, net	-3,524	-5,636	-7,986	-581	-546	-3,331	-3,527	-2,032
21 U S direct investments abroad, net[3]	-19,221	-9,680	3,008	-346	1,163	161	2,031	-421
22 Change in foreign official assets in the United States (increase, +)	15,566	5,430	3,172	-3,061	1,930	2,642	1,661	-37
23 U S. Treasury securities	9,708	4,983	5,759	-1,327	-2,094	4,834	4,346	3,166
24 Other U.S government obligations	2,187	1,289	-670	-301	258	-71	-556	-568
25 Other U.S government liabilities[4]	685	-28	504	75	459	-160	130	-390
26 Other U.S liabilities reported by U S banks	-159	-3,479	-2,054	-1,697	3,271	-1,911	-1,717	-1,898
27 Other foreign official assets[5]	3,145	2,665	-367	189	36	-50	-542	-347
28 Change in foreign private assets in the United States (increase, +)[3]	39,356	75,248	84,693	30,185	29,683	14,971	9,856	17,311
29 U S bank-reported liabilities	10,743	42,154	64,263	25,685	24,778	10,977	2,823	9,853
30 U.S. nonbank-reported liabilities	6,845	942	-3,104	-182	-2,517	-425	20	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	2,645	2,982	7,004	1,288	2,095	1,364	2,257	2,947
32 Foreign purchases of other U.S. securities, net	5,457	7,171	6,141	1,313	2,434	420	1,975	2,887
33 Foreign direct investments in the United States, net[3]	13,666	21,998	10,390	2,081	2,893	2,635	2,781	1,624
34 Allocation of SDRs	1,152	1,093	0	0	0	0	0	0
35 Discrepancy	29,556	24,238	41,390	3,768	7,887	15,082	14,657	7,554
36 Owing to seasonal adjustments	...			-729	881	-1,190	1,042	-340
37 Statistical discrepancy in recorded data before seasonal adjustment	29,556	24,238	41,390	4,497	7,006	16,272	13,615	7,894
MEMO:								
Changes in official assets								
38 U.S official reserve assets (increase, −)	-8,155	-5,175	-4,965	-1,089	-1,132	-794	-1,949	-787
39 Foreign official assets in the United States (increase, +)	14,881	5,458	2,668	-3,136	1,471	2,802	1,531	353
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	5,190	3,024	368	-1,162	-1,442
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	756	680	644	93	125	267	158	42

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 Jan.	Feb.	Mar	Apr.	May	June	July
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	220,626	233,677	212,193	17,393	16,326	16,752	16,074	15,566	17,008	16,629
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	244,871	261,305	243,952	20,021	19,015	19,525	19,771	21,514	21,024	21,950
3 **Trade balance**	**−24,245**	**−27,628**	**−31,759**	**−2,628**	**−2,689**	**−2,774**	**−3,697**	**−5,948**	**−4,016**	**−5,321**

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 Feb	Mar	Apr.	May	June	July	Aug.
1 **Total**	**26,756**	**30,075**	**33,958**	**34,233**	**34,261**	**34,173**	**33,931**	**33,876**	**33,373**	**32,626**
2 Gold stock, including Exchange Stabilization Fund[1]	11,160	11,151	11,148	11,139	11,138	11,132	11,132	11,131	11,131	11,128
3 Special drawing rights[2,3]	2,610	4,095	5,250	5,284	5,229	5,192	5,525	5,478	5,496	5,543
4 Reserve position in International Monetary Fund[2]	2,852	5,055	7,348	8,594	9,293	9,284	9,424	9,413	9,475	9,278
5 Foreign currencies[4,5]	10,134	9,774	10,212	9,216	8,601	8,565	7,850	7,854	7,271	6,657

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 Feb.	Mar	Apr	May	June	July	Aug
1 Deposits	411	505	328	352	424	322	445	279	369	248
Assets held in custody										
2 U S Treasury securities[1]	102,417	104,680	112,544	116,428	114,999	114,880	115,401	114,499	118,105	113,476
3 Earmarked gold[2]	14,965	14,804	14,716	14,752	14,726	14,723	14,727	14,724	14,727	14,693

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	1979	1980	1981	1982	1983					
				Dec r	Jan	Feb	Mar	Apr r	May	June p
					All foreign countries					
1 **Total, all currencies**	**364,409**	**401,135**	**462,847**	**469,367**	**462,112**	**458,201**	**465,130**	**453,219**	**452,173**	**465,886**
2 Claims on United States	32,302	28,460	63,743	91,768	89,695	87,525	93,718	91,262	91,888	97,698
3 Parent bank	25,929	20,202	43,267	61,629	59,694	58,500	63,342r	61,792	62,596	65,644
4 Other	6,373	8,258	20,476	30,139	30,001	29,025	30,376r	29,470	29,292	32,054
5 Claims on foreigners	317,330	354,960	378,954	358,195	352,906	351,407	352,416	343,994	342,240	350,013
6 Other branches of parent bank	79,662	77,019	87,821	91,143	89,488	89,772	89,083	84,839	86,488	88,297
7 Banks	123,420	146,448	150,763	133,577	131,028	129,169	132,108	127,290	123,945	130,047
8 Public borrowers	26,097	28,033	28,197	24,090	24,602	24,734	24,742	25,114	25,547	25,444
9 Nonbank foreigners	88,151	103,460	112,173	109,385	107,788	107,732	106,483	106,751	106,260	106,225
10 Other assets	14,777	17,715	20,150	19,404	19,511	19,269	18,996	17,963	18,045	18,175
11 **Total payable in U.S. dollars**	**267,713**	**291,798**	**350,735**	**361,647**	**354,749**	**350,562**	**356,474**	**344,541**	**343,771**	**357,312**
12 Claims on United States	31,171	27,191	62,142	90,048	88,001	85,901	91,281	88,985	89,532	95,235
13 Parent bank	25,632	19,896	42,721	60,973	58,926	57,799	62,409r	61,156	61,797	64,315
14 Other	5,539	7,295	19,421	29,075	29,075	28,102	28,872r	27,829	27,735	30,920
15 Claims on foreigners	229,120	255,391	276,937	259,583	254,926	253,037	253,585	245,022	243,838	251,392
16 Other branches of parent bank	61,525	58,541	69,398	73,512	71,188	71,937	70,768	66,337	67,839	69,448
17 Banks	96,261	117,342	122,110	106,275	103,596	100,797	103,472	98,603	95,961	102,725
18 Public borrowers	21,629	23,491	22,877	18,374	18,785	18,962	18,795	18,941	19,001	18,708
19 Nonbank foreigners	49,705	56,017	62,552	61,422	61,357	61,341	60,550	61,141	61,037	60,511
20 Other assets	7,422	9,216	11,656	12,016	11,822	11,624	11,608	10,534	10,401	10,685
					United Kingdom					
21 **Total, all currencies**	**130,873**	**144,717**	**157,229**	**161,067**	**157,464**	**156,577**	**156,022**	**152,408**	**151,821**	**155,817**
22 Claims on United States	11,117	7,509	11,823	27,354	27,175	26,423	26,259	25,139	24,847	26,465
23 Parent bank	9,338	5,275	7,885	23,017	22,539	21,962	21,912	20,657	20,456	21,384
24 Other	1,779	2,234	3,938	4,337	4,636	4,461	4,347	4,482	4,391	5,081
25 Claims on foreigners	115,123	131,142	138,888	127,734	124,354	124,214	123,993	121,727	121,187	123,835
26 Other branches of parent bank	34,291	34,760	41,367	37,000	34,959	35,437	36,171	32,973	33,361	35,787
27 Banks	51,343	58,741	56,315	50,767	49,497	48,580	48,976	48,301	47,623	48,328
28 Public borrowers	4,919	6,688	7,490	6,240	6,421	6,592	6,337	6,591	6,599	6,570
29 Nonbank foreigners	24,570	30,953	33,716	33,727	33,477	33,605	32,509	33,862	33,604	33,150
30 Other assets	4,633	6,066	6,518	5,979	5,935	5,940	5,770	5,542	5,787	5,517
31 **Total payable in U.S. dollars**	**94,287**	**99,699**	**115,188**	**123,740**	**120,233**	**119,273**	**118,891**	**113,170**	**112,585**	**118,023**
32 Claims on United States	10,746	7,116	11,246	26,761	26,581	25,829	25,597	24,374	24,044	25,536
33 Parent bank	9,297	5,229	7,721	22,756	22,250	21,700	21,626	20,354	20,092	21,017
34 Other	1,449	1,887	3,525	4,005	4,331	4,129	3,971	4,020	3,952	4,519
35 Claims on foreigners	81,294	89,723	99,850	92,228	89,137	88,973	88,797	84,981	84,779	88,587
36 Other branches of parent bank	28,928	28,268	35,439	31,648	29,380	29,918	30,589	27,131	27,579	30,025
37 Banks	36,760	42,073	40,703	36,717	35,616	34,499	34,442	33,228	32,801	34,417
38 Public borrowers	3,319	4,911	5,595	4,329	4,600	4,789	4,413	4,522	4,497	4,547
39 Nonbank foreigners	12,287	14,471	18,113	19,534	19,541	19,767	19,353	20,100	19,902	19,598
40 Other assets	2,247	2,860	4,092	4,751	4,515	4,471	4,497	3,815	3,762	3,900
					Bahamas and Caymans					
41 **Total, all currencies**	**108,977**	**123,837**	**149,108**	**145,091**	**142,115**	**138,730**	**145,663**	**142,049**	**140,941**	**146,720**
42 Claims on United States	19,124	17,751	46,546	59,403	57,302	56,225	62,576	61,417	62,526	66,176
43 Parent bank	15,196	12,631	31,643	34,653	32,958	32,839	37,967r	37,971	39,031	40,318
44 Other	3,928	5,120	14,903	24,750	24,344	23,386	24,609r	23,446	23,495	25,858
45 Claims on foreigners	86,718	101,926	98,057	81,387	80,722	78,527	79,150	76,959	74,759	76,947
46 Other branches of parent bank	9,689	13,342	12,951	18,720	20,091	19,730	17,512	18,295	18,537	16,658
47 Banks	43,189	54,861	55,151	42,636	40,770	39,101	42,347	39,607	37,531	41,746
48 Public borrowers	12,905	12,577	10,010	6,413	6,434	6,494	6,540	6,388	6,170	5,936
49 Nonbank foreigners	20,935	21,146	19,945	13,618	13,427	13,202	12,751	12,669	12,521	12,607
50 Other assets	3,135	4,160	4,505	4,301	4,091	3,978	3,937	3,673	3,656	3,597
51 **Total payable in U.S. dollars**	**102,368**	**117,654**	**143,743**	**139,540**	**136,278**	**132,884**	**139,549**	**136,115**	**135,112**	**140,629**

