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Monetary Policy Report to the Congress

Report submitted to the Congress on July 20, 1983, pursuant to the Full Employment and Balanced Growth Act of 1978.[1]

The Outlook for the Economy

When the year began, an economic expansion was under way, but it was widely expected that the recovery, at least in its initial phases, would be significantly less rapid than the average postwar cyclical upswing. The economic recessions of the early 1980s and inflation that was more moderate than anticipated had exposed serious financial strains both at home and abroad—strains that in part grew out of practices that developed during years of inflation. Consumer confidence was still at a low ebb, and a high degree of caution was apparent in the business community. Interest rates, despite having declined substantially, were still at levels that appeared likely to inhibit strong growth of activity in interest-sensitive sectors, and a weak demand for U.S. exports was expected to damp the pace of economic expansion.

By the second quarter, however, the recovery had gained vigor, and was following in most respects a typical cyclical pattern. Advances in residential construction were exceptionally large during the first half, and there were sustained increases in consumer spending, particularly for durable goods. Businesses continued to liquidate inventories at a rapid pace through the first quarter, but then apparently began rebuilding stocks in the second quarter as final demands strengthened. Employment gains became substantial as the recovery gathered speed, and the unemployment rate in June—while still high historically—was ¾ of a percent below the earlier peak.

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

Given the momentum of the recovery—and the added stimulus of another reduction in personal taxes at midyear—there is a strong likelihood that real gross national product will continue growing at a healthy pace through the second half of 1983. Gains in employment have generated sizable increases in income, which in turn are laying the groundwork for further advances in consumer spending. And business spending on equipment appears to be turning up. The cumulative forces of economic expansion thus appear to be well established.

Real GNP growth in the second half as a whole may not match the rapid second-quarter pace, which partly reflected the sharp swing in inventory positions. In addition, given the level of housing starts reached in the second quarter, and with mortgage interest rates no longer falling, outlays for residential construction seem unlikely to continue rising at the extraordinary pace of early 1983. Business spending for structures may still be sluggish in the second half, particularly with office space in ample supply in most cities. The foreign sector, too, will exert a restraining influence on growth of output in the United States, owing to a strong dollar, relatively slow growth in the other industrial nations, and financial difficulties besetting many developing countries.

Employment is likely to continue expanding as the recovery in output progresses, with gradual declines in the unemployment rate. If past experience is any guide, however, the strengthening economy will itself prompt more job seekers to enter the labor force, thereby reinforcing the inertia of the unemployment rate. Consequently, unemployment will remain high, relative to the earlier postwar period, for some time.

The near-term outlook for inflation continues to be reasonably favorable. Wage pressures have moderated further into 1983; productivity is improving; and the continued strength of the dollar is limiting increases in the prices of imported goods. A partial rebound in energy prices during the early spring, following the pronounced weakness earlier in the year, appeared to be abating by midyear. A spurt in some food prices resulting from bad weather does not appear to be cumulating into a major price advance. Given these considerations, as well as the favorable first-half price performance, the chances appear excellent that inflation rates for 1983 as a whole will be as low as, or even lower than, those of 1982.

At the same time that the general trend of price increase is still slowing, there are indications that some of the cyclical influences that helped reduce inflation during the recession have waned. With demands for goods and services strengthening, price discounting is diminishing; and the downward pressures on prices and wages in some markets will lessen as orders and labor demand rise. Such developments are to some extent inevitable. What is of critical importance is that these cyclical influences not impair more lasting progress toward reduction in the underlying rate of inflation, as reflected in the interactions of wages, productivity, and costs.

Recently, the concerns on that score have been heightened somewhat by several factors. Preliminary indications are that growth in nominal GNP approached 11 percent in the second quarter. That high rate of spending growth is a welcome development insofar as it has come about in the context of accelerated growth of real output and moderating prices. However, growth in some measures of money and credit also has been relatively large recently, and growth in *nominal* spending at the present rate over a sustained period would suggest renewed inflationary pressures.

The vigor of the private economy at midyear also has underscored the potential problems associated with federal budget deficits that will remain massive in the years ahead, unless there are decisive actions to reduce expenditures or—absent such action—to increase revenues. Prospects for interest rates are related to a number of factors, including importantly the actual and perceived trend in inflation. In 1982 when the economy was mired in recession and the inflation rate was falling, record-large government deficits were consistent with declining interest rates. However, should public credit demands remain at or near record highs while private credit demands are expanding rapidly in response to rising business activity, the outlook for interest rates would clearly be affected.

The difficulties of controlling federal deficits are evident in the legislative developments of recent months, during which there have been extensive and laborious efforts to arrive at a workable budget resolution. These difficulties notwithstanding, unless there is further progress in reducing deficits, the risk of strains in credit markets intensifying is apparent, impairing the prospects for a balanced economic recovery.

ECONOMIC PROJECTIONS OF FOMC MEMBERS

Members of the Federal Open Market Committee believe that the current economic recovery will be well maintained over the remainder of 1983 and on through 1984. The central tendency of forecasts of the FOMC members shows this year's growth in real GNP ranging between 5 and 5¾ percent—a significantly stronger rate of growth than in the projections previously submitted to the Congress in the Monetary Policy Report of last February.[2] Real growth in 1984 is expected to be about 1 percent slower than in 1983, and the unemployment rate is projected to trend lower through the end of next year.

Most FOMC members expect this year's increase in the GNP implicit price deflator to range between 4¼ and 4¾ percent—about the same as last year's increase and in line with the projections of the February Monetary Policy Report. There is less consensus about the inflation outlook for 1984, with some concerned that inflation is likely to accelerate. However, most FOMC members feel that, with appropriate policies, prices overall are likely to rise in the same range as, or only a shade more rapidly than, in 1983. The cyclical strengthening of demand associated with the recovery is one factor in this inflation projection, but price developments next year will also reflect a number of special factors, such as policies to reduce farm product supplies and raise farm incomes, cost pressures from in-

2. "Monetary Policy Report to Congress," FEDERAL RESERVE BULLETIN, vol. 69 (March 1983), pp. 127–40.

Economic projections for 1983 and 1984

Item	FOMC Members		Administration
	Range	Central tendency	
Percent change, fourth quarter to fourth quarter, 1983			
Nominal GNP	9¼ to 10¾	9¾ to 10	10.4
Real GNP	4¾ to 6	5 to 5¾	5.5
Implicit deflator for GNP	4 to 5¼	4¼ to 4¾	4.6
Average level in the fourth quarter, percent			
Unemployment rate	9 to 9¾	About 9½	9.6
Percent change, fourth quarter to fourth quarter, 1984			
Nominal GNP	7 to 10¼	9 to 10	9.7
Real GNP	3 to 5	4 to 4½	4.5
Implicit deflator for GNP	3¾ to 6½	4¼ to 5	5.0
Average level in the fourth quarter, percent			
Unemployment rate	8¼ to 9¼	8¼ to 8¾	8.6

creased payroll taxes, and the possibility of some weakening in the foreign exchange value of the dollar.

The central tendency projections of the FOMC members, for prices as well as for real GNP and unemployment, are closely in line with the economic assumptions prepared by the administration for its midsession review of the budget.

While most FOMC members are relatively optimistic about the prospects for maintaining economic growth and containing inflation over the next year and a half, they also are mindful of potential difficulties that could disrupt the outlook and cause the nation's economic performance to be less favorable than is now expected. There is, as already noted, the prospect that federal budget deficits will remain extremely large into the indefinite future; as the private recovery lengthens, the dangers associated with those deficits are likely to increase, posing a threat to both the inflation outlook and the sustainability of a balanced expansion.

There also are some broader risks, not specifically related to the budget, that some of the progress against inflation could be reversed as the private economy strengthens. The persistence of inflationary expectations is evident both in recent surveys of private opinion and in the behavior of financial markets in which borrowers remain willing to pay high nominal rates of return on long-term debt instruments. As the recovery progresses, wage and price developments will need to be monitored with great care to make sure that these still-present expectations of inflation are not undergirding a new round of acceleration in actual wage and price increases.

More generally, the United States has become much more integrated into the world economy than it was a decade ago, and our economic fortunes have become closely linked with those of other nations. Because of those close linkages, the economic difficulties of many foreign nations, particularly the serious financial problems still plaguing many developing countries, could affect this nation's economic performance in the period ahead.

To some extent, these risks in the economic outlook can be moderated by appropriate policies. For example, the risk of a further deterioration in the economic prospects facing the developing nations can be lessened if lenders, borrowers, national authorities, and international organizations maintain the high degree of cooperation that has become evident in the past year. Prompt action by the United States to bolster the resources of the International Monetary Fund and of the multilateral development banks is an essential element in managing successfully a difficult adjustment process.

This country's budgetary problems also are manageable, provided the Congress and the administration take action. The Federal Reserve, for its part, remains committed to monetary policies that will provide enough money and credit to support economic growth in a context of containing inflation; without reductions in future fiscal deficits, the goal of maintaining a balanced recovery while at the same time holding down inflation could prove elusive.

The Federal Reserve's Objective for Growth of Money and Credit

The Committee reviewed its target ranges for 1983 and established tentative ranges for 1984 in light of its basic objectives of encouraging sustained economic recovery while continuing to make progress toward stability in the average level of prices. In setting these ranges, the Committee recognized that the relationships among the money and credit aggregates and economic activity in the period ahead are subject to considerable uncertainty; consequently, it was emphasized that, in implementing policy, the significance to be attached to movements in the various aggregates would depend on evidence about the strength of economic recovery, the outlook for prices and inflationary expectations, and emerging conditions in domestic and international financial markets.

With respect to the ranges for the broader monetary aggregates—M2 and M3—the Committee reaffirmed the 1983 ranges of 7 to 10 percent and 6½ to 9½ percent respectively that had been established earlier in the year. The tentative ranges for next year set for these aggregates were reduced ½ percentage point to 6½ to 9½ percent and 6 to 9 percent respectively, measured in both cases from the fourth quarter of 1983 to the fourth quarter of 1984.

It was expected, in setting these tentative ranges, that shifts into money market deposit accounts (MMDAs) would not significantly distort growth in the broader aggregates, particularly M2, in contrast to the experience in the early part of this year. However, it was also recognized that the greater flexibility in liability management for banks and thrift institutions resulting from the availability of MMDAs, together with the recent decision of the Depository Institutions Deregulation Committee to eliminate ceiling rates on time deposits by October 1 of this year, would be a factor encouraging somewhat more rapid growth in M2 relative to M3, as banks and thrifts may rely relatively less on large CDs and other money market liabilities in funding credit expansion.[3] With greater growth in real (and nominal) GNP than anticipated earlier—but in the context of moderating inflation—actual growth in M2 and M3 may reasonably be higher in the ranges than was thought likely earlier.

The FOMC also agreed that principal weight would continue to be placed on the broader monetary aggregates in the implementation of monetary policy, in view of the continuing uncertainties that attach to the behavior and trend of M1 over time. As discussed in the section entitled "The Growth of Money and Credit in the First Half of 1983," an unusual, sizable decline in the velocity of M1 has been experienced over the past several quarters, likely reflecting in part the fact that interest-bearing, negotiable order of withdrawal (NOW) accounts have become an important component of M1. These accounts, which have both savings and transaction characteristics, appear to have increased the response of M1 demand to changes in market interest rates, which may explain a good part of the acceleration of growth in M1 that began last summer. Also, particularly in the course of 1982, demand for M1 may have increased because savers sought to hold funds in highly liquid forms in light of various economic and financial uncertainties.

Recent evidence suggests that the decline in the velocity of M1 may be abating. The income velocity of M1 evidently declined only modestly in the second quarter of this year. As the upward impact on M1 demand of earlier interest rate declines has faded and a sizable buildup in liquid balances has taken place, it seems probable that some pickup in the velocity of M1 will develop over the quarters ahead, in closer conformance with cyclical and secular patterns of earlier years.

Whether any rise in velocity would be as strong as in earlier decades of the post-World-II period remains uncertain. Experience to date with a measure of M1 that reflects to a greater extent the savings propensities of the public, as well as transaction demands, has been relatively limited, which makes it difficult to assess its behavior under varying economic circumstances. Moreover, it is not clear how responsive M1 demand will be to market interest rates over the period ahead if Super NOW accounts, which yield a market return to holders, become a more important element in the aggregate. (If the authority to pay interest on transaction balances were extended beyond currently eligible accounts, this too would affect M1 behavior, presumably in the short run increasing the demand for the aggregate. No specific allowance has been made for that possibility.)

Taking account of these various uncertainties, for the purpose of monitoring M1 behavior, the Committee established a growth range of 5 to 9

3. Except for accounts of less than $2,500 maturing in 31 days or less.

percent (annual rate) for the period from the second quarter to the fourth quarter of this year. The decision to establish a new base for monitoring M1 reflected a judgment that the rapid growth over the past several quarters should be treated as a one-time phenonemon, neither to be retraced nor long extended. A monitoring range of 4 to 8 percent was tentatively established for the period from the fourth quarter of 1983 to the fourth quarter of 1984. These ranges anticipate no further decline in the velocity of M1 during a period of relatively strong growth in economic activity and allow for the likelihood of some rebound in velocity. M1 growth would be expected to move lower in these ranges as and if velocity strengthens.

The Committee reaffirmed the range of 8½ to 11½ percent used for monitoring the behavior of domestic nonfinancial sector debt in 1983. That range was reduced to 8 to 11 percent for 1984. The federal government next year is expected to continue absorbing an unusually large share of overall credit supplies. The Committee's range would encompass the possibility of growth of total debt in excess of likely GNP growth (and the long-term trend of credit in relation to GNP) in light of the analysis of various factors bearing on credit growth. Nevertheless, the prospect of intensifying conflict between sustained large government requirements and growing private sector credit demands is a serious concern.

The Performance of the Economy in the First Half of 1983

The economic expansion that began at the end of 1982 gathered momentum over the first half of 1983. After increasing moderately in the first quarter, real gross national product registered a strong advance in the second quarter, as production and employment rose in a broad range of industries. An apparent completion of the recession-induced inventory liquidation accounted for much of the second-quarter growth; but domestic final sales also strengthened considerably, and forward-looking indicators point to further output gains in the months ahead.

To be sure, a number of serious economic problems remain. The economic recovery is far from complete. At midyear, 10 percent of the civilian labor force was still unemployed. Many companies continue to face major adjustments in an effort to stay competitive in their industries here and abroad. Some domestic energy producers remain in financial difficulty, as do many producers in the agricultural sector. The nation's external sector continues to be a weak link in the recovery, as exports are being limited by a strong dollar, the sluggishness of a number of other industrialized economies, and the severe adjustment problems of much of Latin America; the international indebtedness and related economic difficulties of a number of developing countries remain matters of particular concern.

This country's period of moderating inflation lengthened in the first half of 1983. In 1982, many price measures recorded the smallest increases in a decade, and price developments so far this year have been even more favorable. Transitory elements clearly have played a part in this improving price performance, but there also continue to be indications of more lasting progress. In particular, productivity has been improving and increases in compensation continue to moderate, so that the interactions between costs and prices, which imparted a stubborn momentum to inflation through the 1970s, are still working to reduce the underlying or trend rate of inflation.

However, even though prices have slowed dramatically, concerns persist that inflation will reaccelerate as the recovery progresses. To a considerable extent, these concerns arise from the experience of past business cycles and from an expectation that the federal government's budget deficits will remain massive in the years ahead, making more difficult the sustained application of a noninflationary monetary policy. Because of such concerns about the future, as well as the present high level of actual government borrowing, short- and long-term interest rates in the first half of 1983 continued to be quite high, relative both to historical experience and to the current pace of inflation.

As had been true during the recession, government debt rose rapidly in the first half of 1983; in addition, household borrowing picked up as the expansion accelerated. Even though the growth in business borrowing remained relatively low, total debt outstanding in the domestic nonfinancial sectors grew at an annual rate of about 10½ percent—a faster pace than in 1982. Debt grew faster in the second quarter than in the first.

Money holdings also increased rapidly in the first half of 1983, as a strengthening of private spending bolstered the demand for transaction balances and as lower interest rates led many individuals and businesses to hold a larger portion of their financial assets in the form of money balances. In addition, money growth also was affected by portfolio shifts arising from the progressive liberalization of regulations on deposit rates; these shifts were especially important in boosting growth of the broader monetary aggregates early in the year.

Interest Rates

Short-term interest rates had fallen sharply in the second half of 1982, when the recession was deepening; and by the end of last year, rates were only about half the peak levels of 1981. Yields then fluctuated in a relatively narrow range through most of the first half of 1983, before moving a little higher around midyear as the recovery strengthened. At midyear, short-term yields were generally 50 to 125 basis points above their December levels; the Federal Reserve discount rate remained unchanged over the first half of the year.

Long-term rates eased further into early 1983, extending the decline that began in mid-1982. The further reduction in long-term yields resulted from beliefs that the recovery might be relatively weak, thereby limiting private credit needs and, at the same time, enhancing the prospects for a continued moderation of price inflation. In the second quarter, however, long-term rates turned up slightly as economic activity strengthened further and as market participants began to focus more directly on the potential effects of heavy federal borrowing and the implications of continued rapid money growth.

Consumer Spending

Much of the vigor of the current expansion has arisen from increases in income and spending in the household sector. Throughout the recession, the nominal disposable incomes of consumers had been unusually well maintained by a combination of countercyclical transfer payments, rising interest income, and reductions in tax rates. A rapid decline in inflation enhanced the purchasing power of these nominal income gains, and by the end of 1982, real disposable personal income was about 2 percent above its prerecession level of mid-1981.

Households have strengthened their balance sheets considerably in recent years by acquiring large amounts of liquid assets and holding down the accumulation of new indebtedness. In addition, a sharp, sustained rise in stock prices added considerably to household wealth after mid-1982. Thus, when aggregate wage and salary income began rising with the upturn in activity, consumers were well positioned to boost spending on goods and services.

After a period of sluggish growth through most of 1982, consumer spending improved toward the end of last year and strengthened further in the first half of 1983. Second-quarter spending, in particular, was quite vigorous, as purchases of autos and other big-ticket items increased markedly. Sales of domestic autos were at an annual rate of about 6¾ million units in the second quarter, the best quarterly sales pace since mid-1981; sales of foreign models were maintained at a rate of about 2¼ million units.

With income growth accelerating, economic prospects brightening, and interest rates lower than in 1982, consumers became more willing to take on new debt in the first half of 1983. In addition, lenders showed a greater interest in making consumer loans, partly—in the case of depository institutions—as an outlet for investing the large inflows to new accounts. Thus, after rising only 4 percent in 1982, installment debt rose at more than a 7 percent annual rate in the first quarter, and still faster growth appears to have occurred in the second quarter.

Business Spending

Economic conditions in the business sector also have improved. Reduced interest rates, the elimination of unwanted inventories, and an expanding economy have relieved some of the financial strains brought on by the recession and, at the same time, have created a better climate for investment spending. Business cash flows improved in the first half, as profit margins widened considerably. Buoyed by rising investor confidence, stock prices rose to new highs, enabling businesses to rely heavily on equity financing while limiting the growth in indebtedness. In addition, encouraged by bond yields that were well below earlier peaks, firms strengthened their balance sheets by shifting their borrowing toward longer-term maturities. These general trends notwithstanding, many firms that were weakened by the recession continued to face financial difficulties in the first half of 1983, and the number of business bankruptcies—though declining—remained high.

Business investment spending, which fell nearly 8 percent in real terms during the recession, turned up in the first half of 1983, as real outlays for equipment rose in both the first and second quarters. In contrast to equipment, spending for structures fell appreciably during the first half of 1983, led by reduced outlays for commercial and industrial buildings. With office and industrial vacancy rates now quite high, it may be some time before the expanding economy generates a sustained increase in outlays for these types of facilities.

Businesses had liquidated inventories at a rapid pace during the recession in an effort to bring stocks more in line with the recession-reduced sales levels, and the momentum of that liquidation carried into early 1983. More recently, with final sales continuing to rise, businesses appear to have begun a cautious rebuilding of stocks. In the second quarter, a move from sizable inventory liquidation to an apparent small accumulation of stocks provided a strong impetus for increased production, resulting in a rise in second-quarter GNP much larger than the advance in final sales.

Residential Construction

Responding to lower interest rates, activity in the housing sector rose sharply in late 1982 and increased further in the first half of this year. At the end of last year, mortgage rates were about 5 percentage points below the peak rates reached in the fall of 1981, and they continued to trend gradually lower before firming in the past two months. Mortgage credit flows increased strongly in the first half—especially at thrift institutions, whose fund availability was enhanced by the advent of new deposit instruments.

In response to the drop in financing costs, as well as demographic influences, home sales turned up in 1982 and rose rapidly through the first half of 1983. By the second quarter of 1983, sales were up nearly a third from the final quarter of 1982; both new and existing homes shared in the sales gains. With the inventory of unsold new homes quite low, rising sales have supported a strong advance in new construction activity. Continuing the uptrend evident in 1982, starts of new single-family homes in the first five months of 1983 rose to a level about three-fourths above a year earlier—a sharper rebound than many analysts had expected in light of prevailing mortgage rates. Starts of multifamily units also have been quite strong so far in 1983, partly reflecting enhanced profitability in the markets for rental property. Low levels of housing construction over the past few years clearly left a sizable pent-up demand that has provided strong support for new construction activity.

Government Sector

Federal spending declined moderately during the first half of 1983, but the drop resulted mainly from transitory factors, particularly a reduced rate of accumulation of farm inventories by the Commodity Credit Corporation (CCC). Abstracting from these inventory swings, federal expenditures were still trending up in the first half. Excluding outlays of the CCC, federal purchases of goods and services, in current dollars, appear to have increased at an annual rate of more than 10 percent from the fourth quarter of 1982 to the second quarter of this year.

The federal budget deficit was extremely large in the first half of 1983. Because of changes in tax laws and, until recently, slow growth in taxable incomes, receipts have increased only moderately from the levels of two years ago. During the same period, spending has increased considerably, owing to increased defense purchases, recession-induced transfer payments, and, on average, relatively high payments to support farm incomes. As a result, the combined federal deficit (unified plus off-budget) accumulated to about $95 billion over the first half of 1983, three times the level of a year earlier. During the first half, direct federal borrowing (which does not include federally guaranteed loans or the debt of sponsored credit agencies) absorbed more than two-fifths of all funds raised in credit markets by the domestic nonfinancial sectors.

Real state and local government purchases edged lower in the first half of 1983, extending the gradual decline evident over the preceding two years. Real outlays for employee compensation and new construction spending were held down by the budget concerns still apparent among many states and localities. As in 1982, a number of governmental units raised taxes to relieve pressing financial difficulties. By midyear, however, some of the budgetary strains began to ease, as rising economic activity expanded the state and local tax base, boosting the sector's overall operating budget back into surplus.

Borrowing by state and local governments also increased rapidly, though part of the rise probably reflected a rush to market debt instruments in advance of a new requirement that securities be issued in registered, rather than bearer, form; the requirement deadline took effect on July 1, after having been postponed from January 1. In addition, tax-exempt borrowers took advantage of lower interest rates to refund or prerefund bond issues that were sold when borrowing costs had been higher.

The International Sector

As in 1982, net exports continued to exert a negative influence on U.S. economic activity in early 1983; slow growth in foreign industrial economies and a strong dollar have both constrained export sales. At the same time, the vigorous expansion in the U.S. domestic economy pushed imports higher, so that the trade account showed an increasing deficit over the first half of the year.

An additional element limiting prospects for U.S. exports is the serious external financing problems facing a number of developing countries, including some that are major trading partners of the United States. Among these nations, reduced trade volume and depressed commodity prices have limited export earnings and—in the face of high world interest rates—made debt repayment difficult. So far, these repayment problems have been contained through an extraordinary degree of cooperation among borrowers, private creditors, national authorities, and international organizations; in many instances, existing debts have been restructured, new funds have been raised, and the borrowing nations are implementing programs to restore internal financial stability, to increase their debt-servicing capacity, and to convince international lenders of their creditworthiness. Nevertheless, the process of adjustment is still far from complete.

Labor Markets

Labor markets began to strengthen around the turn of the year, and by June, payroll employment had increased 1.1 million from its December trough, regaining more than one-third of the losses sustained during the recession. Job gains have been widespread over the past six months, with especially large advances in services and manufacturing. In manufacturing, increases in employment during the past six months have retraced nearly a fifth of the 2 million jobs lost during the 1981–82 recession. Employment growth in the services industry, which had slowed during the recession, appears to be showing renewed vigor as the expansion has taken hold.

The total number of unemployed workers declined almost a million during the first half of 1983, and the civilian unemployment rate fell to 10 percent, ¾ of a percentage point below the postwar peak reached last December. Layoffs had begun easing late last year, and with labor demands strengthening through the first half, many firms have started rehiring. Despite these gains, jobless rates at midyear remained far above the levels of late 1979, before the two back-to-back recessions that added greatly to labor market slack in the early 1980s.

Wages and Labor Costs

The falloff of labor demand during the recession, along with the general unwinding of inflation, led to a sharp slowing in the rate of wages and labor cost increases, and that slowdown has continued into the first half of 1983. From the fourth quarter of last year to the second quarter of 1983, the average hourly earnings of production workers rose at about a 4¼ percent annual rate, the slowest rate of nominal wage increase since the mid-1960s. But, because the rise in consumer prices has slowed even faster, the slower nominal wage gain has been consistent with increases in real purchasing power.

The slowing of nominal wage increases has been broad based, affecting nearly all major industrial and occupational groups. With inflation easing, workers in general are feeling less pressure to catch up with past inflation or to try to stay ahead of anticipated future inflation. In addition, in industries particularly hard hit by recession, as well as by heightened domestic or foreign competition, workers have agreed to contract adjustments calling for wage freezes or outright wage reductions.

Unit labor costs also moderated further in the first half of 1983, as strong productivity gains reinforced the impact of smaller wage increases. In the nonfarm business sector, labor costs rose at only a 1¼ percent rate in the first quarter, and evidently the second-quarter advance also was quite moderate.

The sizable productivity gains of recent quarters have been an especially encouraging development because they may reflect not only the customary cyclical patterns of an economic expansion, but also some improvement in the trend rate of productivity growth. Work rules in many establishments are being revised to enhance efficiency, and qualitative reports from the business sector point to strong efforts to trim costs and improve market competitiveness.

Price Developments

Price developments continued to be favorable in the first half of 1983. The consumer price index rose at an annual rate of only 3 percent from December to May, and over the first half the producer price index for finished goods actually declined. An acceleration of prices from the first to the second quarter resulted mainly from swings in energy prices that appear to be temporary and from the transitory effects of adverse weather on the prices of some foods. The prices of raw industrial materials rebounded from depressed levels early in the year, but have leveled off in recent months. In other markets, including those for both consumer goods and capital equipment, price inflation in the second quarter still seemed to be trending lower.

Price increases during the past year have been the smallest since the early 1970s, and the period of moderating inflation has now extended over 2½ years. Still, the recent period of slower price increases has by no means erased the memories of accelerating inflation during the previous two decades. The recent deceleration in prices occurred during a business recession, and there remains a deep-seated skepticism about whether the gains against inflation can be maintained as the period of economic expansion is extended. The task of economic policy is to overcome that skepticism by preserving the gains already won against inflation while sustaining the economic expansion that took hold in the first half of 1983.

The Growth of Money and Credit in the First Half of 1983

The 1983 ranges for the monetary and credit aggregates announced in February were chosen by the Federal Open Market Committee with the objective of providing sufficient liquidity to support economic recovery while continuing to encourage progress toward price stability. In setting those guidelines, the Committee recognized that the relationship between growth of the monetary aggregates and economic activity had deviated from usual historical relationships during 1982, and looking ahead, account had to be taken of the possibility that past patterns might be shifting in some respects.

Specifically, during 1982, monetary growth had been quite rapid relative to income; the velocities of both M1 and M2 had registered exceptionally large declines over the year. Although these declines in velocity were thought likely to be in part temporary—M1 velocity in particular commonly has increased appreciably in the early stages of a recovery—it also was believed that the experience of 1982 might well be indicative of a more basic shift in the underlying demands for money. Institutional changes have led to the increased availability of transaction accounts that bear interest, which would be likely to increase the public's willingness to hold M1-type accounts. These accounts are used partly as repositories for savings, as well as to support transactions, and this tendency was expected to be reinforced by the introduction of Super NOW accounts.

The Committee also recognized that the introduction of new deposit instruments had affected, and would continue to affect, the behavior of the broader aggregates. A very substantial inflow of funds into money market deposit accounts (MMDAs) from market instruments had greatly inflated growth of M2 at the end of 1982 and in the early weeks of 1983. It was anticipated that further flows into these accounts, and to a lesser extent into Super NOW accounts, would continue to affect the aggregates for some time, although the impact could not be determined with a high degree of accuracy.

In implementing policy, Committee members agreed that, for the time being, primary emphasis would be placed on the broader aggregates. It was expected that distortions resulting from the initial adjustment to new deposit instruments would lessen. The behavior of M1 would be monitored, with any increase in the emphasis placed on that aggregate dependent on evidence that its velocity behavior was assuming a more predictable pattern. Debt expansion, although not targeted directly, would be reviewed in assessing the behavior of the monetary aggregates and the stance of monetary policy. The Committee emphasized that, given the above uncertainties, policy implementation in 1983 would require a greater degree of judgment, involving crucially the evaluation of the relationship of monetary growth to movements in income and prices, until such time as the aggregates returned to more predictable behavior.

The specific target ranges announced in February were the following: for M2, an annual rate of 7 to 10 percent for the period from February–March of 1983 to the fourth quarter of 1983; and for M3, 6½ to 9½ percent for the period from the fourth quarter of 1982 to the fourth quarter of 1983. Also for the latter period, a tentative range was established for M1 of 4 to 8 percent, with the width of this range reflecting the relative uncertainty about the behavior of this aggregate. An associated range of growth for total domestic nonfinancial debt was estimated to be 8½ to 11½ percent, December to December, while bank credit growth was expected to be between 6 and 9 percent for the year.