3.14 Continued

Liability account	1979	1980	1981	1982 Dec.r	1983 Jan	Feb r	Mar	Apr.r	May	June p
	All foreign countries									
52 **Total, all currencies**	**364,409**	**401,135**	**462,847**	**469,367**	**462,112**	**458,201**	**465,130**	**453,219**	**452,173**	**465,886**
53 To United States	66,689	91,079	137,767	178,878	178,390	178,244	188,828	184,017	183,793	191,557
54 Parent bank	24,533	39,286	56,344	75,521	79,893	79,447	84,966	81,050	80,786	84,203
55 Other banks in United States	13,968	14,473	19,197	33,368	32,797	32,650	34,006	32,687	31,815	33,994
56 Nonbanks	28,188	37,275	62,226	69,989	65,700	66,147	69,856	70,280	71,192	73,360
57 To foreigners	283,510	295,411	305,630	270,653	265,278	261,672	258,524	251,273	250,791	255,962
58 Other branches of parent bank	77,640	75,773	86,396	90,148	88,993	88,555	86,900	84,347	85,313	86,542
59 Banks	122,922	132,116	124,906	96,739	92,875	90,244	91,746	86,950	84,436	87,423
60 Official institutions	35,668	32,473	25,997	19,614	20,246	19,739	17,808	18,384	17,189	18,621
61 Nonbank foreigners	47,280	55,049	68,331	64,152	63,164	63,134	62,070	61,592	63,853	63,376
62 Other liabilities	14,210	14,690	19,450	19,836	18,444	18,285	17,778	17,929	17,589	18,367
63 **Total payable in U.S. dollars**	**273,857**	**303,281**	**364,447**	**378,938**	**370,202**	**367,606**	**374,432**	**363,515**	**363,251**	**275,928**
64 To United States	64,530	88,157	134,700	175,391	174,765	174,571	185,330	180,596	180,017	187,873
65 Parent bank	23,403	37,528	54,492	73,195	77,621	77,114	82,655	78,968	78,520	82,006
66 Other banks in United States	13,771	14,203	18,883	33,003	32,273	32,223	33,566	32,226	31,222	33,564
67 Nonbanks	27,356	36,426	61,325	69,193	64,871	65,234	69,109	69,402	70,275	72,303
68 To foreigners	201,514	206,883	217,602	192,323	185,298	183,656	179,704	173,533	174,154	178,701
69 Other branches of parent bank	60,551	58,172	69,299	72,878	71,100	70,887	68,999	66,387	66,972	68,324
70 Banks	80,691	87,497	79,594	57,355	52,225	51,234	52,156	48,428	47,325	50,186
71 Official institutions	29,048	24,697	20,288	15,055	15,940	15,381	13,536	13,801	12,631	13,912
72 Nonbank foreigners	31,224	36,517	48,421	47,035	46,033	46,154	45,013	44,917	47,226	46,279
73 Other liabilities	7,813	8,241	12,145	11,224	10,139	9,379	9,398	9,386	9,080	9,354
	United Kingdom									
74 **Total, all currencies**	**130,873**	**144,717**	**157,229**	**161,067**	**157,464**	**156,577**	**156,022**	**152,408**	**151,821**	**155,817**
75 To United States	20,986	21,785	38,022	53,954	52,650	51,927	55,309	52,883	53,603	57,138
76 Parent bank	3,104	4,225	5,444	13,091	14,287	14,080	14,616	14,343	13,907	14,461
77 Other banks in United States	7,693	5,716	7,502	12,205	12,343	12,198	13,172	12,119	12,773	13,689
78 Nonbanks	10,189	11,844	25,076	28,658	26,020	25,649	27,521	26,421	26,923	28,988
79 To foreigners	104,032	117,438	112,255	99,567	97,827	97,515	93,835	92,460	91,071	91,545
80 Other branches of parent bank	12,567	15,384	16,545	18,361	19,343	21,008	19,653	19,470	20,235	18,376
81 Banks	47,620	56,262	51,336	44,020	41,073	39,892	40,867	38,960	37,594	38,238
82 Official institutions	24,202	21,412	16,517	11,504	12,377	12,025	10,252	10,520	9,413	10,848
83 Nonbank foreigners	19,643	24,380	27,857	25,682	25,034	24,590	23,063	23,510	23,829	24,083
84 Other liabilities	5,855	5,494	6,952	7,546	6,987	7,135	6,878	7,065	7,147	7,134
85 **Total payable in U.S. dollars**	**95,449**	**103,440**	**120,277**	**130,261**	**126,286**	**126,007**	**126,088**	**120,683**	**120,301**	**124,705**
86 To United States	20,552	21,080	37,332	53,029	51,808	50,977	54,520	51,993	52,473	56,092
87 Parent bank	3,054	4,078	5,350	12,814	14,105	13,859	14,476	14,212	13,696	14,308
88 Other banks in United States	7,651	5,626	7,249	12,026	12,128	12,041	12,987	11,929	12,439	13,499
89 Nonbanks	9,847	11,376	24,733	28,189	25,575	25,077	27,057	25,852	26,338	28,285
90 To foreigners	72,397	79,636	79,034	73,477	71,000	71,994	68,309	65,485	64,621	65,428
91 Other branches of parent bank	8,446	10,474	12,048	14,300	15,081	16,709	14,918	14,815	15,636	14,117
92 Banks	29,424	35,388	32,298	28,810	25,177	25,563	26,395	23,821	22,960	23,895
93 Official institutions	20,192	17,024	13,612	9,668	10,657	10,121	8,419	8,474	7,306	8,786
94 Nonbank foreigners	14,335	16,750	21,076	20,699	20,085	19,601	18,577	18,375	18,719	18,630
95 Other liabilities	2,500	2,724	3,911	3,755	3,478	3,036	3,259	3,205	3,207	3,185
	Bahamas and Caymans									
96 **Total, all currencies**	**108,977**	**123,837**	**149,108**	**145,091**	**142,115**	**138,730**	**145,663**	**142,049**	**140,941**	**146,720**
97 To United States	37,719	59,666	85,759	104,385	104,398	104,520	111,424	109,644	108,789	111,494
98 Parent bank	15,267	28,181	39,451	47,041	50,441	49,634	55,620	52,009	51,087	53,324
99 Other banks in United States	5,204	7,379	10,474	18,466	17,561	17,328	17,328	17,451	16,143	17,008
100 Nonbanks	17,248	24,106	35,834	38,878	36,396	37,558	38,476	40,184	41,559	41,162
101 To foreigners	68,598	61,218	60,012	38,249	35,470	31,858	32,030	30,187	29,976	33,151
102 Other branches of parent bank	20,875	17,040	20,641	15,796	14,258	11,808	11,536	10,515	10,272	12,020
103 Banks	33,631	29,895	23,202	10,166	9,279	8,451	8,999	8,126	7,618	9,165
104 Official institutions	4,866	4,361	3,498	1,967	1,849	1,720	1,678	1,710	1,734	1,796
105 Nonbank foreigners	9,226	9,922	12,671	10,320	10,084	9,879	9,817	9,836	10,352	10,170
106 Other liabilities	2,660	2,953	3,337	2,457	2,247	2,352	2,209	2,218	2,176	2,075
107 **Total payable in U.S. dollars**	**103,460**	**119,657**	**145,284**	**141,843**	**138,702**	**135,377**	**142,465**	**138,910**	**137,845**	**143,430**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1981r	1982r	1983						
			Jan.r	Feb r	Mar r	Apr r	May	June	July p
1 **Total**[1]	**169,926**	**172,598**	**174,986**	**172,739**	**172,915**	**173,335**	**175,054**	**175,217**	**176,196**
By type									
2 Liabilities reported by banks in the United States[2]	26,928	24,918	23,882	21,464	22,980	22,821	24,111	24,324	21,957
3 U.S. Treasury bills and certificates[3]	52,389	46,658	50,432	49,954	47,917	48,399	49,281	49,068	53,581
U.S. Treasury bonds and notes									
4 Marketable	53,186	67,684	67,704	69,272	70,233	70,554	70,585	71,029	70,121
5 Nonmarketable[4]	11,791	8,750	8,750	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	24,218	24,099	23,835	23,611	23,127	22,846	22,587
By area									
7 Western Europe[1]	65,707	61,242	62,262	61,882	61,470	61,923	62,994	63,649	66,176
8 Canada	2,403	2,070	2,430	2,754	2,942	2,770	3,613	3,741	3,809
9 Latin America and Caribbean	6,953	6,032	7,138	6,099	5,576	6,281	5,918	6,509	5,421
10 Asia	91,791	95,993	95,366	95,723	96,850	95,377	95,581	94,748	94,264
11 Africa	1,829	1,350	1,716	1,327	1,162	1,208	1,203	1,076	1,138
12 Other countries[6]	1,243	5,911	6,074	4,954	4,915	5,776	5,745	5,494	5,388