Growth in M2 and M3 appears to be broadly consistent with the target ranges adopted in February. M2 expanded through June at a 9 percent annual rate from the February–March base period, a little above the midpoint of its range. M3 growth was somewhat stronger and, at 9½ percent from the fourth quarter of 1982 through June, was at the upper end of its target growth path. In contrast, M1 continued to surge, with growth averaging 14 percent at an annual rate from the fourth quarter of last year.

In setting the annual target range for M2, the Committee selected the February–March base period to reduce the distortions resulting from the massive inflows to MMDAs after the introduction of these accounts in December. Moreover, the range of 7 to 10 percent was 1 percentage point higher than that set for 1982, to allow for some residual shifting from outside M2 into these accounts through the remainder of the year. There is growing evidence that the stock adjustment to MMDAs is abating; inflows to these new instruments slowed from around $17 billion per week in February to an average of about $1 billion weekly in June. Thus, it appears that the distorting effects of these instruments have, as expected, become relatively minor as time has progressed. The interest rates offered on these deposits—in absolute level and relative to other short-term rates—have fallen considerably from the extraordinary yields posted immediately after the introduction of this account. Since March, the average rates on MMDAs have been below rates available on virtually all market instruments, although they remain somewhat above the returns on money market mutual funds.

The recent behavior of other components of M2 also appears to reflect the waning of the public's initial adjustment to the availability of MMDAs. Runoffs of small-denomination time deposits and M2-type money market funds, which were substantial during the first quarter, have slowed considerably, and in fact small time deposits registered a slight increase in June. Savings deposits, which likewise had declined by record amounts earlier in the year, increased at a moderate rate in May and June.

For M3, the range selected of 6 to 9 percent was identical to that for 1982. It was believed that M3 would be less affected by the new accounts because some of the funds flowing into them would come directly from large deposits and, in any case, many depositories have the option of reducing their issuance of large CDs in response to greater inflows to MMDAs or other core deposits. However, the extent to which this would occur depends in part on changes in the public's perceptions of the desirability of insured deposit accounts relative to open market instruments and the willingness of depositories to make use of their new deposit authority to increase the extent of their financial intermediation. In the event, large CDs in the aggregate declined sharply in the months after the introduction of the new accounts, but have tended to pick up recently as inflows to MMDAs have slowed.

Besides running off large CDs, commercial banks responded to the influx of MMDA funds by increasing their holdings of liquid assets, principally Treasury securities; commercial bank holdings of Treasury securities expanded at an annual rate of more than 50 percent during the first half of the year. Small banks in particular, which rely less on managed liabilities than do large banks, invested heavily in these assets. Savings and loan associations appear to have relied largely on asset adjustments to MMDA inflows. These institutions showed a sharp acceleration in their holdings of cash and investment securities over the first quarter of 1983, and only moderate declines in large time deposits. In the second quarter, with slower inflows to the new accounts and an apparent pickup in mortgage lending, issuance of large time deposits by savings and loans registered a sizable increase.

The impacts on M1 of portfolio shifts into the new accounts are difficult to assess, but would appear to have been largely offsetting. Funds shifted into Super NOWs from outside M1 likely were about equal in magnitude to the outflow of funds from M1 into MMDAs. Nevertheless, M1 has been growing at a rate well above the range of 4 to 8 percent that was set in February and much faster relative to nominal GNP than has been normal during periods of economic recovery, when velocity has tended to rise at above-average rates. In fact, the income velocity of M1 continued to decline during the first half of the year, although the second-quarter decline was modest.

The decreases in M1 velocity may reflect in substantial part the changing nature of M1. With interest-bearing regular NOW accounts and Super NOWs making up a growing share of M1, this aggregate is becoming increasingly influenced by components that bear interest and thereby may attract "savings" as well as transaction balances. Indeed, there is evidence that the introduction of nationwide NOW accounts at the beginning of 1981 has made M1 more responsive to fluctuations in market rates. With market rates registering large declines in the latter half of 1982, the opportunity cost of holding NOW accounts—which carry a ceiling rate of 5¼ percent—fell sharply. As money demand usually responds to falling rates with a lag, this would help explain the strong growth of M1 in the latter half of 1982 and early 1983. More recently, however, some of the strength likely reflected growing transaction needs accompanying the pickup in economic activity. Given the limited experience with NOW and Super NOW accounts, uncertainty surrounding M1 behavior remains substantial, but account should be taken of the possibility that more normal cyclical patterns may be returning.

Full data are not yet available for the second quarter, but preliminary indications are that the aggregate debt of domestic nonfinancial sectors grew over the first half at a rate somewhat above the midpoint of the range of 8½ to 11½ percent projected by the FOMC, with a marked increase in the second quarter. This aggregate was swollen by federal borrowing, which has accounted for more than 40 percent of total credit flowing to domestic nonfinancial sectors since December. As indicated in the accompanying table, growth

Domestic nonfinancial sector debt
Annual rates of growth, in percent[1]

Period	Total	U.S. government	Households	Nonfinancial business	State and local government
Annually[2]					
1979	12.1	6.0	15.1	13.5	7.4
1980	9.9	11.9	8.7	10.1	9.3
1981	9.9	11.8	8.2	11.3	7.0
1982	9.5	19.4	5.6	7.4	13.4
Quarterly[3]					
1982:3 ...	10.2	24.5	4.9	8.1	9.2
1982:4 ...	9.8	24.5	5.9	3.7	18.2
1983:1 ...	9.6	19.1	7.4	5.3	13.5
1983:2 ...	11.4	23.0	8.5	5.4	19.1

1. Based on end-of-period data.
2. December to December.
3. End-of-quarter to end-of-quarter.
p Preliminary

in federal debt has been very rapid in recent quarters, averaging in excess of 20 percent at an annual rate over the last four quarters. Residential mortgage financing and consumer credit have picked up since last year, reflecting the strengthening of these sectors. Business borrowing has remained moderate due to reduced needs for external financing and has been concentrated mainly in longer-maturity debt; short- and intermediate-term business borrowing has been weak since the fourth quarter of last year. Borrowings by state and local governments were strong during the first half, as noted earlier, partly reflecting heavy issuance of tax-exempt bonds in advance of the July 1 registration date and borrowing for future refunding of higher-cost debt.

Commercial bank credit, boosted by heavy acquisitions of Treasury securities, has expanded at an annual rate of 10½ percent since December. Reflecting the general weakness in business demand for short-term credit, business loans at commercial banks were about flat over the first half, while bank mortgage and consumer lending has picked up. Some of the buildup of Treasury securities could be a temporary response to strong inflows to MMDAs, held as a hedge against possible withdrawals as rates on MMDAs remain below market yields. On the other hand, since some investors evidently shifted funds to insured MMDA accounts from open market instruments, the increase in investment holdings could mark a permanent increase in overall intermediation by commercial banks, thereby raising bank credit above its normal range. Indeed, as thrift institutions likewise have become more competitive with the introduction of MMDAs, the share of total credit extended by all depository institutions rose appreciably over the first half of this year; about 40 percent of domestic nonfinancial credit was extended by depositories during the first half, compared with an average of less than 30 percent from 1980 through 1982. During the first half, acquisitions of Treasury securities by commercial banks helped to absorb the massive increase in Treasury financing, but, as private demands for credit pick up in response to rising business activity, such an absorption of Treasury debt may be more difficult within the context of noninflationary growth of the monetary aggregates. □

Staff Studies

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

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

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

STUDY SUMMARIES

INTERNATIONAL BANKING FACILITIES AND THE EURODOLLAR MARKET

Henry S. Terrell and Rodney H. Mills—Staff, Board of Governors

Prepared as a staff paper in early 1983

The Federal Reserve Board permitted the establishment of international banking facilities (IBFs) in the United States beginning in early December 1981. The Board took this action to allow U.S. offices of depository institutions to be more competitive in conducting banking business with non-U.S. residents. Through IBFs, non-U.S. residents can conduct banking transactions in the United States free of any reserve requirements or interest rate limitations, and without the costs of FDIC insurance. In addition, various states have amended their tax structures to grant IBFs relief from locally imposed taxes. IBFs have rapidly become an important locale for international banking activity. By December 1982 their assets exceeded $160 billion, of which one-half was assets of U.S. branches and agencies of foreign banks.

This staff study is an empirical examination of the impact of IBFs on international banking in their first year of operation. The IBFs have resulted in a shift of international financial intermediation to the United States from "shell" branches of U.S.-chartered banks and from foreign-chartered banks in the Bahamas and the Cayman Islands. Other than these shifts of existing transactions, IBFs do not appear to have had important effects on international banking. The evidence does not indicate that, during the first year of their existence, IBFs have caused a shift of activity from foreign-chartered to U.S.-chartered banks (considered on a global scale), have accelerated the growth of total international banking activity, or have reduced differentials between U.S. and Eurodollar interest rates.

The study concludes that IBFs should be viewed as another step in the general process of deregulation of banking. Because they owe their existence to the regulatory structure of U.S. banking markets, IBFs—along with the conventionally defined Eurodollar market—will in turn be affected by future deregulation of the U.S. banking and financial system.

An additional summary follows.

Seasonal Adjustment of the Weekly Monetary Aggregates: A Model-Based Approach

David A. Pierce, Michael R. Grupe, and William P. Cleveland—
Staff, Board of Governors
Prepared as a staff paper in early 1983

For some time, members of the Board's staff have been engaged in research aimed at improving seasonal adjustment techniques for the monetary aggregates. Much of this research has focused on *model-based* seasonal adjustment, which requires first specifying a general mathematical form for a model that can describe a data series and then estimating specific parameter values of the model based on the series to be adjusted. Model-based procedures thus account better for the particular seasonal characteristics of the series than does the Census X-11 program (on which the Board's current procedure is based), with its sets of predetermined moving averages. Staff research on model-based procedures has received a strong impetus from the Board's recently published report, *Seasonal Adjustment of the Monetary Aggregates: Report of the Committee of Experts on Seasonal Adjustment Techniques* (see page A84, "Federal Reserve Board Publications," in this BULLETIN).

This study describes a model-based procedure designed for the weekly monetary aggregates (a monthly variant is also available). The procedure combines regression and time-series models and, by extension, regression and moving-average methods for seasonal adjustment. That part of the seasonal component that is fixed or deterministic is modeled as a regression equation, and that portion of the seasonal that is changing or stochastic is described via a seasonal time-series model. The latter yields a seasonal adjustment by a symmetric moving average, as does the Board's current procedure. The overall seasonal factor is then formed by combining the factors derived from the regression and the moving-average procedures.

For the weekly monetary aggregates, the regression part of the model contains independent variables designed to capture the basic seasonal pattern, including both annual and within-month effects, as well as special effects due to holidays and the vagaries of the calendar. It also incorporates the technique of "intervention analysis" for unusual movements, such as those occurring as a result of the credit restraint program in 1980. For some monetary aggregate series, these regression components adequately describe the seasonality. For others, however, including transaction deposits, moving seasonality remains and is captured with a weekly time-series model.

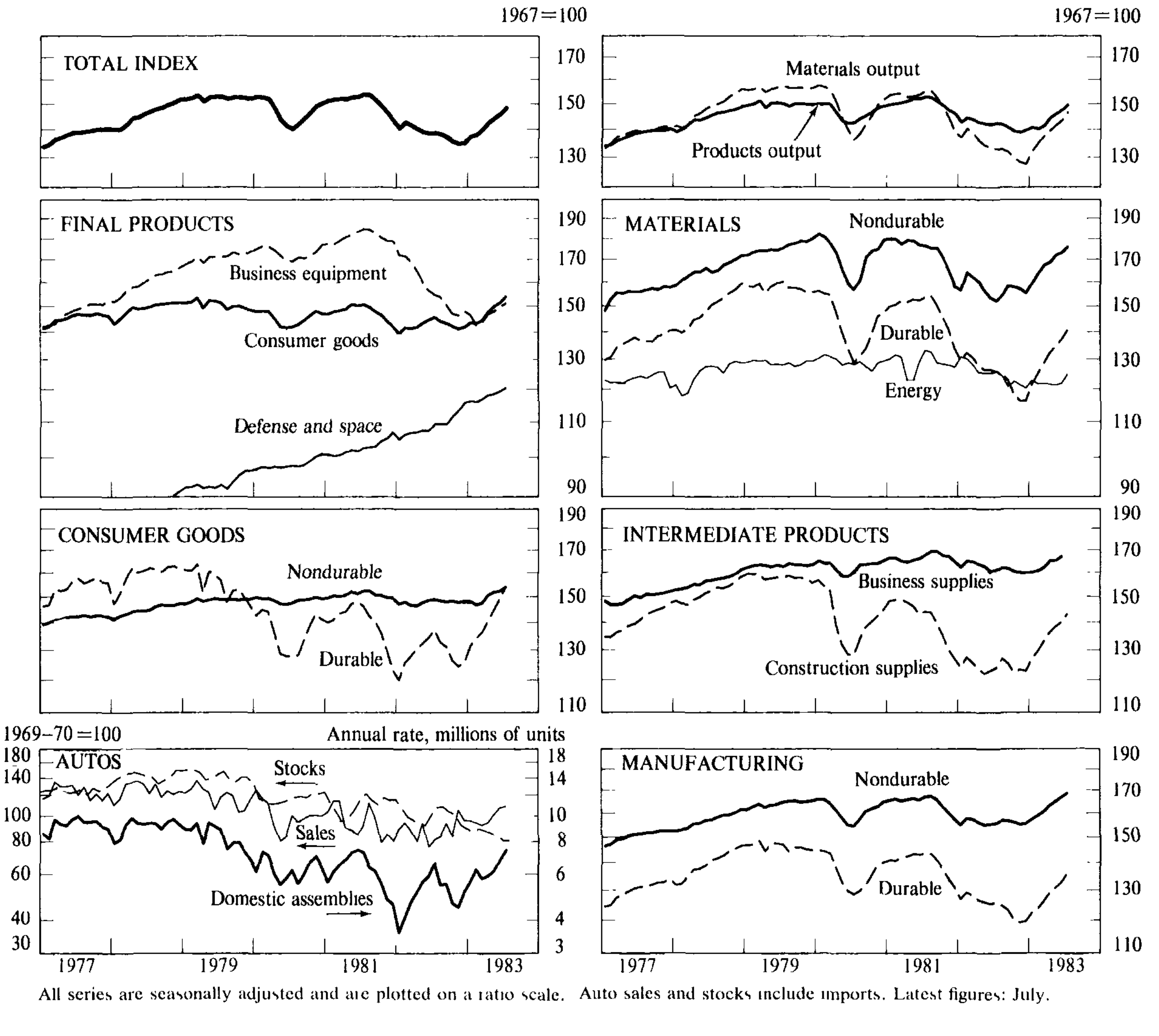
The study also discusses related issues in seasonally adjusting the money supply, including how to make preliminary estimates of the seasonal factors and when to revise them. A comparison of the model-based procedure with the Board's current procedure reveals that, in recent years, the former has been better able to eliminate the seasonal patterns that occur at the beginning of each quarter.