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 r	Mar	June p
1 Banks' own liabilities	1,918	3,748	3,523	4,575	4,760	5,072	5,804
2 Banks' own claims	2,419	4,206	4,980	6,350r	7,700	8,101	7,858
3 Deposits	994	2,507	3,398	3,429	4,245	3,725	3,878
4 Other claims	1,425	1,699	1,582	2,921r	3,455	4,376	3,980
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 Jan	1983 Feb	1983 Mar	1983 Apr	1983 May^r	1983 June	1983 July^p
1 **All foreigners**	**205,297**	**244,043**	**305,368r**	**304,851r**	**304,925r**	**316,831r**	**308,359**	**316,722**	**321,072**	**327,104**
2 Banks' own liabilities	124,791	163,738	225,427r	219,433r	219,939r	235,031r	225,721	232,881	236,932	238,922
3 Demand deposits	23,462	19,628	15,959r	15,988r	17,405r	16,495	15,606	16,935	17,306	15,976
4 Time deposits[1]	15,076	28,977r	67,093r	64,347	65,321r	68,491	67,495	69,772	73,392	72,838
5 Other[2]	17,583	17,632r	23,870r	23,086r	20,366r	24,566	21,877	24,002	25,500	22,954
6 Own foreign offices[3]	68,670	97,500	118,505r	116,011r	116,846r	125,479r	120,743	122,173	120,735	127,154
7 Banks' custody liabilities[4]	80,506	80,305	79,941	85,419	84,987	81,800	82,638	83,841	84,139	88,182
8 U.S Treasury bills and certificates[5]	57,595	55,316	55,614	62,137	61,904	58,748	60,087	60,508	61,245	65,358
9 Other negotiable and readily transferable instruments[6]	20,079	19,019	20,625	19,352	19,205	18,830	18,823	19,187	18,731	17,884
10 Other	2,832	5,970	3,702	3,930	3,877	4,222	3,728	4,146	4,163	4,941
11 **Nonmonetary international and regional organizations**[7]	**2,344**	**2,721**	**4,597**	**6,611**	**5,969**	**3,945**	**5,917**	**5,260**	**5,456**	**5,698**
12 Banks' own liabilities	444	638	1,584	1,787	1,695	1,300	2,542	2,925	3,048	4,050
13 Demand deposits	146	262	106	284	195	221	252	267	165	307
14 Time deposits[1]	85	58	1,339	1,333	1,367	913	2,031	2,447	2,483	3,010
15 Other[2]	212	318	139	170	134	166	259	211	400	733
16 Banks' custody liabilities[4]	1,900	2,083	3,013	4,824	4,275	2,645	3,375	2,335	2,408	1,648
17 U.S Treasury bills and certificates	254	541	1,621	3,603	3,153	1,501	2,230	1,280	1,538	678
18 Other negotiable and readily transferable instruments[6]	1,646	1,542	1,392	1,221	1,122	1,144	1,145	1,055	870	970
19 Other	0	0	0	0	0	0	0	0	0	0
20 **Official institutions**[8]	**86,624**	**79,318**	**71,576r**	**74,314r**	**71,419r**	**70,897**	**71,220**	**73,391**	**73,393**	**75,538**
21 Banks' own liabilities	17,826	17,094	16,571r	16,451r	14,662r	16,443	16,188	17,365	17,370	15,894
22 Demand deposits	3,771	2,564	1,981	2,168	2,063	2,287	2,322	2,058	2,198	1,958
23 Time deposits[1]	3,612	4,230	5,504r	4,907	5,485r	5,331	6,039	6,374	6,380	6,559
24 Other[2]	10,443	10,300	9,087r	9,376r	7,114r	8,825	7,826	8,933	8,792	7,377
25 Banks' custody liabilities[4]	68,798	62,224	55,006	57,864	56,756	54,454	55,032	56,026	56,023	59,644
26 U.S Treasury bills and certificates[5]	56,243	52,389	46,658	50,432	49,954	47,917	48,399	49,281	49,068	53,581
27 Other negotiable and readily transferable instruments[6]	12,501	9,787	8,319	7,396	6,769	6,512	6,618	6,724	6,937	6,038
28 Other	54	47	28	35	33	25	15	22	17	25
29 **Banks**[9]	**96,415**	**136,030**	**185,081r**	**178,471r**	**181,114r**	**193,415r**	**183,100**	**188,605**	**192,041**	**195,273**
30 Banks' own liabilities	90,456	124,312	168,658r	161,644r	163,102r	175,038r	164,647	169,167	172,586	174,853
31 Unaffiliated foreign banks	21,786	26,812	50,153r	45,632r	46,256r	49,560	43,904	46,994	51,850	47,699
32 Demand deposits	14,188	11,614	8,675r	8,154r	9,627	8,264	7,601	8,832	9,125	8,271
33 Time deposits[1]	1,703	8,720r	28,249r	25,530r	25,318r	27,617	24,329	25,123	27,994	26,359
34 Other[2]	5,895	6,477r	13,228r	11,948r	11,312r	13,679	11,974	13,039	14,730	13,069
35 Own foreign offices[3]	68,670	97,500	118,505r	116,011r	116,846r	125,479r	120,743	122,173	120,735	127,154
36 Banks' custody liabilities[4]	5,959	11,718	16,423r	16,827r	18,012	18,377	18,453	19,438	19,456	20,420
37 U.S Treasury bills and certificates	623	1,687	5,809	6,292	6,791	7,122	7,475	7,824	8,396	8,676
38 Other negotiable and readily transferable instruments[6]	2,748	4,421	7,848r	7,702r	8,345	8,265	8,041	8,333	7,771	7,750
39 Other	2,588	5,611	2,766	2,833	2,876	2,990	2,937	3,282	3,289	3,995
40 **Other foreigners**	**19,914**	**25,974**	**44,113r**	**45,455r**	**46,423r**	**48,573**	**48,122**	**49,466**	**50,181**	**50,595**
41 Banks' own liabilities	16,065	21,694	38,615r	39,552r	40,480r	42,250	42,344	43,425	43,928	44,126
42 Demand deposits	5,356	5,189	5,197	5,382r	5,521r	5,724	5,430	5,777	5,817	5,440
43 Time deposits	9,676	15,969	32,001r	32,576r	33,152r	34,631	35,095	35,828	36,534	36,910
44 Other[2]	1,033	537	1,416	1,593r	1,807	1,896	1,819	1,819	1,578	1,775
45 Banks' custody liabilities[4]	3,849	4,279	5,499r	5,903r	5,943	6,323	5,778	6,041	6,253	6,470
46 U.S Treasury bills and certificates	474	699	1,525	1,810	2,006	2,207	1,983	2,123	2,242	2,473
47 Other negotiable and readily transferable instruments[6]	3,185	3,268	3,065r	3,032r	2,970	2,909	3,018	3,076	3,154	3,126
48 Other	190	312	908	1,062	968	1,207	776	842	857	920
49 MEMO *Negotiable time certificates of deposit in custody for foreigners*	10,745	10,747	14,296	13,367	11,611	11,383	11,604	11,555	11,589	11,057