Industrial Production

Released for publication August 16

Industrial production increased an estimated 1.8 percent in July, with widespread gains among products and materials and especially sharp rises in automobiles and steel. The July advance placed the index 10.2 percent above its most recent low last November. At 148.6 percent of the 1967 average, the total index was 3.5 percent below its high in July 1981.

In market groupings, output of consumer goods rose 1.7 percent in July, reflecting widespread strength. Autos were assembled at an annual rate of 7.4 million units, sharply higher than the rate of 6.8 million units reached in June. Production of goods for the home continued to



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

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, July 1982 to July 1983
	1983		1983					
	June	July	Mar.	Apr.	May	June	July	
	Major market groupings							
Total industrial production	**146.0**	**148.6**	**1.4**	**1.9**	**1.3**	**1.1**	**1.8**	**7.1**
Products, total	147.6	149.7	.9	2.0	1.1	1.0	1.4	5.0
Final products	146.0	148.0	.7	2.1	1.2	1.0	1.4	3.9
Consumer goods	151.4	154.0	.6	2.4	1.5	1.0	1.7	5.6
Durable	149.2	154.2	1.4	3.1	3.2	2.9	3.4	12.3
Nondurable	152.3	153.9	.3	2.0	.9	.3	1.1	3.2
Business equipment	149.8	151.3	.7	2.2	.7	1.2	1.0	−2.3
Defense and space	119.5	120.5	.8	1.0	.3	.8	.8	10.0
Intermediate products	153.7	156.1	1.7	2.0	.9	1.1	1.6	9.3
Construction supplies	140.2	143.4	2.6	2.5	1 6	1.2	2.3	15.6
Materials	143.6	146.8	2.0	1.5	1.5	1.3	2.2	10.4
	Major industry groupings							
Manufacturing	146.8	149.4	1.6	1.9	1.3	1.2	1.8	8.2
Durable	133.0	136.1	1.9	2.2	1.5	1.5	2.3	8.1
Nondurable	166.9	168.6	1.1	1.6	1.1	1.1	1.0	8.3
Mining	113.8	115.9	−2.6	−.9	1.4	.5	1.8	−3.5
Utilities	170.3	172.8	2.3	2.1	.4	.2	1.5	3.0

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

rise; in particular, output of carpeting and furniture now exceeds the previous highs reached in 1979. Output of nondurable consumer goods increased 1.1 percent in July, led by a rise in clothing production; in addition, output of electricity for residential use surged because of the unusually hot weather. Output of business equipment increased 1.0 percent, with gains mainly in commercial and manufacturing equipment as well as in oil and gas well drilling. Production of defense equipment continued to rise. Output of construction supplies was up more than 2 percent in July.

Materials production rose 2.2 percent in July, with increases widespread among durable, nondurable, and energy materials; gains were particularly sharp in metals, paper, coal, and parts for consumer durables.

In industry groupings, output of manufacturing rose 1.8 percent, with durables up 2.3 percent and nondurables up 1.0 percent. Mining activity and output of utilities also advanced sharply.

Statements to Congress

Statement by Preston Martin, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Administrative Law and Governmental Relations of the Committee on the Judiciary, U.S. House of Representatives, July 14, 1983.

I am pleased to appear before this subcommittee to present the views of the Federal Reserve Board on H.R. 2327, the Regulatory Reform Act of 1983. My testimony will describe the current regulatory review procedures of the Federal Reserve and the types of activities at the Federal Reserve on which the legislation would have an impact. Furthermore, I will discuss the effect of the procedures in the bill on the Board's regulations with respect to the supervision of banking organizations and review the bill's provisions concerning regulatory oversight and the legislative veto as they affect the Federal Reserve's monetary policy rules.

The Board has supported and continues to support the broad objectives behind efforts to improve the regulatory process and to enhance public participation in regulatory proceedings. We are aware that regulatory actions that are intended to promote the public interest may sometimes fail to achieve their objectives and can result in adverse effects both on the affected industry and on the general economy. Regulatory reform addresses the need to ensure that the likely effects of proposed regulations are more carefully considered before they are adopted and that existing regulations are reviewed periodically to assess continued need and effectiveness. To this end, the Board supports the goals of simplifying regulations, reducing the existing regulatory burden, and avoiding unnecessary regulation in the future. However, I believe that the goals and objectives of regulatory reform would be achieved more efficiently by careful analysis of individual agency functions rather than by imposition of an additional layer of administrative requirements as envisioned by H.R. 2327.

As you are aware, the Federal Reserve has long been committed to regulatory improvement and the reduction of unnecessary burdens. Our current regulatory review procedures are a culmination of the steps we have taken over the last several years to fulfill this commitment. In 1978, we established our Regulatory Improvement Project, shortly before President Carter issued Executive Order No. 12044 requiring executive agencies to follow certain procedures with the objective of reducing regulatory burdens. We wrote to President Carter and later to President Reagan to offer our voluntary compliance as being in the spirit of their executive orders on regulatory improvement. The Board's project was charged with conducting zero-based reviews of each existing Federal Reserve regulation and ensuring that proposed regulations and amendments to existing rules were subject to the same review. Thus far, we have completed or are completing review of 17 of our 27 regulations, including those relating to monetary policy and consumer protection. We have eliminated 3 regulations and have substantially revised 14 other regulations.

In conducting our reviews of existing regulatory provisions and of new regulatory proposals, the staff of the Regulatory Improvement Project initiates the preparation of regulatory analyses by staff at the Reserve Banks and the Board. We follow a flexible approach in these analyses and tailor each to fit the characteristics of the particular regulation and the underlying statutory requirements. For example, when the statutory charge to the Federal Reserve is broad, as in the securities credit area, we devoted a substantial amount of resources to the review and explored many alternatives. In other cases, in which statutory provisions are very specific and establish the basic regulatory framework, as in the case of Truth in Lending and the Monetary Control Act, our analyses addressed more technical aspects and focused on designing methods to minimize the burden and the difficulties of compliance. As a result of our efforts, considerable progress has been made in reducing the burden of compliance in several areas.

Because we have, thus far, been able to use such a flexible approach in our regulatory analyses, we believe that they have generally been more useful. The regulatory analyses have provided Board members information in a systematic fashion, helped focus attention on critical issues, clarified areas of uncertainty and informational deficiencies and, thus, helped the Board to respond to issues arising from changes in the financial markets as well as public concerns as to information, disclosure, and financial structure.

Although the Board has found regulatory analyses beneficial, I have strong reservations about the additional benefits to be gained from provisions, such as those contained in H.R. 2327, that require agencies to conduct specific cost-benefit analyses based on estimated economic costs. The Federal Reserve has conducted such studies in the past. Our most recent efforts concerned a review of three regulations in the consumer credit area, conducted in 1981–82. We found that a majority of financial institutions did not have data on their compliance costs readily available on a consistent basis. In addition, institutions found it very difficult to identify the likely costs of prospective regulations; it is only as institutions implement their compliance programs that they discover all the implications of the regulation. This is not to say that cost-benefit analyses are not useful on a conceptual level, because analysts attempt to identify all areas in which the costs may be incurred and try to articulate clearly the likely benefits. But one should be aware that there are usually indirect and more subtle costs associated with regulation with respect to reduced freedom of choice for the regulated and the consuming public. This suggests to me that specific statutory requirements for cost-benefit analyses may impose unwarranted burdens and costs for consumers and the industry without yielding sufficient information to identify clearly the best regulatory choice.

The Federal Reserve supported the enactment of the Financial Regulation Simplification Act of 1980, which prescribes regulatory improvement procedures for the federal financial regulatory agencies. This act mandates the coordination of regulatory efforts and the establishment of programs for the periodic review of existing regulations. Agencies must attempt to ensure that compliance costs, paperwork, and other burdens on the public are minimized. Additionally, the act requires the federal agencies to submit annual reports to the Congress on their regulatory simplification efforts.

For example, through its *Annual Report* for 1982, the Board reported to the Congress that it had made significant strides in simplifying compliance across the spectrum of its regulations. The Board removed barriers to entry into various areas by permitting Edge corporations in the United States to offer certain investment advisory and management services and bank holding companies to offer expanded data processing services, securities discount brokerage, and certain consulting services.

An example of the Board's regulatory simplification efforts over that time period in the consumer area is the electronic funds transfer (EFT) rules. The Board adopted amendments to this regulation to grant relief to providers of EFT services by eliminating duplicate periodic statements for certain intrainstitutional transfers, exempting small institutions from provisions regulating preauthorized electronic transfers, and lifting certain burdens from institutions that are members of debit–credit card networks.

As an additional step in reducing regulatory burden, the Federal Reserve has implemented the provisions of the Regulatory Flexibility Act adopted in 1980. That act requires all federal agencies to consider the impact of regulations on small entities and to conduct regulatory analyses and periodic reviews of regulations. As examples of our efforts under this act over the past year, the Board has reduced reporting for reserve requirement purposes for small depository institutions and has exempted institutions with assets of $25 million or less from the requirements of Regulation E governing participation in preauthorized credit and debit programs of the federal and private sectors.

The Regulatory Flexibility and Regulatory Simplification Acts thus represent statutory requirements under which the Federal Reserve and the other financial regulatory agencies now operate that parallel those proposed for regulatory review procedures as part of the current bill for regulatory reform. I respectfully suggest that a further review of the success of regulatory reform under the existing statutory requirements would be warranted before adopting a proposal that would add additional administrative requirements. The proposed procedures may not contribute significantly to the procedures the agencies currently employ.

H.R. 2327 establishes complex procedures for adopting rules, authorizes the President to specify certain proposals as "major rules," and provides the Office of Management and Budget with the authority to establish additional procedures for the implementation of "major rules." We are pleased that section 621(a)(5)(B) recognizes the unique role monetary policy plays by specifically exempting from the revised procedures rules "relating to monetary policy proposed or promulgated by the Board."

The proper conduct of monetary policy requires a high degree of discretion and a minimum of complex procedural rules that could delay and frustrate timely and effective action responsive to the changing needs of the economy. The Senate previously recognized the need for flexibility when it passed S. 1080 last year. The Board continues to believe that an exemption for monetary policy actions in the Regulatory Reform Act is essential for the effective implementation of monetary policy.

It is important to note the types of monetary policy actions that have been exempted from the provisions of the bill. Monetary policy is carried out, in part, under rules made in connection with the operation of the Federal Reserve's discount window, through which the Federal Reserve performs its function as lender of last resort, and through which loans are made to banks and thrift institutions for short-term, seasonal, and extended borrowing needs. Another example of monetary policy actions involves rules such as those establishing reserve requirements, a basic tool for influencing the level and growth of the money supply and the availability of credit. Lastly, monetary policy actions include rules relating to margin credit and interest on deposits.

The provisions for Executive oversight would compound the problems of procedural delays in the taking and implementing of decisions that must be carried out immediately to have their proper market impact, while, at the same time raising the fundamental question of the appropriate division of responsibilities for the execution of monetary policy. This concern would still arise even if the oversight provision were advisory.

The issue of the legislative veto appears to have been rendered moot by a recent decision by the Supreme Court.[1] However, in the event that a legislative veto is fashioned that passes constitutional muster, the Board would continue to caution that such an authority could seriously hamper the speed and flexibility that are needed for the effective conduct of monetary policy. The conduct of monetary policy by the Federal Reserve already is subject to continuing close scrutiny by the Congress. In this regard, the Board reports twice each year before the Banking Committees concerning the System's objectives for monetary policy and appears before committees on numerous occasions to discuss monetary policy goals. Accordingly, we urge that the Federal Reserve's monetary policy functions continue to be excluded from the scope of H.R. 2327.

Many of the same policy considerations relating to flexibility of action and speed of response in the area of monetary policy apply to regulations concerning the safety and soundness of banks and thrift institutions. Therefore, we urge the Congress to consider applying the same exemptions covering oversight and veto to these rules. There is an inherent link between the central bank's responsibility for the stability of the financial system and the conduct of monetary policy. The Board is concerned that H.R. 2327 as it is currently structured would seriously hamper the ability of the agencies to react promptly and effectively to individual problem situations. Moreover, the need for flexibility in the regulation of financial institutions is particularly acute at the present time when those institutions are engaged in historically unprecedented innovative activities in response to the rapidly evolving competitive environment.

The procedures prescribed by the bill could undermine the ability of the financial institution

1. *In Immigration and Naturalization Service* v. *Jagdish Rai Chadha* (51 *U.S.L.W.* 4907 (U.S. June 21, 1983), affirming 634 F. 2d 408 (9th Cir. 1980)), the Court held that a legislative veto violated the principle of separation of powers of the executive and legislative branch and was unconstitutional.

regulators to maintain an appropriate foundation of safety and soundness upon which the financial system in the United States can continue to evolve and develop. For these reasons, we urge adoption of the provision that excludes rules of the agencies relating to depository institution viability and stability or safety and soundness from designation as major rules. (As a technical point, we recommend that the bill be clarified to assure that the exemption also applies to the financial activities of depository institution holding companies.)

The existing exemption, which would be almost identical to one contained in S. 1080, provides that a rule will not be regarded as a major rule, subject to the new procedural requirements, if it relates to the viability or stability of federally insured depository institutions. This provision is intended to give the federal financial regulatory agencies flexibility in determining what constitutes a rule subject to the additional procedural requirements for major rules of the act. It may be that this provision should be broadened further in that it does not exempt such rules from Executive oversight. Specifically, the President could still determine that such a rule is a "major rule," thus subjecting it to additional requirements that could adversely affect the ability of the agencies to react promptly and flexibly.

The authority to implement rules related to the viability or safety and soundness of depository institutions, including bank holding companies, has been entrusted to the federal financial regulatory agencies to assure that public confidence in the nation's depository institutions is upheld. The presence of public policy vehicles ensuring the well-being of these institutions such as federal agency supervision and examination, federal deposit insurance, and Federal Reserve "discount window" facilities reflects the view of the Congress as to the importance of financial stability. The loss of public confidence in depository institutions can have wide-ranging and adverse consequences, as has been demonstrated in the early 1930s and before. This potential requires the capability of prompt and effective corrective actions on the part of regulators. In this regard, the need for financial regulators to have the ability to act quickly was underlined again over the past two years by the serious problems encountered by the nation's thrift industry, and the unusual demands this placed on the Federal Savings and Loan Insurance Corporation and the Federal Deposit Insurance Corporation.

Some examples of rules falling within the viability or stability category would be those covering such subjects as required or permissible levels of liquid assets, borrowings, reserves, or net worth; appropriate accounting, appraisal, or underwriting practices; and prudent involvement in the futures or forwards markets. The thrust of such rulemaking is toward observance by a financial institution management of safe and sound practices that do not involve abnormal or undue risk of loss, or that do not tend to undermine public trust and confidence in such institutions. Rules that would be covered under asset powers would involve matters such as implementation of statutory authority to change lending limits or to engage in new investment activities. Rules relating to the various rates of interest payable on deposits would also be covered, although it should be recognized that many of these would expire when the Depository Institutions Deregulation Committee completes its labors and goes out of existence by March 31, 1986.