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 Jan.	Feb	Mar	Apr.	May[r]	June	July[p]
1 **Total**	**205,297**	**244,043**	**305,368[r]**	**304,851[r]**	**304,925[r]**	**316,831[r]**	**308,359**	**316,722**	**321,072**	**327,104**
2 **Foreign countries**	**202,953**	**241,321**	**300,771[r]**	**298,240[r]**	**298,956[r]**	**312,886[r]**	**302,442**	**311,462**	**315,616**	**321,406**
3 Europe	90,897	91,309	117,705[r]	118,764	116,195[r]	116,457	111,233	115,950	118,659	118,949
4 Austria	523	596	512	467	513	604	576	574	640	610
5 Belgium-Luxembourg	4,019	4,117	2,517	2,270	2,295	2,726	2,800	2,608	2,843	2,955
6 Denmark	497	333	509	996	1,197	765	849	732	616	612
7 Finland	455	296	748	473	369	408	437	280	447	292
8 France	12,125	8,486	8,169	8,462	7,770[r]	6,780	7,091	6,647	6,766	8,838
9 Germany	9,973	7,665	5,375	5,807	6,227	6,458	3,437	3,971	3,423	3,695
10 Greece	670	463	537	589	595	597	670	648	567	589
11 Italy	7,572	7,290	5,674	4,938	4,514	4,312	5,021	5,573	6,634	7,790
12 Netherlands	2,441	2,823	3,362	3,770	3,196	3,704	3,968	3,543	3,246	3,395
13 Norway	1,344	1,457	1,567	1,476	1,407	1,061	1,565	2,227	1,719	900
14 Portugal	374	354	388	398	370	363	346	427	350	338
15 Spain	1,500	916	1,405	1,316	1,524	1,640	1,484	1,621	1,615	1,693
16 Sweden	1,737	1,545	1,380	1,315	1,645	1,379	1,210	1,356	1,493	1,407
17 Switzerland	16,689	18,720	29,060[r]	28,999[r]	30,263	30,433	29,390	29,781	29,941	30,762
18 Turkey	242	518	296	190	246[r]	254	231	248	198	224
19 United Kingdom	22,680	28,287	48,169	50,339	47,294[r]	47,703	44,980	48,762	50,471	48,017
20 Yugoslavia	681	375	499	470	452	491	504	549	504	427
21 Other Western Europe[1]	6,939	6,526	6,913[r]	6,030[r]	5,940[r]	6,365	6,215	6,023	6,666	5,867
22 U.S.S.R.	68	49	50	47	41	40	44	53	71	74
23 Other Eastern Europe[2]	370	493	573	412	335	374	413	327	448	465
24 Canada	10,031	10,250	12,217	10,990	13,618	15,159	14,492	16,284	16,354	16,676
25 Latin America and Caribbean	53,170	85,159	112,939[r]	110,603[r]	111,184[r]	120,591[r]	117,708	118,260	120,385	124,359
26 Argentina	2,132	2,445	3,577	4,833	4,785[r]	4,686[r]	4,603	4,746	4,763	5,017
27 Bahamas	16,381	34,856	44,040[r]	42,930[r]	45,249[r]	49,524[r]	49,086	49,682	49,708	54,356
28 Bermuda	670	765	1,572	1,989	1,913[r]	2,124	2,128	1,821	2,057	2,362
29 Brazil	1,216	1,568	2,014[r]	1,916	1,926[r]	1,948	2,474	2,483	2,735	2,680
30 British West Indies	12,766	17,794	26,366[r]	24,637[r]	24,114[r]	27,520	23,889	22,943	24,153	24,422
31 Chile	460	664	1,626	1,341	1,280	1,084	1,196	1,345	1,355	1,385
32 Colombia	3,077	2,993	2,594[r]	2,385[r]	2,336	1,887	1,820	1,873	1,719	1,618
33 Cuba	6	9	9	10	10	9	12	8	13	11
34 Ecuador	371	434	453	472	499	575	534	658	581	532
35 Guatemala	367	479	670	682	669	675	666	711	705	691
36 Jamaica	97	87	126	115	103	134	107	108	130	108
37 Mexico	4,547	7,170	7,967	7,930	7,380	8,118	8,351	8,536	9,027	9,141
38 Netherlands Antilles	413	3,182	3,597	3,762	3,474	3,416	3,426	3,622	3,514	3,434
39 Panama	4,718	4,857	4,738	4,923	4,943[r]	5,617	5,620	5,749	5,648	5,615
40 Peru	403	694	1,147	1,052	903	927	966	1,005	1,148	1,055
41 Uruguay	254	367	759	726	817	818	852	919	955	958
42 Venezuela	3,170	4,245	8,392[r]	7,649	7,671	8,146	8,585	8,563	8,637	7,700
43 Other Latin America and Caribbean	2,123	2,548	3,291	3,251	3,113[r]	3,382[r]	3,394	3,487	3,537	3,274
44 Asia	42,420	50,005	48,698[r]	48,238[r]	49,615[r]	52,545[r]	50,181	52,117	51,959	53,036
China										
45 Mainland	49	158	203	220	196	208	187	158	208	191
46 Taiwan	1,662	2,082	2,751[r]	3,184[r]	3,515	3,549[r]	3,600	3,765	3,744	3,914
47 Hong Kong	2,548	3,950	4,465	4,542	4,986[r]	5,725	5,127	5,195	5,587	5,554
48 India	416	385	433	514	962	521	669	719	669	606
49 Indonesia	730	640	849	1,156	614	856[r]	1,028	765	554	1,250
50 Israel	883	592	606	608	515	985	761	789	835	670
51 Japan	16,281	20,750	16,078[r]	15,836	16,613	17,022	17,052	17,403	17,006	17,659
52 Korea	1,528	2,013	1,692	1,473	1,458	1,418	1,147	1,459	1,326	1,552
53 Philippines	919	874	770	680	787	718	712	783	818	770
54 Thailand	464	534	629	482	529	488	528	566	692	537
55 Middle-East oil-exporting countries[3]	14,453	13,174	13,433	12,332	11,705[r]	13,159	11,756	12,610	11,832	11,881
56 Other Asia	2,487	4,854	6,788[r]	7,210	7,735[r]	7,895[r]	7,614	7,906	8,688	8,451
57 Africa	5,187	3,180	3,070	3,331	3,103[r]	2,910	2,829	2,876	2,690	2,916
58 Egypt	485	360	398	500	432[r]	533	466	513	461	554
59 Morocco	33	32	75	51	51	57	48	50	54	57
60 South Africa	288	420	277	276	317	281	299	358	355	403
61 Zaire	57	26	23	25	31	33	28	32	59	55
62 Oil-exporting countries[4]	3,540	1,395	1,280	1,603	1,333	975	1,071	867	743	928
63 Other Africa	783	946	1,016	877	939	1,031	916	1,057	1,018	919
64 Other countries	1,247	1,419	6,143[r]	6,314	5,241	5,224	5,999	5,974	5,568	5,470
65 Australia	950	1,223	5,904	6,080	5,052	4,933	5,804	5,778	5,409	5,250
66 All other	297	196	239[r]	235	190	291	195	196	159	220
67 Nonmonetary international and regional organizations	2,344	2,721	4,597	6,611	5,969	3,945	5,917	5,260	5,456	5,698
68 International	1,157	1,661	3,724[r]	5,769	5,186	3,182	5,194	4,540	4,747	5,449
69 Latin American regional	890	710	517	527	487	478	494	453	443	12
70 Other regional[5]	296	350	357[r]	316	296	285	229	267	266	237

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▲	1982r	1983 Jan.	Feb.r	Mar.	Apr.	May	June	July p
1 **Total**	**172,592**	**251,356r**	**355,131**	**358,198r**	**361,102**	**372,887r**	**361,187**	**363,392r**	**372,345**	**366,096**
2 **Foreign countries**	**172,514**	**251,300r**	**355,063**	**358,125r**	**361,025**	**372,818r**	**361,095**	**363,315r**	**372,245**	**366,010**
3 Europe	32,108	49,191r	84,629	83,919r	84,638	88,097r	84,325	83,517r	86,013	84,317
4 Austria	236	121	215	232	226	255	307	278r	342	383
5 Belgium-Luxembourg	1,621	2,851	5,129	4,746r	5,377	5,711r	5,350	5,479r	5,794	5,449
6 Denmark	127	187	554	609	650	1,135r	1,124	1,061	1,077	1,052
7 Finland	460	546	990	984	967	961	844	766	870	776
8 France	2,958	4,127r	6,856	7,208r	7,396	7,218r	7,342	7,829	7,941	7,919
9 Germany	948	940r	1,869	1,420r	1,740	1,810	1,273	1,186r	1,404	1,113
10 Greece	256	333	452	576	653	652	628	607	576	458
11 Italy	3,364	5,240	7,515	7,548r	7,011	7,142r	7,403	6,985	7,298	7,376
12 Netherlands	575	682	1,425	1,467r	1,358	1,629	1,250	1,262	1,165	967
13 Norway	227	384	572	625	587	544	628	683	651	595
14 Portugal	331	529	950	848r	841	820	797	815	846	839
15 Spain	993	2,100	3,739	3,708r	3,227	3,120	3,004	3,059	3,199	3,339
16 Sweden	783	1,205	3,034	3,113	2,693	2,414	2,289	2,298	2,864	2,910
17 Switzerland	1,446	2,213	1,639	1,552r	1,497	1,668	1,653	1,085	1,598	1,737
18 Turkey	145	424	560	527	616	595	608	578	570	622
19 United Kingdom	14,917	23,774r	45,290	45,084r	46,101	48,710r	46,072	45,793r	45,947	45,191
20 Yugoslavia	853	1,224	1,429	1,394r	1,429	1,393	1,432	1,481	1,463	1,381
21 Other Western Europe[1]	179	209	378	310	321	322	232	236	334	356
22 U.S.S.R	281	377	263	233	240	310	392	349r	373	288
23 Other Eastern Europe[2]	1,410	1,725	1,769	1,737r	1,709	1,690	1,697	1,686r	1,702	1,565
24 Canada	4,810	9,192r	14,322	14,950r	15,633	16,505r	15,087	16,539r	16,609	16,470
25 Latin America and Caribbean	92,992	138,251r	187,953	192,243r	193,747	198,737r	195,821	197,899r	199,071	195,450
26 Argentina	5,689	7,522	10,974	11,324r	11,536	11,264	11,228	11,550	11,243	11,112
27 Bahamas	29,419	43,517r	56,484	57,797r	56,796	59,575r	57,177	58,923r	62,576	59,327
28 Bermuda	218	346	603	615r	536	500	385	628	452	358
29 Brazil	10,496	16,914	23,260	23,091r	23,754	23,551	23,715	23,530r	23,332	23,703
30 British West Indies	15,663	21,965r	29,244	32,830r	33,560	35,232r	34,985	33,265r	32,254	30,305
31 Chile	1,951	3,690	5,513	5,248r	5,420	5,209	5,131	5,568	5,161	5,185
32 Colombia	1,752	2,018	3,211	3,248r	3,162	3,166	3,155	3,484	3,600	3,654
33 Cuba	3	3	3	11	2	2	0	0	0	2
34 Ecuador	1,190	1,531	2,062	2,047r	2,148	2,054	2,093	2,040	2,038	2,018
35 Guatemala[3]	137	124	124	129	120	84	77	90	90	96
36 Jamaica[3]	36	62	181	206	199	216	196	197r	207	209
37 Mexico	12,595	22,409	29,488	29,450r	30,635	31,253r	31,726	31,906	32,318	32,846
38 Netherlands Antilles	821	1,076	839	826r	913	970	1,036	824r	519	927
39 Panama	4,974	6,787r	10,197	10,091r	9,324	9,801r	8,956	9,634r	8,823	9,126
40 Peru	890	1,218	2,355	2,307r	2,335	2,301	2,330	2,414	2,651	2,503
41 Uruguay	137	157	686	692r	685	707	859	824	820	831
42 Venezuela	5,438	7,069	10,739	10,276r	10,432	10,615	10,559	10,749	10,848	11,142
43 Other Latin America and Caribbean	1,583	1,844	1,991	2,057	2,190	2,236	2,213	2,275	2,139	2,106
44 Asia	39,078	49,787r	60,700	59,173r	59,186	61,479r	57,689	57,403r	62,548	61,594
China										
45 Mainland	195	107	214	198	195	195	239	219	166	129
46 Taiwan	2,469	2,461	2,288	2,235r	1,985	1,860	1,786	1,613	1,760	1,715
47 Hong Kong	2,247	4,126	6,668	7,103r	7,155	7,656	7,487	7,552	7,872	7,875
48 India	142	123	222	230	201	160	163	198	230	245
49 Indonesia	245	351	342	370	429	505	541	563	537	595
50 Israel	1,172	1,562	2,028	1,835	1,762	1,744	2,036	1,926	2,438	1,657
51 Japan	21,361	26,768r	28,302	26,792r	26,846	28,545	24,979	24,757r	27,193	27,666
52 Korea	5,697	7,324	9,407	9,072r	9,263	9,170	8,768	8,940	9,122	9,676
53 Philippines	989	1,817	2,571	2,464r	2,628	2,628	2,627	2,493	2,829	2,640
54 Thailand	876	564	643	654r	652	625	741	707	788	689
55 Middle East oil-exporting countries[4]	1,432	1,577r	3,087	3,428	3,414	3,832r	3,947	4,024	4,452	3,981
56 Other Asia	2,252	3,009	4,928	4,792r	4,655	4,557	4,375	4,413r	5,162	4,726
57 Africa	2,377	3,503	5,352	5,613r	5,539	5,483	5,698	5,538	5,662	5,937
58 Egypt	151	238	322	310	286	309	297	378	421	486
59 Morocco	223	284	353	342	359	375	382	441	463	484
60 South Africa	370	1,011	2,012	2,066r	2,194	2,185	2,123	2,123	2,231	2,407
61 Zaire	94	112	57	57	55	52	104	47	46	45
62 Oil-exporting countries[5]	805	657	801	914	845	844	750	851	830	850
63 Other	734	1,201	1,807	1,924	1,800	1,717	2,041	1,699	1,671	1,664
64 Other countries	1,150	1,376	2,107	2,228	2,282	2,519	2,475	2,418r	2,342	2,243
65 Australia	859	1,203	1,713	1,714	1,704	1,953	1,889	1,756r	1,722	1,630
66 All other	290	172	394	514	578	566	586	662r	620	613
67 Nonmonetary international and regional organizations[6]	78	56	68	73	77	69	92	77	100	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^r	1983						
				Jan.^{r}	Feb.^{r}	Mar.	Apr.	May^r	June	July^p
1 **Total**	**198,698**	**287,325^r**	**395,731**	...	...	**411,142^r**	...	...	**407,818**	...
2 Banks' own claims on foreigners	172,592	251,356^r	355,131	358,198	361,102	372,887^r	361,187	363,392	372,345	366,096
3 Foreign public borrowers	20,882	31,302	45,453	44,593	45,733	46,935	47,582	47,758	49,226	49,710
4 Own foreign offices[1]	65,084	96,647	127,282	133,607	134,616	143,854^r	135,756	139,166	140,139	135,757
5 Unaffiliated foreign banks	50,168	74,408^r	120,330	116,961	119,133	121,170^r	117,246	115,597	120,207	117,503
6 Deposits	8,254	23,276^r	43,619	42,490	44,595	48,781^r	44,481	43,923	46,780	46,114
7 Other	41,914	51,132^r	76,711	74,471	74,538	72,389^r	72,765	71,674	73,428	71,389
8 All other foreigners	36,459	48,999	62,066	63,037	61,619	60,929^r	60,603	60,871	62,772	63,125
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	...	.	34,826	...
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	24,468	39,862	41,210	38,623	38,712	38,444	40,654	41,797	39,698	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^r			1983	
			June	Sept.	Dec.	Mar.	June^p
1 **Total**	**106,748**	**154,159^r**	**202,185**	**214,927**	**226,933**	**227,525**	**230,624**
By borrower							
2 Maturity of 1 year or less[1]	82,555	116,130^r	153,223	163,294	172,756	171,888	173,029
3 Foreign public borrowers	9,974	15,099	19,480	20,082	21,297	21,602	22,409
4 All other foreigners	72,581	101,030^r	133,743	143,212	151,459	150,286	150,619
5 Maturity of over 1 year[1]	24,193	38,030	48,962	51,634	54,177	55,637	57,596
6 Foreign public borrowers	10,152	15,650	20,077	21,977	23,108	24,623	26,161
7 All other foreigners	14,041	22,380	28,885	29,657	31,068	31,014	31,435
By area							
Maturity of 1 year or less[1]							
8 Europe	18,715	28,053^r	39,813	45,793	49,643	52,852	51,553
9 Canada	2,723	4,657^r	6,696	7,078	7,647	6,874	6,929
10 Latin America and Caribbean	32,034	48,599^r	68,676	72,291	73,199	74,379	74,366
11 Asia	26,686	31,421^r	33,558	33,348	37,355	32,546	35,146
12 Africa	1,757	2,457	3,262	3,621	3,686	3,872	3,858
13 All other[2]	640	943	1,217	1,163	1,226	1,365	1,177
Maturity of over 1 year[1]							
14 Europe	5,118	8,094	9,206	10,546	11,632	12,011	12,179
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	36,775
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 June	1981 Sept	1981 Dec.	1982 Mar.	1982 June[r]	1982 Sept[r]	1982 Dec[r]	1983 Mar.	1983 June[p]
1 **Total**	**303.9**	**352.0**	**382.9**	**399.8**	**414.9r**	**419.3r**	**434.6**	**437.3**	**438.0**	**438.1**	**435.4**
2 G-10 countries and Switzerland	138.4	162.1	168.3	172.2	175.4r	174.3r	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	4.1r	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	70.0r	70.2r	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	28.5r	29.9	29.3	30.1	29.1	28.3
13 Other developed countries	19.9	21.6	24.8	26.4	28.4	30.7r	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	2.9r	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	2.1r	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	24.7r	25.4r	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	9.9r	10.0r	10.1	10.4	10.6	10.4	10.2
28 Indonesia	1.9	1.8	2.1	2.5	2.6r	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	97.4r	103.6	103.9	106.9	107.3	108.2
Latin America											
32 Argentina	5.0	7.9	8.5	9.3	9.4	10.0r	9.7	9.2	8.9	9.0	9.4
33 Brazil	15.2	16.2	17.5	17.7	19.1	19.6r	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	63.6r	65.7r	71.7	71.7	66.6	66.1	67.8
57 Bahamas	13.7	13.7	17.9	21.3	19.0r	20.2r	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	12.1r	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	7.2r	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	18.5r	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.p
1 **Total**	**17,433**	**22,226**	**22,506**	**22,185**	**21,017**	**21,491**	**21,898**	**21,555**
2 Payable in dollars	14,323	18,481	18,787	19,418	18,237	18,375	18,798	18,643
3 Payable in foreign currencies	3,110	3,745	3,719	2,767	2,780	3,116	3,099	2,912
By type								
4 Financial liabilities	7,523	11,330	12,143	12,377	10,063	10,749	10,364	10,294
5 Payable in dollars	5,223	8,528	9,475	10,408	8,104	8,441	8,289	8,330
6 Payable in foreign currencies	2,300	2,802	2,668	1,969	1,959	2,308	2,075	1,964
7 Commercial liabilities	9,910	10,896	10,363	9,808	10,955	10,742	11,533	11,261
8 Trade payables	4,591	4,993	4,720	4,035	5,045	4,536	4,582	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	9,953	9,312	9,010	10,133	9,934	10,509	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	6,052
13 Belgium-Luxembourg	338	479	471	562	518	494	502	407
14 France	175	327	709	917	581	672	635	679
15 Germany	497	582	491	503	439	446	470	487
16 Netherlands	829	681	748	750	517	759	702	684
17 Switzerland	170	354	715	707	661	670	673	620
18 United Kingdom	2,477	3,923	3,556	4,195	3,081	3,212	3,061	3,045
19 Canada	532	964	958	914	758	702	685	677
20 Latin America and Caribbean	1,514	3,136	3,356	3,223	2,805	2,969	2,683	2,666
21 Bahamas	404	964	1,279	1,095	1,003	933	876	803
22 Bermuda	81	1	7	6	7	14	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	992	991
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	866
28 Japan	726	644	792	293	340	424	572	622
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	3,771	3,422	3,742	3,861	3,636	3,420
34 Belgium-Luxembourg	137	90	71	50	47	50	52	42
35 France	467	582	573	504	700	759	595	576
36 Germany	545	679	545	473	457	436	457	439
37 Netherlands	227	219	221	232	248	281	346	350
38 Switzerland	316	499	424	400	412	358	363	372
39 United Kingdom	1,080	1,209	880	824	850	904	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	817	1,418	1,220	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	210	727	484	379	354
47 Venezuela	301	319	276	194	219	269	148	181
48 Asia	2,991	3,034	3,285	3,407	3,301	3,207	4,062	4,278
49 Japan	583	802	1,094	1,090	1,064	1,134	1,150	1,158
50 Middle East oil-exporting countries[2]	1,014	890	910	998	958	821	1,513	1,732
51 Africa	728	817	703	661	729	663	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