The current financial environment, characterized by persistent uncertainties about price stability, constantly changing technology, and increased competition from largely nonregulated industries, demands that regulators continue to be authorized to provide regulated institutions with an appropriate regulatory framework, within prescribed statutory limits, on an expeditious basis. This will ensure that the deregulation and expansion of powers that is currently taking place in the financial industry is not thwarted by rigid procedural burdens.

While the limited exemption relating to rules concerning viability and stability would cover a significant range of activities, other regulations of the agencies would continue to be covered by the requirements of the act. Most prominent would be regulations issued by the financial regulators under such laws as the Home Mortgage Disclosure Act, the Truth in Lending Act, the Fair Housing Act, and the Community Reinvestment Act. These regulations are among those that do not involve financial viability or affect safety and soundness. We believe it appropriate to subject those types of regulations to the requirements of the act, particularly since regulated institutions believe them to be the most burdensome with which to comply.

In closing, I believe the Board has demonstrated its support for efforts to improve the regulatory process. It is our judgment that the objectives of regulatory simplification and reform would not be best achieved by imposition of an additional layer of administrative requirements. We continue to be concerned with any new requirements that could reduce our ability to react promptly and effectively during this period of rapid change in our financial system. Given the specific regulatory reform measures enacted and implemented by the federal financial regulatory agencies within the past three years, and our experience with those provisions, the Board believes that the existing review procedures are serving the public well, and that further requirements applicable to these agencies are not needed at this time. □

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, July 19, 1983.

I am pleased to appear before this subcommittee on behalf of the Federal Reserve Board to discuss S. 1152, a bill incorporating the Board's proposal to simplify the Consumer Leasing Act. We believe that simplification of the act along the lines of the proposal could both reduce the burden of compliance and improve the consumer benefits of the legislation.

The Consumer Leasing Act, which was enacted in 1976 following recommendations by the Board, is primarily designed to ensure adequate disclosure of the terms of consumer leases of personal property. It followed enactment of the Truth in Lending Act, and reflected the subsequent development of leasing as an alternative to the purchase of consumer goods on credit. The act covers leases of personal property for more than four months when the property is used primarily for personal, family, or household purposes. Automobiles are a common type of leased property, and we estimate that about 700,000 automobiles are covered by leases subject to the act. The act also covers leases of home furnishings, though it does not apply to month-to-month rentals of televisions and other home appliances. The act also does not cover other types of short-term leasing, such as vacation rental of cars.

According to industry experts, consumers are attracted to leases and rentals because of the absence of a downpayment and because monthly payments are often lower than those in comparable credit transactions. Consumers may also be attracted to other unique characteristics, such as the lack of a long-term obligation and freedom from maintenance responsibilities.

When the Congress simplified the credit provisions of the Truth in Lending Act in 1980, no major statutory changes were made to the Consumer Leasing Act, although the leasing provisions are part of the Truth in Lending Act. When the Board revised its regulations implementing the Truth in Lending Act in an effort at simplification, it decided not to change the leasing rules, with the prospect that the Congress might consider major statutory revisions.

Representatives of the auto leasing industry, members of the Board's Consumer Advisory Council, consumer representatives, and the appliance rental industry have argued that the act should be amended. Since simplification of Truth in Lending, the Board has studied the possibilities for similar amendments to the Consumer Leasing Act. Our study involved a large number of interested parties. Meetings were held with business representatives to learn about developments in the industry and to explore the need for statutory changes. We also held meetings with representatives of consumer groups to solicit their views on areas of possible abuse and how best to protect consumer rights, while at the same time reducing the burdens on lessors. We sought the views of federal and state agencies on their problems with the present act and their ideas about how to improve it. This work convinced the Board that the act could be improved to make it more effective and less costly.

This is a particularly appropriate time to consider revising the act. Although the number of transactions now subject to the act is comparatively small, there are several indications that the industry—particularly automobile leasing—may be poised for significant growth. First, the yields from lease operations were enhanced by the Economic Recovery Tax Act of 1981. We understand that many potential suppliers of consumer leases, primarily financial institutions, are prepared to enter the market quickly if the anticipated demand materializes. Second, firms already in the market have recently attempted to stimulate demand by offering automobile dealers new, attractive leasing programs. Such programs are resulting in greater efforts by dealers to encourage consumers to use leasing. Finally, given the high purchase price of automobiles, dealers are promoting the absence of a downpayment and the lower monthly payments in leases relative to purchases. These characteristics enable a consumer to acquire a more expensive automobile for a given monthly budget.

In general, the bill builds on the principles used in the simplification of Truth in Lending and our experience with that effort. Both the original Truth in Lending and Consumer Leasing Acts seemed to assume that *more* disclosure was necessarily *better* disclosure. In both cases this philosophy led to long and complicated disclosure forms and formidable regulations. Over the years, a general consensus has developed that such a disclosure philosophy is probably unwise. Highly detailed disclosure schemes may be self-defeating by obscuring the most important information in the amount of detail provided. Furthermore, compliance with complicated regulations imposes substantial costs, which are ultimately borne by consumers through increased prices or reduced services.

In the proposed consumer leasing revisions as in the new Truth in Lending rules, the Board has tried to emphasize disclosure of the essential information in a straightforward manner. Our objective has been to reduce the burden of compliance on industry, and at the same time to assist consumers by focusing on material disclosures. In order to meet these objectives, the simplification efforts have involved the following:

- Reducing the number of disclosures.
- Reducing the complexity and redundancy of disclosures.
- Segregating the disclosures from the other contract provisions to highlight them.
- Using cross-references to the contract for the less important or more detailed terms.
- Using plain English both in the legislation itself and in suggested disclosures.

In applying these principles to the Consumer Leasing Act, the bill substantially reduces both the number and complexity of the disclosures. For example, under the current statute there may be as many as 21 disclosures; in the bill this number is reduced to 13.

Although the bill would reduce the burden of compliance on the lessor in many ways, it expands the coverage to rental–purchase agreements. Rental–purchase agreements, sometimes referred to as rent-to-own agreements or terminable leases, generally involve televisions and other home appliances. Under a rental–purchase agreement, the consumer rents the property for a term of one week or one month. The rental is automatically renewed with each subsequent payment, and although there is no obligation to continue payments, the consumer may become the owner of the property.

For many years consumer groups have complained of abuses by some members of this industry. Consumer representatives, for example, have stated that some companies emphasize the ownership option without clearly disclosing the total of payments needed to acquire title, which may be several times the retail price of the goods. In addition, a number of lawsuits have raised the issue of whether property rented to the consumer was new or used. The bill attempts to address these concerns by emphasizing information about how much must be paid before ownership is acquired, the lack of equity in the property until all payments are made, and whether the property is new or used.

The rental–purchase industry, while contending that it fills a legitimate need in the marketplace, is also seeking coverage under the Consumer Leasing Act. The industry believes that federal legislation will ensure uniform treatment and avoid having these agreements characterized as "sales" under state law—a process that the industry believes subjects them to inappropriate regulation. Thus, we have the unusual situation in which segments of both consumer and business groups support expanded coverage by federal law.

There are several points that I would like to emphasize about our proposal. First, although the Board has done a considerable amount of work developing this simplification proposal, we have submitted it while aware of the fact that it may not be the optimal solution in every respect. We fully anticipate that the many groups interested in this law will participate actively in congressional consideration of the bill and that various modifications may occur during this process.

Second, in the full spirit of regulatory reform, we have not limited our work to improving the substance of the law. We have also attempted to improve the existing structure and language of the law, even when we propose no change in substance. For example, the bill consolidates all of the leasing provisions, now found throughout the Truth in Lending Act, under a separate title. In addition, we have tried to write in plain English, eliminating unnecessary "legalese" from the existing statute whenever possible. This approach, of course, presents some risk that editorial changes may suggest a change in meaning where none was intended. We believe, however, that the benefits of improved readability outweigh any such potential misunderstanding.

Third, we have learned from our experience with implementing the Truth in Lending Act that costs are associated with any "simplification," both for those who are regulated and for the regulatory agency. Initially, revised regulations must be written—and the rulewriting process involves substantial public participation, which itself involves costs to the industry. When disclosure changes are required, costs must be incurred for retraining employees, printing new disclosure forms, and retaining legal counsel to interpret new requirements and prepare these forms. We have attempted to minimize these costs by simplifying the statutory language and assisting compliance by showing what the disclosure forms might look like. We hope that the one-time conversion costs will be offset by benefits from the simplified rules in the future, but this aspect cannot be ignored in any consideration of the value of revising the act.

Finally, the proper relationship between state and federal laws is always a concern in any federal consumer protection legislation. This bill reflects a narrow preemption of state law, parallel to the approach of the Truth in Lending Act. This is an area that the Congress will have to consider carefully. Persuasive arguments can be made that a broad preemptive standard is desirable, given the interstate operations of the industry and the additional costs associated with complying with patchwork state regulation. On the other hand, a strong argument can be made that the citizens of each state have a legitimate interest in determining the level of protection they deem appropriate for their locality. In the area of consumer credit law, the Board has generally been cautious about suggesting broad federal preemption, and the bill reflects this view.

In conclusion, the Board believes it is time to build on the Truth in Lending experience and consider simplifying the Consumer Leasing Act. We are pleased that the Board's draft can serve as a starting place for this consideration. The specific provisions of this bill may be changed and improved as additional information and the views of other interested parties are considered in the legislative process. We will be pleased to assist the Congress during this process. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, July 20, 1983.

I welcome this opportunity to discuss Federal Reserve monetary policy with the Banking Committee in the context of current and prospective economic conditions and other policies at home and abroad. You have before you the midyear *Monetary Policy Report to the Congress* prepared in accordance with the Humphrey–Hawkins Act (pages 579–90 of this BULLETIN). This morning, I will highlight or expand on some aspects of that report and deal with certain further questions raised by your Chairman.

We meet at a time when economic activity is plainly advancing at a rate of speed significantly faster than we, the administration, the Congress, and most other observers thought likely at the start of the year. Over the past six or seven months of expansion, output has risen about as fast as in the average postwar recovery, more than 1 million more people are employed, and the unemployment rate has dropped nearly a percentage point from its peak.

The very sizable gain in the gross national product during the second quarter in substantial part reflected a cessation of inventory liquidation—and perhaps small accumulations—by business. That is not unusual in the early stages of expansion, and does not necessarily suggest continuing gains at the same rate of speed. But it is also evident that domestic final sales and incomes are now increasing fairly rapidly, that the midyear tax cut has released further purchasing power, and that consumer and business confidence has improved. Consequently, strong forward momentum has carried into the third quarter, and potentially beyond.

The expansion so far has been accompanied by remarkably good price performance. Finished producer prices were essentially unchanged over the first half of 1983, and consumer prices were up at a rate of only 3 percent through May and by about 3½ percent over the last 12 months. Perhaps more significant for the future, the rate of nominal wage increase—at about a 4 percent annual rate—is now at its lowest level since the mid-1960s, while average real wages, as in 1982, are rising. That pattern has been assisted by sizable productivity gains.

In all these respects, we are clearly "doing better." Yet, even as the economy has expanded and the inflation record has remained good, widespread forebodings remain evident for the future. Those concerns are understandable and justified so long as some major policy issues—issues that I emphasized in my testimony to you earlier in the year—remain unresolved. Indeed, the very speed and vigor of the recovery in its early stages has increased the urgency of facing up to those problems.

I have repeatedly expressed the view that we have come much of the way toward setting the stage for a long-sustained period of recovery, characterized by greater growth in productivity and real incomes and by much greater price stability. Responsible and prudent monetary policies must be one important element in making that vision a reality. But it would be an illusion to think that monetary policy alone can do the job, and before turning to monetary policy in detail, I want to touch again upon some crucially important aspects of the environment in which monetary policy must be conducted.

The Budgetary Situation

I am aware of the enormous effort in the Congress over recent months to shape a responsible budget resolution—indeed to preserve an orderly budgetary process. But the concrete results of that effort to date appear ambiguous at best, measured against the challenge of reducing the growing structural deficits embedded in the current budgetary outlook.

The current fiscal year is likely to see a budget deficit—not counting Treasury or other market financing of off-budget credit programs—of some $200 billion, or about 6½ percent of the GNP. Forecasts of future years necessarily entail judgments about congressional action yet to be taken as well as economic factors. Should the Congress fail to implement the expenditure restraints as well as the revenue increases contemplated in the recent Budget Resolution—and doubt has been expressed on that point within the Congress itself—deficits appear likely to remain close to $200 billion for several years, even taking account of economic growth at the higher rates now projected. The hard fact remains that, as economic growth generates income and revenues to reduce the "cyclical" element in the deficit, the "underlying" or "structural" position of the budget will deteriorate without greater effort to reduce spending or increase revenues from that incorporated in existing programs. We would be left with the prospect that federal financing would absorb through and beyond the mid-1980s a portion of our savings potential without precedent during a period of economic growth.

That outlook raises a fundamental question about the consistency of the budget outlook with the kind of economy we want. That is particularly the case with respect to such heavy users of credit as housing and business investment. To put the issue pointedly, the government will be financed, but others will be squeezed out in the process.

While that threat has been widely recognized, there has also been a comfortable assumption that the problem would not become urgent until 1985 or beyond. That might be true in the context of a rather slowly growing economy. But the speed of the current economic advance certainly brings the day of reckoning in financial markets earlier. In the second quarter, total nonfederal credit demands were already increasing substantially, even though business demands were essentially unchanged at a relatively low level. Potential credit market pressures have been ameliorated by a growing inflow of foreign capital, but a net capital inflow can be maintained only at the expense of a deep trade deficit. Banks have been sizable buyers of government securities during the early stages of recovery, while business demands for credit have been relatively slack. But there has also been some tendency for overall measures of money, liquidity, and credit to rise recently at rates that, if long sustained, would be inconsistent with continuing or even consolidating progress toward price stability.

All of this, to my mind, points up the urgency of further action to reduce the budgetary deficit to make room for the credit needed to support growth in the private economy. Left unattended, the situation remains the most important single hazard to the sustained and balanced recovery we want.

The International Dimension

The pressures on our capacity to finance both rising private credit demands and a huge budgetary deficit have, as I just noted, been one factor inducing a growing net capital inflow. One short-term consequence is lower domestic interest rates than might otherwise be necessary and maintenance of extraordinary strength of the dollar at a time of rising trade and current account deficits. But the sustainability of those trends can be questioned. The picture of the largest and strongest economy in the world relying, in a capital-short world, on large inflows of funds to finance, directly or indirectly, internal budget deficits is not an inviting one for the future. The implication would be a persistently weak trade position, instability in the international financial system and exchange rates, and lack of balance in our recovery.