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 *p*
1 **Total**	**31,299**	**34,482**	**35,709**	**30,253**	**30,559**	**29,519**	**27,595**	**29,970**
2 Payable in dollars	28,096	31,528	32,114	27,619	28,056	26,855	24,976	27,253
3 Payable in foreign currencies	3,203	2,955	3,595	2,634	2,502	2,664	2,618	2,718
By type								
4 Financial claims	18,398	19,763	20,735	17,743	18,361	17,714	16,656	19,086
5 Deposits	12,858	14,166	14,682	12,725	13,599	12,608	12,129	14,440
6 Payable in dollars	11,936	13,381	14,057	12,267	13,229	12,194	11,703	13,967
7 Payable in foreign currencies	923	785	625	457	370	413	426	473
8 Other financial claims	5,540	5,597	6,053	5,018	4,762	5,106	4,527	4,646
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	1,640
11 Commercial claims	12,901	14,720	14,974	12,510	12,198	11,805	10,939	10,885
12 Trade receivables	12,185	13,960	13,965	11,493	11,069	10,709	9,929	9,681
13 Advance payments and other claims	716	759	1,009	1,017	1,129	1,097	1,010	1,204
14 Payable in dollars	12,447	14,233	14,458	11,989	11,634	11,242	10,378	10,279
15 Payable in foreign currencies	454	487	516	520	564	564	561	605
By area or country								
Financial claims								
16 Europe	6,179	6,069	4,513	4,503	4,658	4,728	4,655	5,885
17 Belgium-Luxembourg	32	145	43	16	13	16	10	58
18 France	177	298	285	375	313	305	129	90
19 Germany	409	230	224	197	148	174	168	127
20 Netherlands	53	51	50	79	56	52	32	55
21 Switzerland	73	54	57	53	63	60	107	82
22 United Kingdom	5,099	4,987	3,522	3,546	3,792	3,749	3,944	5,221
23 Canada	5,003	5,036	6,628	4,942	4,365	4,322	4,199	4,481
24 Latin America and Caribbean	6,312	7,811	8,615	7,432	8,313	7,630	6,889	7,829
25 Bahamas	2,773	3,477	3,925	3,537	3,845	3,366	3,226	3,657
26 Bermuda	30	135	18	27	42	19	8	10
27 Brazil	163	96	30	49	76	76	62	50
28 British West Indies	2,011	2,755	3,503	2,797	3,505	3,171	2,679	2,855
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	825	723	712
32 Japan	199	189	366	262	327	247	178	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	5,359	4,381	4,273	4,164	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	303	227	297	278	347	307
42 Switzerland	272	354	427	354	384	258	339	227
43 United Kingdom	901	929	969	1,062	905	1,035	793	748
44 Canada	859	914	967	943	713	666	635	674
45 Latin America and Caribbean	2,879	3,766	3,479	2,925	2,787	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	3,949	3,199	3,385	3,117	3,033	3,108
53 Japan	1,177	1,052	1,244	1,160	1,213	968	1,047	1,115
54 Middle East oil-exporting countries[2]	765	825	901	757	806	775	748	700
55 Africa	551	653	759	598	627	638	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	1983						
			Jan.–July	Jan.	Feb.	Mar.	Apr	May	June	July[p]
	U S. corporate securities									
STOCKS										
1 Foreign purchases	40,686	41,916[r]	42,720	5,175[r]	5,314[r]	7,083	5,920	6,619[r]	6,853	5,756
2 Foreign sales	34,856	37,956[r]	38,234	4,376	4,349	6,155	5,344	6,365[r]	6,450	5,196
3 Net purchases, or sales (−)	**5,830**	**3,959[r]**	**4,486**	**799[r]**	**965[r]**	**928**	**576**	**254**	**403**	**560**
4 Foreign countries	**5,803**	**3,875[r]**	**4,392**	**790[r]**	**945[r]**	**902**	**524**	**252**	**428**	**551**
5 Europe	3,662	2,603[r]	4,044	615[r]	894[r]	976	626	296	196	442
6 France	900	−143	155	47	52	8	29	−28	14	34
7 Germany	−22	333	887	110[r]	137	226	222	86	−31	136
8 Netherlands	42	−60	−85	2	8	41	−5	−81	−57	7
9 Switzerland	288	−529	1,460	214[r]	223	102	278	269	186	187
10 United Kingdom	2,235	3,136[r]	1,586	183	447[r]	576	127	116	89	48
11 Canada	783	221	612	90	61	147	122	92	98	1
12 Latin America and Caribbean	−30	304	305	0[r]	83	−23	119	63	28	35
13 Middle East[1]	1,140	366[r]	−646	−57	−13	−57	−302	−192	35	−59
14 Other Asia	287	246	−13	118	−91	−210	−44	0	68	146
15 Africa	7	2	29	6	4	8	8	3	1	0
16 Other countries	−46	131	61	18	6	60	4	−10	2	−12
17 Nonmonetary international and regional organizations	**27**	**85**	**95**	**10**	**21**	**26**	**52**	**2**	**−25**	**9**
BONDS[2]										
18 Foreign purchases	17,304	21,919[r]	13,904	1,948[r]	1,885	2,312	2,318	2,458	1,550	1,433
19 Foreign sales	12,272[r]	20,463[r]	14,156	2,278	1,877	2,448	2,067	2,289	1,741	1,457
20 Net purchases, or sales (−)	**5,033[r]**	**1,456[r]**	**−252**	**−330[r]**	**8**	**−136**	**251**	**169[r]**	**−191**	−24
21 Foreign countries	**4,972[r]**	**1,484[r]**	**−230**	**−328[r]**	**33**	**−153**	**265**	**193**	**−193**	−48
22 Europe	1,351[r]	2,081[r]	−50	−174[r]	−148	−266	261	474	−123	−73
23 France	11	295	−43	−21	−2	−22	7	7	−7	−5
24 Germany	848	2,116	114	−96	−35	127	47	85	−12	−2
25 Netherlands	70	28	32	16	0	3	1	12	−4	5
26 Switzerland	108	161	506	29	62	−2	209	188	28	−8
27 United Kingdom	196	−581[r]	−243	−90[r]	−90	−182	−103	141	119	−38
28 Canada	−12	25	94	11	15	21	−18	22	−10	53
29 Latin America and Caribbean	132	160	74	23	11	1	−3	10	19	13
30 Middle East[1]	3,465	−748[r]	−808	−211	86	32	−50	−378	−168	−119
31 Other Asia	44	−23	400	23	72	59	60	62	47	78
32 Africa	−1	−19	3	0	−1	0	−5	1	7	0
33 Other countries	−7	7	58	0	0	0	21	2	35	0
34 Nonmonetary international and regional organizations	**61**	**−28**	**−23**	**−2**	**−25**	**17**	**−14**	**−24**	**2**	**24**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−247	−1,343[r]	−3,319	−327[r]	−227[r]	−447	−548	−641	−649	−480
36 Foreign purchases	9,339	7,165[r]	7,639	1,032	1,042	1,187	971	1,079	1,344	983
37 Foreign sales	9,586	8,508[r]	10,958	1,359[r]	1,270[r]	1,634	1,519	1,720	1,993	1,463
38 Bonds, net purchases, or sales (−)	−5,460	−6,557[r]	−2,400	29[r]	−278	−556	−686	−837	139	−209
39 Foreign purchases	17,553	29,898[r]	19,991	2,888[r]	3,526	2,772	2,396	2,655	3,220	2,534
40 Foreign sales	23,013	36,455[r]	22,390	2,859	3,804	3,328	3,083	3,492	3,081	2,744
41 Net purchases, or sales (−), of stocks and bonds	**−5,707**	**−7,900[r]**	**−5,719**	**−299[r]**	**−506[r]**	**−1,003**	**−1,234**	**−1,478**	**−510**	**−689**
42 Foreign countries	**−4,694**	**−6,735[r]**	**−5,224**	**−275[r]**	**−818[r]**	**−714**	**−1,212**	**−972**	**−536**	**−698**
43 Europe	−728	−2,433[r]	−4,170	−309[r]	−688[r]	−606	−672	−632	−576	−687
44 Canada	−3,697	−2,364	−1,121	−20	−449	13	−438	−287	5	55
45 Latin America and Caribbean	69	288[r]	888	258	345	−24	88	243	−80	57
46 Asia	−367	−1,853[r]	−1,219	−192	−37	−144	−221	−309	−182	−133
47 Africa	−55	−9	103	−9	21	30	25	9	16	11
48 Other countries	84	−364	295	−2	−10	16	7	4	280	−1
49 Nonmonetary international and regional organizations	**−1,012**	**−1,165[r]**	**−495**	**−24[r]**	**312**	**−289**	**−22**	**−506**	**26**	**9**