More immediately, the pressing debt problems of much of the developing world—centered in, but not confined to, Latin America—remain a clear threat to financial stability. In the period since we last discussed these issues, the strains have been successfully contained, but by no means resolved. To be sure, there are clear signs of progress with necessary economic adjustment in some instances—notably in Mexico. Within the past week, Brazil—which, along with Mexico, is the largest debtor—has taken forceful and encouraging domestic actions that should provide a base for renewed support of the International Monetary Fund and for added private financing. But "normalcy" has plainly not returned.

Confidence and market-oriented financing patterns cannot be fully restored without sustained growth among the industrialized countries, so that the debtors can earn their way with greater exports. Lower interest rates will be important as well. But that process will take time. Meanwhile, failure to provide the IMF—which is the international institution at the center of the adjustment and financing process—with adequate resources to do its job would deal a devastating blow to the extraordinary cooperative effort that has been marshaled to manage the situation, with potentially severe consequences for the U.S. financial system as well as the developing world. Early action by the House on the administration's request in this matter is thus one key element in a program to sustain recovery.

Wage-Price Trends

I touched earlier on the relatively favorable wage-price productivity trends of the past year. We are now approaching a new test—whether those trends can be extended into and through a period of recovery. Today, orders are rising, businesses are hiring, layoffs are sharply diminished, and profits are improving. After the inflationary experience of the 1970s, the temptation could arise to revert to what some might consider "normal" behavior—to anticipate inflation, to return to wage increases characteristic of the earlier decade, to fatten profit margins as fast as possible by raising prices in a stronger market rather than by relying on volume increases. But pressed collectively, the irony would be that such behavior, by inciting doubts about the inflationary outlook and affecting interest rates, would impair prospects for continued growth in real wages, profits, and employment.

We and other industrialized countries have had little success in dealing with that threat through so-called incomes policies. But government policy can make a powerful contribution toward moderation through two avenues: first, by making evident in its fiscal and monetary management that inflationary pressures will continue to be contained; and second, by insisting upon open, competitive markets.

In that respect, open markets internationally serve our continuing basic interest in spurring efficiency and competition. Virtually every country has made compromises with protectionism during the period of recession. With growth under way, it is time not only to halt but to reverse that trend to help sustain expansion and the gains against inflation.

Moreover, as the economy grows stronger, I hope we will seriously turn more of our attention to the many purely domestic inhibitions to competition and to reducing the artificial supports for prices and costs in some industries. All too often, these artificial supports work at cross purposes to the needs of the economy as a whole.

MONETARY POLICY IN 1983 AND BEYOND

This setting of gratifying immediate progress, yet evident looming threats, has provided the environment for decisions with respect to monetary policy. As you are well aware, interest rates dropped sharply during the second half of 1982 as the recession continued, and, with inflation subsiding, reserve pressures on the banking system were relaxed. Growth in money and credit has been quite plainly adequate to support growth in economic activity—indeed more growth in the first half of 1983 than had been generally anticipated.

During much of the period after mid-1982, institutional change, as well as adjustments by holders of liquid assets to the sharp drop in interest rates, to declining inflation, and to the uncertainties of the recession, appeared to be affecting one or another of the monetary aggregates. In particular, the behavior of M1 in relation to economic activity and the nominal GNP has raised questions about whether the patterns in velocity established earlier in the postwar period might be changing, cyclically or on a trend basis. For that reason, less emphasis has been placed on that aggregate in policy implementation. For a time, the enthusiastic reception of the public to—and aggressive marketing by depository institutions of—the new ceiling-free money market deposit accounts plainly affected growth in M2. Consequently, the target base for 1983 for that aggregate was set at the February and March average, rather than the fourth quarter of 1982, to avoid most of those distortions. More broadly, given the questions about interpreting some of the monetary and credit aggregates, judgments as to the appropriate degree of pressure on bank reserve positions have been conditioned by available evidence about trends in economic and financial conditions, prices (including sensitive commodity prices), exchange rates, and other factors.

Through most of the first half of the year, as the economy picked up speed, the broader monetary and credit aggregates moved consistently within the ranges set in February. At the same time, trends in overall price indexes were relatively favorable, and sensitive commodity prices, after an increase from cyclically depressed levels early in the year, appeared to be leveling off in the second quarter. The continuing exceptional strength of the dollar in foreign exchange markets and the international financial strains did not point in the direction of restraint. In all these circumstances, a broadly accommodative approach with respect to bank reserves appeared appropriate, despite much higher growth in M1—alone among the targeted aggregates—than anticipated.

In the latter part of the second quarter, against the background of growing momentum in economic activity, monetary and credit growth showed some tendency to increase more rapidly, and M1 growth remained particularly high—higher, if sustained, than seemed consistent with long-term progress against inflation and sustained orderly recovery. In these circumstances, the Federal Open Market Committee, beginning in late May, has taken a slightly less accommodative posture toward the provision of bank reserves through open market operations, leading to some increase in borrowings at the discount window. Whether viewed from a domestic or international perspective, limited, timely, and potentially reversible measures now, when the economy is expanding strongly, are clearly preferable to the risks of permitting a situation to develop that would require much more abrupt and forceful action later to deal with new inflationary pressures and a long-sustained pattern of excessive monetary and credit growth.

These steps have been accompanied by increases, ranging from ¾ to 1 percent or more, in both long- and short-term market interest rates. Apart from any monetary policy actions, these limited changes—particularly in the intermediate and longer-term areas of the market—appear also to have been influenced by larger private and government credit demands currently, as well as by expectations generated by stronger economic and monetary growth and the budgetary deficit.

Over the more distant future, balanced and sustained economic growth—with strong housing and business investment—would appear more likely to require lower rather than higher interest rates. That outcome, however, can be assured only if the progress against inflation can be consolidated and extended. In considering all these factors, the Federal Open Market Committee basically concluded that the prospects for sustained growth and for lower interest rates over time would be enhanced, rather than diminished, by modest and timely action to restrain excessive growth in money and liquidity, given its inflationary potential. But I must emphasize again that the best assurance we could have that monetary policy can, in fact, do its part by avoiding excessive monetary growth within a framework of a growing economy and reduced interest rates over time lies not in the tools of central banking alone, but in timely fiscal action.

Looking ahead, the Committee decided that the growth ranges established early in the year for M2 and M3 during 1983 (7 to 10 percent and 6½ to 9½ percent respectively) are still appropriate. The most recent data, while showing somewhat larger increases in June, are still within (M2), or about at the upper end (M3), of those ranges.

As anticipated, the massive shifting of funds into M2 as a result of the introduction of money market deposit accounts, and to a more limited extent into Super NOW (negotiable order of withdrawal) accounts, has abated. We assume that these new accounts and the further deregulation of time deposit interest rates scheduled for October 1 will have little impact on growth trends in the period ahead. Given the reasonably favorable trend of prices, the ranges should be consistent with more real growth than was thought probable at the start of the year.

The Committee also decided to continue the associated ranges for growth in total domestic nonfinancial credit of 8½ to 11½ percent. As you know, 1983 is the first time the Committee has set a range for a broad credit aggregate, and it is not given the same weight as the broader monetary aggregates, at least while we gain experience with it. We are aware that, consistent with the established range, growth in credit during 1983 could exceed nominal GNP, although the long-term trend is for practically no change in the ratio of credit to income (that is, "credit velocity" is relatively flat). Somewhat faster growth in credit is consistent with experience so far this year, and may be related to the relatively rapid expansion in federal debt.

For 1984, the Committee tentatively looks toward a reduction of ½ percent in each of those ranges for M2, M3, and nonfinancial domestic credit. That small reduction appears appropriate and desirable, taking account of the need to sustain real growth while containing inflation. Those targets appear fully consistent, in the light of experience, with the economic projections of the Committee (as well as those of the administration and those underlying the Budget Resolution).

The targets are, of course, subject to review around year-end. One question that arises is whether the somewhat more rapid growth in credit than nominal GNP will, or should desirably, continue, consistent with progress toward price stability and toward a more conservative pattern of private finance than characteristic of the years of inflation. Again, the pressures on aggregate debt expansion stemming from the budgetary situation are a source of concern.

Decisions concerning appropriate targets for M1 were more difficult. As discussed further in an appendix to this statement, the velocity of

M1, whether measured as a contemporaneous or lagged relationship, has varied significantly from usual cyclical patterns, dropping more sharply and longer during the recession and failing to "snap back" as quickly.[1] While a number of more temporary factors may have contributed, a significant part of the reason appears to be related to the fact that a major portion of the narrow "money supply" now pays interest, and the "spread" between the return available to individuals from holding M1 "money" and market rates has narrowed substantially, more than the decline in market rates itself implies. Put another way, NOW accounts, in which the growth has been most rapid, are not only transaction balances, but now have a "savings" or "liquid asset" component. For a time at least, uncertainty about the financial and economic outlook, and less fear about inflation, may also have bolstered the desire to hold money.

Growth in M1—in running well above our targets for nine months—has not, however, been confined to NOW accounts alone. Moreover, there are signs that the period of decline in velocity may be ending. In looking ahead, with the economy expanding and with ample time for individuals and others to have adjusted to the rapid decline in interest rates last year, we must be alert to the possibility of a rebound in velocity along usual cyclical patterns, even though the longer-term trend may be changing.

In monitoring M1, the Committee felt that an appropriate approach would be to assess future growth from a base of the second quarter of 1983, looking toward growth close to, or below, nominal GNP. Specifically, the range was set at 5 to 9 percent for the remainder of this year, and at 1 percent lower—4 to 8 percent—for 1984. Thus, the Committee, in the light of recent developments, looks toward substantially slower, but not a reversal of, M1 growth in the future. Velocity is expected to increase, although not necessarily to the extent common in earlier recoveries.

The range specified is relatively wide, but depending on further evidence with respect to velocity, either the upper or lower portion of the range could be appropriate. As this implies, M1 will be monitored closely but will not be given full weight until a closer judgment can be made about its velocity characteristics for the future. We are, of course, aware that proposals to pay interest on demand deposits could, if enacted, influence velocity trends further over time.

These targets are designed to be consistent with continuing growth in economic activity and reduced unemployment in a framework of sustained progress against inflation—and indeed are designed, insofar as monetary policy can, to contribute to those goals. The targets, by themselves, do not necessarily imply either further interest rate pressures or the reverse in the period ahead—much will depend on other factors. In particular, progress in the budget and continued success in dealing with inflation should be powerful factors reducing the historically high level of interest rates over time, to the benefit of our private economy and the world at large.

"TARGETING" OTHER ECONOMIC VARIABLES

The chairman of the committee has asked for my views on the Federal Reserve's setting and announcing "objectives" for a variety of economic variables. As you know, the Federal Open Market Committee (FOMC) already reports its "projections" or "forecasts" for GNP, inflation, and unemployment. These projections are included with the materials I am reporting to the committee today, as they have been at earlier hearings. I believe the practice of reporting the full range and the "central tendency" of FOMC members' expectations about the economy may be useful in reflecting the general direction of our thinking, as well as suggesting the range of possible outcomes for economic performance in the 12 or 18 months ahead, given our monetary policy decisions and fiscal and other developments over those periods.

There is a sense in which those projections reflect a view as to what outcome should be both feasible and acceptable—given other policies and factors in the economy; otherwise monetary policy targets would presumably be changed. But I would point out that, like any other forecast,

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

they are imperfect, and actual experience has sometimes been outside the forecast ranges.

Moreover, I believe there are strong reasons why it would be unwise to cite "objectives" for nominal or real GNP rather than "projections" or "assumptions" in these reports.

The surface appeal of such a proposal is understandable. If a chosen path for GNP over a period of 6 to 18 months could be achieved by monetary policy, specific objectives might appear to assist in debating and setting the appropriate course for monetary policy.

Unfortunately, the premise of that approach is not valid—certainly not in the relatively short run. The Federal Reserve alone cannot achieve within close limits a particular GNP objective—real or nominal—it or anyone else would choose. The fact of the matter is that monetary policy is not the only force determining aggregate production and income, Large swings in the spending attitudes and behavior of businesses and consumers can affect overall income levels. Fiscal policy plays an important role in determining economic activity. Within the last decade, we also have seen the effects of supply-side shocks, such as from oil-price increases, on aggregate levels of activity and prices. In the past six months, even without such shocks, the economy has deviated substantially from most forecasts, and from what might have been set as an objective for the year.

The response might well be "so what"—it's still better to have something to "shoot at." But encouraging manipulation of the tools of monetary policy to achieve a specified short-run numerical goal could be counterproductive to the longer-term effort. Indeed, we do want a clear idea of what to "shoot at" over time—sustained, noninflationary growth. But the channels of influence from our actions—the purchase or sale of securities in the market or a change in the discount rate—to final spending totals are complex and indirect, and operate with lags, extending over years. The attempt to "fine tune" over, say, a six-month or yearly period, toward a numerically specific, but necessarily arbitrary, short-term objective could well defeat the longer-term purpose.

Equally dangerous would be any implicit assumption, in specifying an "objective" for GNP, that monetary policy is so powerful it could be relied upon to achieve that objective whatever else happens with respect to fiscal policy or otherwise. Such an impression would be no service to the Congress or to the public at large; at worst, it would work against the hard choices necessary on the budget and other matters, and ultimately undermine confidence in monetary policy itself.

Some of the difficulties could, in principle, be met by specifying numerical "objectives" over a longer period of time. But, experience strongly suggests that the focus will inevitably, in a charged political atmosphere, turn to the short run. The ability of the monetary authorities to take a considered longer view—which, after all, is a major part of the justification for a central bank insulated from partisan and passing political pressures—would be threatened. Indeed, in the end, the pressures might be intense to set the short-run "objectives" directly in the political process, with some doubt that that result would give appropriate weight to the longer-run consequences of current policy decisions.

I would remind you that we have paid a high price for permitting inflation to accelerate and become embedded in our thinking and behavior, partly because we often thought we could "buy" a little more growth at the expense of a little inflation. The consequences only became apparent over time, and we do not want to repeat that mistake.

Put another way, decisions on monetary policy should take account of a variety of incoming information on GNP or its components, and give weight to the lagged implications of its actions beyond a short-term forecast horizon. This simply can't be incorporated into annual numerical objectives.

As a practical matter, I would despair of the ability of any Federal Reserve Chairman to obtain a meaningful agreement in the short run on a single numerical "objective" among 12 strong-willed members of the FOMC—meaningful in the sense of being taken as the anchor for immediate policy decisions. Submerging differences in the outlook in a statistical average would, I fear, be substantially less meaningful than the present approach.

As you know, we adopted this year the approach of indicating the "central tendency" of Committee thinking as well as the full range of opinion. These "estimates" provide, it seems to me, a focus for debate and discussion about policy that, in the end, should be superior to an artificial process of "objective" setting that may obscure, rather than enlighten, the real dilemmas and choices.

Your questions, Mr. Chairman, went on to raise the issue of international coordination of monetary policy and whether or not to stabilize exchange rates multilaterally. I can deal with these important issues here only in a most summary way.

Coordination, in the broad sense of working together toward more price stability and sustained growth, is plainly desirable—indeed it must be the foundation of greater exchange rates and international financial stability in the common interest. But stated so broadly, it is clearly a goal for economic policy as a whole, not just monetary policy.