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.–July	1983 Jan	Feb.	Mar	Apr.	May	June	July[p]
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**70,249**	**85,169**	....	**85,458**	**86,057**	**88,675**	**87,462[r]**	**89,375[r]**	**90,950**	**88,675**
2 Foreign countries[2]	64,565	80,586		80,854	82,098	83,046	84,001	84,243[r]	84,817	83,508
3 Europe[2]	24,012	29,274		29,855	31,039	32,364	33,511	33,557	33,569	33,017
4 Belgium-Luxembourg	543	447		716	−87	−332	−107	−93	−84	82
5 Germany[2]	11,861	14,841		15,151	16,650	17,560	17,798	16,953	16,876	16,313
6 Netherlands	1,991	2,754		2,839	3,011	3,194	3,230	3,255	3,251	3,262
7 Sweden	643	667		668	681	656	656	670	655	674
8 Switzerland[2]	846	1,540		1,013	1,039	1,044	1,070	914	877	855
9 United Kingdom	6,709	6,549		6,721	6,941	7,478	7,719	8,045	8,234	8,241
10 Other Western Europe	1,419	2,476		2,748	2,804	2,764	3,146	3,813	3,761	3,589
11 Eastern Europe	0	0		0	0	0	0	0	0	0
12 Canada	514	602		649	639	724	696	863	972	1,047
13 Latin America and Caribbean	736	1,076		1,066[r]	1,050	951	932	1,039	1,041	886
14 Venezuela	286	188		190	74	77	72	72	72	62
15 Other Latin America and Caribbean	319	656		720	792	690	676	775[r]	773	636
16 Netherlands Antilles	131	232		156	185	184	184	192	196	188
17 Asia	38,671	49,502		49,146	49,256	48,897	48,743	48,664	49,107	48,407
18 Japan	10,780	11,578		11,655	11,707	11,736	11,848	12,120	12,582	12,753
19 Africa	631	77		77	80	80	80	79	79	79
20 All other	2	55		60	34	31	39	42	50	72
21 Nonmonetary international and regional organizations	5,684	4,583		4,604	3,959	5,629	3,461[r]	5,132[r]	6,133	5,167
22 International	5,638	4,186		4,165	3,405	4,966	2,969	4,469[r]	5,327	4,455
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[r]**	**14,920**	**3,506**	**289**	**599**	**2,618**	**−1,212**	**1,912[r]**	**1,575**	**−2,275**
25 Foreign countries[2]	11,604	16,021	2,922	268	1,245	948	955	243	574	−1,310
26 Official institutions	11,730	14,498[r]	2,437	20	1,567	962	321	31[r]	444	−908
27 Other foreign[2]	−126[r]	1,518[r]	485	248	−323	−14	633	211[r]	130	−400
28 Nonmonetary international and regional organizations	1,095[r]	−1,096	584	21	645	1,670	−2,167	1,670[r]	1,001	−966
MEMO. Oil-exporting countries										
29 Middle East[3]	11,156	7,534	−1,907	121	−233	−691	−115	−566	−251	−172
30 Africa[4]	289	−552	−1	0	0	0	0	−1	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	Month effective	Country	Rate on Aug 31, 1983 Percent	Month effective	Country	Rate on Aug. 31, 1983 Percent	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	9.57	Aug. 1983	Japan	5.5	Dec. 1981	Venezuela	13.0	Sept. 1982
Denmark	7.5	Apr. 1983	Netherlands	4.5	May 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						
				Feb.	Mar	Apr.	May	June	July	Aug.
1 Eurodollars	14 00	16.79	12.24	9 14	9 25	9.23	8.96	9.66	10.00	10 27
2 United Kingdom	16 59	13.86	12.21	11 29	10 92	10 21	10.18	9.91	9.84	9.83
3 Canada	13 12	18.84	14 38	9 69	9.36	9.39	9.30	9 41	9 42	9 49
4 Germany	9 45	12 05	8 81	5 79	5 40	5 16	5 27	5.52	5.54	5.66
5 Switzerland	5 79	9 15	5 04	2.95	3 64	4 20	4 48	4 98	4.77	4.61
6 Netherlands	10 60	11.52	8 26	4.82	4.34	5.19	5 65	5 81	5.58	6.03
7 France	12 18	15.28	14.61	12 88	12 64	12.12	12.51	12.59	12.33	12.33
8 Italy	17 50	19 98	19 99	19 04	19 19	18.20	17.75	17 72	17 50	17 50
9 Belgium	14 06	15 28	14.10	12 25	13 32	11.05	10.04	9 73	9.08	9 25
10 Japan	11 45	7.58	6.84	6 64	6 72	6.34	6.26[r]	6 46	6 47	6 52