The appropriate level of interest rates or monetary growth in any country are dependent, in part, on the posture of other policy instruments and economic conditions specific to that country. For that reason, explicit coordination, interpreted as trying to achieve a common level of, for instance, interest rates or money growth, may be neither practical nor desirable in specific circumstances. What does seem to me desirable—and essential—is that monetary (and other) policies here and abroad be conducted with full awareness of the policy posture, and possible reactions, of others, and the international consequences. In present circumstances, we work toward that objective by informal consultations in a variety of forums with our leading trade and financial partners, recently on some occasions with the presence of the Managing Director of the IMF.

As this may imply, I believe a greater degree of exchange market stability is clearly desirable, in the interest of our own economy, but that must rest on the foundation of internal stability. In recent years, in my judgment, the priority has clearly had to lie with measures to achieve that necessary internal stability. In specific situations, particular actions may appear to conflict with the desirability of exchange rate stability; that possibility is increased when the "mix" of fiscal and monetary policy is far from optimal, as I discussed earlier in my statement. Such "conflicts" should diminish as internal stability is more firmly established.

The idea of a more structured international system of exchange rates to enforce greater stability in the international monetary and trading system raises issues far beyond those I can deal with here. I do not believe it would be practical to move toward such a system at the present time, but neither would I dismiss such a possibility over time should we and others maintain progress toward the necessary domestic prerequisites.

Concluding Remarks

In important ways, even more progress toward our continuing economic objectives has been made during the past six months than we anticipated. But it is also true—partly because economic growth has increased—that the need to deal, promptly and effectively, with the obstacles to sustained growth and stability have become more pressing. Those obstacles are well known to all of you. There is, indeed, little disagreement, conceptually, about their nature.

What has been lacking is a strong consensus about the specifics of how, in a practical way, to deal with them. There should be no assumption that monetary policy, however conducted, can itself substitute for budgetary discipline, for open and competitive markets, for inadequate savings, or for structural financial weaknesses.

The world economy offers ample illustration of the dangers of procrastination and delay in the face of political impasse, and in the hope that problems will subside by themselves—only to be faced, in crisis circumstances, with the need for still stronger action in an atmosphere of shattered confidence. That great intangible of confidence, once lost, can only be rebuilt laboriously, step by step.

Here in the United States we have, with great effort, already gone a long way toward rebuilding the foundation for growth and stability. We are not today in crisis. The American economy—for all its difficulties—still stands as a beacon of strength and hope for all the world.

We know something of the risks and difficulties that could turn the outlook sour. But I also know that the actions necessary to make the vision of stability and sustained growth a reality are within our grasp. We have come too far, with too much effort, to fail to carry through now.

Chairman Volcker presented similar testimony before the Senate Committee on Banking, Housing, and Urban Affairs on July 21, 1983.

Statement by Michael Bradfield, General Counsel, Board of Governors of the Federal Reserve System, before the Subcommittee on Commerce, Consumer, and Monetary Affairs of the Committee on Government Operations, U.S. House of Representatives, July 21, 1983.

I appreciate the opportunity to appear before this subcommittee to discuss the issues raised by the Memorandum of Interrogatories concerning developments in the legal framework of the American financial system and financial services industry. In that comprehensive memorandum, the subcommittee has raised the crucial issues now before the Congress, the federal and state banking and thrift supervisory authorities, and the financial community on what is the appropriate scope of powers of depository institutions and who may own them—in other words the proper dividing line between banking and commerce.

The subcommittee has focused on the definition of the term "bank," innovations in securities activities for banks and thrifts, the ability of banks to enter into insurance activities, the expansion of the powers of thrift institutions, and their holding companies, as well as the powers of both thrift and bank service corporations. The Memorandum of Interrogatories has pointed to a number of these areas in which regulatory decisions of a legislative character have been taken that break new ground in terms of the definition of bank, the types of institutions that may own banks, and the activities in which banks may engage.

This subcommittee's examination of the application of present law by the federal and state regulatory agencies is especially important because it can serve to focus on the present serious legal issues and then serve both as a foundation and a springboard for congressional consideration of fundamental changes in the existing legal structure governing the definition and powers of depository institutions. In an appendix I have examined in detail questions raised in the memorandum.[1] While I have tried to address all of the issues directly affecting the Federal Reserve, as the subcommittee has recognized, because of pending litigation or regulatory action I am circumscribed in what I can say about certain matters, and, in particular, the commercial paper case now pending before the Supreme Court and the question of pending applications to purchase state-chartered banks in South Dakota.

As an aside, I cannot resist the temptation to bring to the subcommittee's attention the reaction of the courts when they have focused on decisions of the Board affecting some of the matters now before this subcommittee. In the matter of commercial paper, the Court of Appeals for the District of Columbia Circuit found that in applying the Glass–Steagall Act the Board's "ruling and the reasoning which supports it are essentially correct," and the Second Circuit, in a decision handed down on Monday of this week, found that the Board's interpretation of Glass–Steagall as it applies to discount brokerage "was reasonable and entirely consistent with the Act's language and policy."

In this introductory statement I would like to give special emphasis to what has undoubtedly already become quite clear to this subcommittee. Although there is disagreement among the federal regulators—I would not be candid if I did not acknowledge that in some cases there has been sharp disagreement about the appropriate interpretation of existing law—there is broad agreement that the present legal situation is not acceptable. The anomalies among the powers and authorities of depository institutions offering similar services and the premium placed on regulatory inventiveness have created a situation of competitive unfairness and a potential for instability. Moreover, in this situation, as pointed out by the memorandum, litigation has proliferated,

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

adding major elements of cost and uncertainty to financial planning that can and should be avoided. Congressional action is urgently needed to redraw rules that were once clear and workable, but are now blurred.

The law, as it had been applied until now, prohibited commercial and industrial firms from owning banks, and banks have been limited to a fairly narrow range of financial services in addition to banking. These rules, applicable to both nonbanking and banking firms, were established for basic policy reasons that are fundamental to the role banks play in our economy—a role that requires some degree of public supervision because its successful fulfillment is so important to the proper functioning of our economy.

Except in times of economic stress, we tend to take the financial system, and particularly the important part that banks play in that system, for granted. I believe it would be useful, as a framework for our discussion, to outline briefly these functions and highlight their importance to the economy.

First, banks are the safekeepers of our funds, which must be readily available, often on demand, when we need them, establishing a tendency toward a mismatch between the maturity of assets and liabilities that requires special prudence in management. Second, banks serve as the mechanism through which payments are made in the economy. Third, by virtue of their ability to take deposits, they hold large amounts of funds, giving them, relative to the communities they serve, unusual power by their ability to allocate these resources, and consequently unusual responsibility to remain as independent providers of credit to the rest of the economy. Fourth, they are the vehicle through which monetary policy is transmitted to the economy.

For all these reasons: to assure fiduciary responsibility and confidence in the system, to maintain a safe and sure payments mechanism, to sustain banks as impartial providers of credit to the economy, and to provide an effective means for the conduct of monetary policy, banks and their holding companies are, and should be, subject to a certain degree of supervision to assure prudence, impartiality in the provision of credit, and fair competition—the hallmarks of a safe and sound banking system. Recent experience in times of stress, such as in the Drysdale and Penn Square matters, demonstrates that the increasingly large size of financial institutions, the close integration of financial markets, and the potential adverse impact that serious financial difficulties pose for the economy in view of this environment put a high premium indeed on assuring that our economy continues to have a stable and workable banking and financial system.

There are many manifestations of these policy concerns, including bank examination and supervision, deposit insurance, and discount window access. In the context of our present discussion, it is fair to point out that the Bank Holding Company Act is one of the primary tools the Congress has used to carry out the objective of achieving a safe and sound banking system. The act has done this, in part, by limiting the scope of banking companies' activities to those that are closely related to banking, and excluding those activities outside banking that would be risky and could eventually endanger depositors' funds as well as the payments and financial system as a whole. It also has sought to encourage prudence in the conduct of nonbanking activities by authorizing the establishment of standards for managerial competence and financial prudence. In addition, and equally important, it seeks to assure impartiality in lending and the avoidance of conflicts of interest.

The policy objectives of the act that I have outlined, and the means of achieving them, have, of course, to be periodically reevaluated as conditions change. Such a reexamination of basic principles is particularly appropriate in the context of the significant erosion, at the margin, of the commerce–banking barrier, as nonbank financial institutions have, in recent years, begun to provide banking-like services free of the prudential rules and reserve requirements applicable to banking, and as banks have entered into new financial services areas such as financial futures and discount brokerage. I would note, however, that despite this tide that is gathering force and a corresponding trend toward conglomeration of financial services, to date banks have maintained their market share and still provide the core of traditional banking services to the nation's economy.

But the forces of competition will inevitably accelerate existing trends and the system will continue to evolve—possibly in an increasingly haphazard and dangerous manner if no overall framework is established that reconciles the forces of marketplace change with the requirements of a safe and sound banking system. Numerous developments are producing inconsistent and anomalous results.

Just a sampling of recent developments described in the subcommittee's memorandum fully illustrates this point. The combination of banking and commerce permitted by the liberal interpretation of the term "bank" has created a wave of acquisitions by securities, insurance, and other firms of "nonbanks" and of "bank-like" thrifts. State legislation has authorized nonbanking activities for banks that are prohibited to banking institutions under federal law, and have provided broad charter powers to enter a wide range of businesses to institutions previously characterized as thrifts. Regulatory interpretation of the term "bank" may also allow, despite the Douglas Amendment, chartering of 31 national "nonbanks" in 25 states under single ownership. Finally, the regulatory approval of the applications of mutual fund underwriters to acquire national banks and the interpretation of the Glass–Steagall Act as not applying to subsidiaries of nonmember banks have raised important questions about consistency in the application of this act and about the preemption of congressional discretion in a matter that was before the Congress at its last session and that the Congress will be addressing at the current session.

When all of these developments are taken into account, together with creation of new products and conglomeration of financial services firms, it is appropriate to return to my starting point—the broad agreement among the regulators that action at the federal level is urgently needed to reconcile ad hoc regulatory and haphazard marketplace changes with the requirements of a safe and sound banking system.

As I have stressed, there is a clear need for the enactment of comprehensive banking legislation. To avoid preemption of congressional discretion by a continuation in the surge of new regulatory authorizations that are likely to be inconsistent with any legislation redrawing the lines between banking and commerce, the Board has forwarded for congressional consideration draft legislation to halt temporarily new acquisitions of banks and thrifts by nondepository institutions. This legislation would also include a similar respite on the commencement of new types of nonbanking activities by state-chartered banks. We believe that this legislation, if it is firmly confined to a temporary period, will provide the Congress with the time required to act upon the necessary, fundamental, permanent restructuring legislation.

Congress now has before it, in the form of the Treasury's proposed Financial Institutions Deregulation Act of 1983, a comprehensive draft bill that addresses the fundamental issues raised by the subcommittee's memorandum. This proposal defines and broadens the scope of powers that may be exercised by bank and thrift holding companies. In doing so, it draws the policy line between commerce and banking clearly, and is thus capable of putting an end to regulatory actions of a legislative character and legal conflict on the interpretation of these regulatory decisions. Moreover, while the bill expands the powers that may be exercised by depository institution holding companies, it reciprocally expands the universe of financial firms that may own depository institutions.

These changes in powers have been put forward in the context of a streamlined procedure for supervisory review. The legislation also assures consistency with the requirements of a safe and sound financial system by providing full authority to take into account the considerations necessary to assure adequate capital and managerial capability, avoidance of any measures that would impair the safety and soundness or impartiality of subsidiary banks, as well as those measures necessary to assure safe and sound financial practices.

While noting several aspects that need further analysis, the Board has given its general endorsement of this proposed legislation. If the present confusion in the legal framework is to be ended, the Congress should act quickly on this comprehensive legislation. □

Additional statements follow.

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs and Coinage of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, July 27, 1983.

I appreciate the opportunity to express the views of the Federal Reserve Board on the efforts to deal more effectively with credit card fraud through enactment of H.R. 3622, the "Credit Card Protection Act." Losses resulting from credit card fraud have grown at a disturbing rate in the last several years. For example, total fraud losses for Visa and Mastercard have doubled in only three years—from around $57 million in 1979 to close to $115 million in 1982—with attendant costs to banks and other financial institutions, retail businesses, and, to the extent these costs are passed on indirectly, to consumers. These hearings, therefore, are important and timely.

I should note at the outset, however, that although the Board shares the general concern about this increase in fraud, we do not have any special expertise in the area of credit card fraud legislation. Although both the Truth in Lending Act and the Electronic Fund Transfer Act contain criminal penalties for credit and debit card fraud, the Board does not issue implementing regulations for those provisions, nor does it have a role in enforcing them. The Board is, nonetheless, glad to assist the subcommittee in any way it can, but my testimony will be brief.

The increase in fraud involving credit and debit cards imposes considerable costs on banks and other financial institutions that issue cards. Moreover, although account holders are to some degree protected by the Truth in Lending and Electronic Fund Transfer Acts from liability for unauthorized account access, they may bear some direct liability, and indirectly they may ultimately bear the costs through higher prices or reduced services. According to some industry figures, the cost of fraud per transaction has increased from less than 1 cent per transaction in 1973 to about 8 cents today.

We are particularly concerned about this type of fraud because of its potential effect on the payments system. The trend in recent years toward use of electronic fund transfers and credit cards in place of checks and cash has presented the possibility of significantly reducing costs and increasing efficiency. However, if financial institutions are forced to increase prices in order to cover fraud losses, consumers and businesses may have less incentive to use these more efficient means. In addition, continued widespread acceptance of these methods may depend in part on the public's confidence in their security and reliability. To the extent that this confidence may be impaired by the increasing threat of fraud, our ability to improve the payments mechanism may diminish. Thus, the Board believes that credit- and debit-card fraud has implications beyond the losses to individual businesses and consumers.

Because of the dramatic growth of fraud losses, and because there may be gaps in the coverage of the existing prohibitions on card fraud, the Board generally supports legislation designed to strengthen the prohibitions and close loopholes. H.R. 3622 appears to be designed to accomplish a good deal in that direction.

One technical point we suggest the subcommittee consider is the proper placement of any new legislation in the structure of existing law. H.R. 3622 would amend the credit card provisions of the Truth in Lending Act. Since some portions of the bill are intended to affect debit cards, automatic teller machine cards, or other means of access to deposit or asset accounts, it may be appropriate to consider incorporating parallel provisions in the Electronic Fund Transfer Act. The EFT Act already contains provisions on fraudulent access to deposit accounts, and placing any new prohibitions in the same act would reduce possible confusion and duplication. The Board would be pleased to draft statutory language or offer technical assistance to implement this suggestion. Another possible approach would be to consolidate and enact new prohibitions on credit- and debit-card fraud as part of the U.S. criminal code. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, July 28, 1983.

I am pleased to have this opportunity to discuss issues bearing on the coordination of monetary and fiscal policies and on the request to this committee, contained in the First Budget Resolution, to frame a sense of the Congress resolution with respect to appropriate information bearing on the assumptions and goals of monetary policy. Chairman Garn has also requested a review of how the Federal Reserve formulates monetary policy and the types of assumptions or goals that are used in policy formulation.