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					
				Mar	Apr	May	June	July	Aug.
1 Argentina/peso	n.a.	n a	20985.00	62386.95	66868.56	71100 94	8.08	8.85	8.94
2 Australia/dollar[1]	114.00	114.95	101.65	88 39	86.76	87.85	87.72	87 54	87 93
3 Austria/schilling	12.945	15 948	17.060	16.940	17.176	17 368	17 974	18.208	18.799
4 Belgium/franc	29 237	37 194	45 780	47.519	48 577	49 239	50 928	51 862	53 609
5 Brazil/cruzeiro	n.a.	92 374	179.22	401.30	434 77	465 65	517.28	571.73	643.34
6 Canada/dollar	1.1693	1 1990	1.2344	1 2263	1 2325	1.2292	1.2323	1.2323	1.2338
7 Chile/peso	n a	n a	51.118	76 378	76.028	75.405	77 500	78 987	80.011
8 China, P.R /yuan	n a	1 7031	1.8978	1 9834	1 9938	1 9895	1.9949	1.9966	1 9843
9 Colombia/peso	n a	n.a.	64 071	73.179	74 751	76 153	77 380	78.997	80.707
10 Denmark/krone	5 6345	7.1350	8 3443	8.6223	8.6663	8.8003	9 1287	9 3142	9 6308
11 Finland/markka	3 7206	4.3128	4 8086	5.4266	5.4342	5 4361	5 5351	5.5863	5.7063
12 France/franc	4.2250	5 4396	6.5793	7.0204	7 3148	7.4163	7.6621	7.7878	8.0442
13 Germany/deutsche mark	1 8175	2.2631	2 428	2 4110	2.4397	2.4665	2 5490	2 5914	2.6736
14 Greece/drachma	n a	n.a	66.872	83.897	84.037	84.105	84.486	84.677	89 217
15 Hong Kong/dollar	n a	5 5678	6 0697	6.6536	6 7868	6 9667	7 2822	7 1678	7.4416
16 India/rupee	7 8866	8 6807	9.4846	9 9652	9 9824	9.9895	10.049	10.0875	10.187
17 Indonesia/rupiah	n a	n.a	660 43	714.72	970.81	968 83	973 00	978.57	984.09
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	134 79	129.53	128.11	123.81	121.87	117.99
20 Israel/shekel	n a	n.a.	24 407	38.867	40.951	43.427	46 138	49 614	55.949
21 Italy/lira	856 20	1138.60	1354.00	1429.72	1451.88	1467.76	1510 98	1533 41	1589 74
22 Japan/yen	226 63	220.63	249.06	238.25	237.75	234.76	240 03	240 52	244 46
23 Malaysia/ringgit	2 1767	2.3048	2 3395	2.2898	2.3063	2.3009	2 3244	2 3319	2.3523
24 Mexico/peso	22.968	24 547	72.990	161 78	153 77	150.27	149.02	149.36	151.59
25 Netherlands/guilder	1 9875	2 4998	2.6719	2 6834	2.7486	2.7737	2.8557	2.8985	2.9912
26 New Zealand/dollar[1]	97 34	86.848	75.101	66 642	65.726	66.246	65 659	65.383	65.100
27 Norway/krone	4 9381	5 7430	6 4567	7 1852	7 1460	7.1154	7 2678	7 3280	7 4641
28 Peru/sol	n.a.	n a	694.59	1160.19	1284 37	1390 60	1514 46	1645.99	1853.18
29 Philippines/peso	n.a	7 8113	8.5324	9.5896	9 8449	10.015	10.393	11.050	11.050
30 Portugal/escudo	50 082	61.739	80.101	95 867	99.055	99.521	107.39	119 03	123.03
31 Singapore/dollar	n a	2 1053	2 1406	2 0854	2.1010	2.0920	2 1198	2 1294	2 1416
32 South Africa/rand[1]	128 54	114 77	92 297	91 64	91 42	92 31	91.65	91.19	89.55
33 South Korea/won	n.a	n a	731.93	757 94	765 29	767.96	775.82	779.88	787.19
34 Spain/peseta	71.758	92 396	110 09	133.498	135 99	137 76	143 29	147 973	151.302
35 Sri Lanka/rupee	16 167	18.967	20 756	22 982	22 971	22.970	23.050	24.082	24.257
36 Sweden/krona	4.2309	5 0659	6.2838	7.4882	7 4941	7 4978	7 6351	7 6936	7.8585
37 Switzerland/franc	1.6772	1 9674	2 0327	2.0663	2 0587	2.0572	2 1123	2 1184	2.1632
38 Thailand/baht	n.a.	21 731	23 014	22.991	22.990	22.988	22.990	22.990	22 990
39 United Kingdom/pound[1]	232 58	202 43	174.80	149.00	153 61	157 22	154 80	152 73	150 26
40 Venezuela/bolivar	n a	4 2781	4 2981	7 9500	9 0429	10 233	11 213	12 595	15 600
MEMO.									
United States/dollar[2]	87.39	102.94	116 57	120 71	121 82	122.05	125.16	126 62	129.77

1 Value in U.S. cents

2. Index of weighted-average exchange value of U.S dollar against currencies of other G-10 countries plus Switzerland. March 1973 - 100 Weights are 1972-76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U S. Dollar: Revision" on p. 700 of the August 1978 BULLETIN

NOTE. Averages of certified noon buying rates in New York for cable tranfers.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

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

General Information

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

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

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

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

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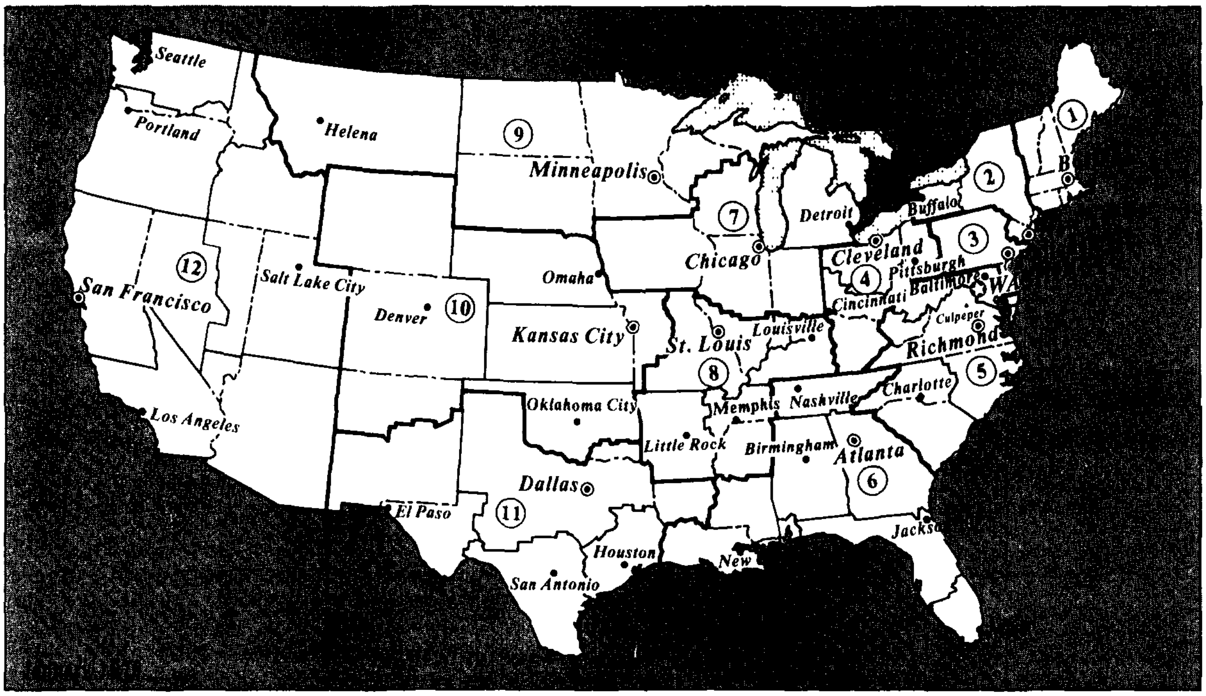

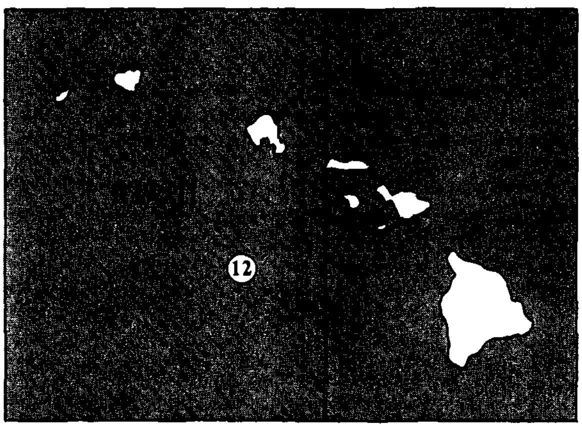

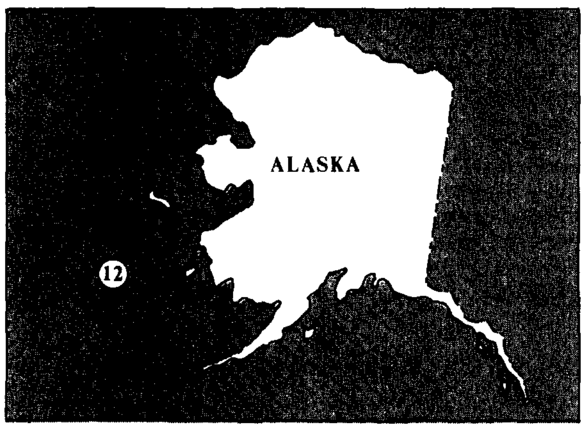

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