Broadly stated, the goals of all our general economic policies are clear enough—we all want to see sustained economic growth, high levels of employment, and price stability. Those general economic objectives are basic to the formulation of monetary or other policies. But, as you know, we cannot always reach all those goals in the short run or continuously, and monetary policy, by itself, cannot satisfy all of them even over time.

Fiscal, regulatory, and other policies of the government and wage and price policies in the private sector all affect economic activity, prices, productivity, and the rate of economic growth, and particularly bear upon our ability to reconcile our several goals. Moreover, the domestic economy has come to be influenced more and more by external developments. The oil-price shocks are only the most obvious example. The recent problems with major debtor countries, exchange rate behavior, and economic growth in other countries, as it affects demand for our exports, all have influences on our economy in one degree or another, frequently in ways that cannot be fully, or at all, compensated for by monetary policy.

But the Federal Reserve does need to take account of these kinds of developments at home and abroad as it formulates policy, and they could affect prospects for achieving the basic economic goals of economic activity, prices, and employment within a given time frame. The fiscal policy of the federal government is one of the most important of those factors, but not the only one.

The Formulation of Monetary Policy

Monetary policy is reflected mainly in decisions by the Board of Governors on the discount rate and by the Federal Open Market Committee (FOMC), which normally meets eight times a year, about open market operations. The members of the Board and the Committee regularly receive a wide variety of economic and financial information about the economy in preparation for these decisions. The great bulk of that information consists of publicly available statistics, surveys, and reports, but the material is also analyzed and summarized by staff at the Board, in written documents as well as oral presentations. The staff often presents forecasts for several quarters ahead, based on a combination of econometric and judgmental techniques. Alternative forecasts may be set forth, depending upon different policy assumptions, and areas of uncertainty are emphasized. Individual members of the FOMC will also have available to them analyses and forecasts prepared at the different Federal Reserve Banks.

At meetings of the FOMC, Committee staff also usually sets forth, for purposes of discussion, alternative approaches that might be considered by the Committee in its formulation of policy decisions. This material attempts to set out the implications of possible approaches, including alternative monetary and credit targets for a year ahead, as well as an evaluation of alternative short-run approaches to attainment of such targets. These analyses suggest the direction of possible impacts on market developments, recognizing that those developments may be dominated by other factors including, over time, budgetary decisions. The FOMC also reviews closely recent developments in domestic and international financial markets and the implementation of Federal Reserve operations since the last meeting.

Policy discussions center on the members' own assessments of the economic and financial outlook, and their view of its implications for the formulation of policy.

Underlying these discussions, there is common acceptance of the broad goals I stated at the start, which are, of course, incorporated in law. At the same time, individual members may well have different points of concern or emphasis in the short run; they may disagree about the outlook; and they bring to the table different conceptual or analytic emphases. For instance, some members will tend to put more weight on particular money supply developments, while others will put more stress on the developing conditions in credit markets. I believe all members consistently recognize the need to consider the implications of current policy over a considerable period of time, but, in particular situations, there will be differences as to the relative weights put on short- or longer-run factors, or on price, growth, or other objectives.

These differences in approach are natural to a degree in a committee structure made up of independently appointed officials. In the end, the differences have to be reconciled in a specific operational decision. But the differences in emphasis and assumptions about the economic outlook that lie behind the decision are one reason why we have felt it more constructive to provide the Congress, in our semi-annual reports, with a range of assumptions about economic variables rather than a simple "objective" about which, in the short run at least, any consensus might well be artificial.

When setting a course for monetary policy, the Committee members take the government's fiscal policy basically as a "given." There is often, of course, a degree of uncertainty about the likely budgetary developments, particularly in the period before a budget resolution is adopted and implemented. Looking several years ahead, the uncertainties increase. Typically, however, the dimensions of the budget can be approximated well enough to provide a reasonable basis for assessing the direction of its impact on overall economic performance and credit market conditions.

As you know, the FOMC expresses its policy intentions over time, as required by the Full Employment and Balanced Growth Act of 1978 (Humphrey–Hawkins Act), in terms of monetary and credit targets. Those annual targets are expressed in ranges and attention is paid to several measures, rather than a single statistical definition of money or credit. The use of ranges rather than "point" targets reflects in part the impracticality—and many would argue, the undesirability—of controlling monetary growth precisely. More broadly, the ranges, and the related judgment about which target or targets are more significant at particular times, provide an element of, to me, appropriate flexibility in the face of shifts in relationships of the aggregates to the economy or other unforeseen developments. The Committee can, of course, change targeted growth ranges (as was the case in July with respect to the M1 ranges) if deemed necessary or desirable in the light of events. But I believe there is, and should be, a presumption that such changes will be made only in the light of highly persuasive evidence.

The results of the FOMC's deliberations about longer-run money and credit targets, and the associated economic outlook, are presented to the Congress twice a year in the Board's "Monetary Policy Report Pursuant to the Full Employment and Balanced Growth Act of 1978." In that report, we currently provide the Congress with annual ranges of growth for M2, M3, M1, and total credit.

In addition, the Congress is given associated economic projections covering the same period for nominal gross national product, real GNP, the implicit price deflator, and the unemployment rate.

In February, these monetary ranges and associated economic projections are shown only for the current year. In July, the monetary ranges and projections are shown for the current year and the ensuing year.

The associated projections are shown in a range sufficient generally to encompass all Committee members, and—beginning this year—also for a much narrower range (labeled the "central tendency") to capture the expectations of most Committee members. These projections or forecasts reflect the views of the individual Committee members as to the implications of monetary policy decisions, as well as other factors such as fiscal policy, but the members may not have a common view in those respects. Those projections are also compared with administration forecasts for the same period, and they could also be compared with forecasts by the Congressional Budget Office or the assumptions that lie behind the budget resolution adopted by the Congress, depending upon the time period.

These semi-annual reports to the Congress, as presently structured, seem to me to provide a reasonable basis upon which the Congress can evaluate the implications of the Federal Reserve's monetary policy and to come to a view about whether monetary and fiscal policies are appropriately complementary. No doubt, they can be improved—which I take it is one of your concerns about which I will say a few words in a moment. At the same time, I believe we should be cautious about placing too much weight—in either monetary or fiscal policy—upon a particular, and fallible, projection.

The uncertainties inherent in any economic forecast are one reason why the presentation of ranges of views, rather than a "point" forecast, is useful. Even so, events have, not infrequently, carried one or more economic variables outside the forecast range, and part of the policy problem is deciding how to respond to such unforeseen developments. Some unexpected changes may be favorable—stronger growth or lower inflation—and would not necessarily call for any adjustment in policy; others may be clearly unfavorable in terms of expectations or longer-term objectives; perhaps more frequently there will be a mixture of "good" and "bad" news. In none of these cases should it automatically be assumed that policy adjustments to reach a pre-set objective for the year are necessarily desirable.

In that connection, the essence of the policy problem is the need to look beyond any short forecast period to the longer-term cumulative effects of policy on the economy. What may appear a reasonable and desirable trade-off in the short run—say, between more growth and less inflation, or more growth and budgetary restraint—may well turn out to have sharply adverse effects if repeated over time.

The "Coordination" of Fiscal and Monetary Policy

On the face of it, more "coordination" always sounds better than less—in our fiscal and monetary affairs as in other policies. But, in concrete instances, coordination may have an ambiguous meaning. Does it mean, for example, that measures that increase a deficit should be accompanied by more rapid money growth, so that the larger deficit could presumably be readily financed for a time—at the longer-run risk of inflation? Or does it mean that a higher deficit should be accompanied by less rapid money growth to help assure that the deficit does not generate inflationary pressures—at the possible expense of greater near-term market pressures? Answers will depend on particular circumstances, on judgments about the relevant time frame, and on other factors.

Similar questions can be asked about measures to reduce the deficit. Should the Federal Reserve raise money growth, leave it unchanged, or lower it if the Congress takes steps to reduce significantly the deficit below current expectations built into the economic outlook? The answer would again depend in part on one's analytic framework, but more pragmatic answers would depend on assessment of the effects of reduced federal credit demands on interest rates, credit markets, and private spending; the sensitivity of inflationary expectations to changes in money targets; and judgments about the trend of business activity.

As this discussion suggests, there is no simple trade-off between fiscal and monetary policy. The budgetary decision will, of course, affect the distribution of the available supply of credit in the economy and interest rates, and the mix of consumption and investment, but monetary policy cannot automatically offset the distributional or market effects of fiscal policy.

I interpret the congressional interest in coordination as seeking ways to elucidate these choices rather than implying a simple or fixed trade-off between fiscal and monetary policy. I also believe the present reporting framework provides an appropriate basis for such analysis and discussion, but that it could be improved in one aspect.

Specifically, during the past year, the FOMC has presented an annual range of growth for total nonfinancial debt of domestic economic sectors as one of its longer-range money and credit targets. It may be of further help to the Congress in its deliberations on the budget if, in that framework, we amplified the discussion of the implications of the budget outlook, or alternative budgetary outlooks depending on whether a budget resolution has been passed, for the distribution of debt between the private and governmental sectors and for potential credit market pressures. While I have often touched upon these matters in testimony, implications or risks with respect to the availability of credit to the mortgage market, the bond market, and other loan markets could be noted more directly in the report itself.

Such judgments, in the nature of things, could not be precise, and many other important factors—the inflation outlook, the strength of economic activity, and others—impinge strongly on credit flows and interest rates. Moreover, I do not believe a central bank should engage in the highly uncertain process of interest rate forecasting. Within that limitation, however, I do believe our reports could constructively be amplified in the way I have suggested.

With regard to the specific request that the Senate Banking Committee report by September 30 a sense of the Congress resolution bearing on the coordination of monetary and fiscal policy under present circumstances, I would note the economic projections in our mid-year report were based on a budget assumption that is not greatly different from that contained in the most recent budget resolution, although we did factor in the contingency that some of the savings and revenue action called for in the resolution might not be achieved. The projections with respect to growth and inflation are also generally consistent with the administration forecasts and do not differ greatly from assumptions underlying the budget resolution.

As I spelled out in my testimony last week, I do believe prospects for lower interest rates and for sustained and balanced recovery would be enormously assisted by more vigorous and earlier action to deal with the budgetary deficits. As things now stand, rising private credit demands, in reflection of rising private activity, are beginning to clash with the continuing heavy financing needs of the government. The FOMC has not felt that an appropriate response to that development would be still higher targets for monetary and credit growth, with the potential for greater inflation (and ultimately higher interest rates) that that course could imply. More progress toward reducing the deficit would maximize the prospects, consistent with these targets, for lower interest rates over time, supporting housing and other interest-sensitive sectors of the economy in particular, and reducing the risks of credit market congestion generally.

TARGETING THE GNP

The question has been raised whether "coordination" would not in some sense be better achieved if the Federal Reserve were to provide "objectives" for nominal and real GNP and prices instead of the projections we now give. I do not believe so. The issue is more than semantic. As detailed in the appendix to this statement, a GNP objective for monetary policy would turn attention away from the role of other public and private policies in affecting economic activity and prices, promise much more than could be delivered, and risk concentration on short-term (and not readily controllable) results at the expense of continuing longer-range objectives.[1]

I well understand that budgets must incorporate certain assumptions as to business activity, both because of the necessity for specific revenue and spending forecasts and because the timing and nature of the underlying policy decision may be influenced by the near-term outlook. But we should not lose a sense of skepticism about the accuracy of any forecast—as illustrated by events this year. Moreover, to the extent possible, the budget outlook and structure should be evaluated independent of a particular phase of the business cycle. For instance, in making judgments looking ahead as to how much the deficit should be cut, estimates of the structural, continuing portion of the deficit are relevant.

I do not believe it wise, in either monetary or fiscal policy, to commit ourselves to a particular short-term objective for, say, the GNP or prices that may or may not turn out to be attainable,

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

and the acceptability of which may depend upon circumstances unknown at the time the objective is established.

CONCLUSION

Debate and consensus about our longer-term economic objectives and methods of reaching them are inherent in the policymaking process. Through our reports and testimony, we in the Federal Reserve want to contribute constructively to that process—and I believe we do by means of detailing our monetary policies, by setting forth our economic projections and assumptions, and by publishing and analyzing economic data and trends. As I have suggested, we could provide additional analysis on the possible effects of broad fiscal policy decisions.

We have not wished, and do not now wish, as an organization to make more specific recommendations about budgetary policy, such as the nature of saving or spending decisions, areas that are not our responsibility, although I, or others in the Federal Reserve, are sometimes asked to comment as a matter of personal opinion. I also believe we should resist the temptations to set out short-term "objectives" in such specific terms as to invite unrealistic expectations, counterproductive "fine tuning," and ultimate disappointment. Within those limitations, I look forward to working with you in responding to the request in the budget resolution to explore possibilities for improving the flow of information, understanding, and "coordination." □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, August 3, 1983.

I appreciate the opportunity to appear before this committee to discuss appropriate guides for the conduct of monetary policy, including more specific discussion of the changes you have proposed, Mr. Chairman, in the Full Employment and Balanced Growth Act of 1978 (Humphrey–Hawkins Act).

There has been a broad array of suggestions put forward in recent years—by those in and out of the Congress—to change the way monetary policy is conducted and the way it is communicated to the Congress and to the public. Of course, there are always debates and proposals on how to improve the development and implementation of policy—such debates and proposals are part of our democratic governing process.

My sense, however, is that the number and diversity of these suggestions and the attention given them in the Congress have been increasing. The concern about monetary policy reflects broader concerns about the performance of the American economy over the last decade or more, which has included the worst inflation and the longest period of economic stagnation in the postwar era. Moreover, economic doctrine has seemed less settled in recent years, and a period of rapid change in financial markets has raised new questions. Perhaps most important recently have been the heavy burdens placed on monetary policy to deal with inflation and concern about how monetary and fiscal policy mesh at a time of unprecedented federal budget deficits.

Although the specifics of different suggestions vary greatly, it seems to me that at least three considerations—whether articulated clearly or not—underlie the various proposals.

First, there is a desire for information so that the objectives and techniques of Federal Reserve policy are as clear as possible, in the interest of improved understanding, oversight, and coordination.

Second, some urge the desirability of reducing the uncertainties they see as inherent in human judgment. They want to substitute some simple and easy-to-understand rule that specifies how monetary policy is to be operated and that will serve as a clear and unambiguous standard against which to measure Federal Reserve performance.

Finally, some proposals could be motivated—whether explicitly or not—by a desire for the

Congress (or an administration) to exert direct control over setting and implementing monetary policy. That is not usually a professed objective; but the effect of some proposals would be to facilitate or even encourage such an outcome.

I would like to take a few minutes to explore each of these approaches.

Plainly, a full exchange of useful information can enhance the ability of the Congress, the administration, and the central bank to formulate appropriate economic policies; and it can increase the public's understanding of monetary policy objectives and intentions. A formal mechanism for furnishing you with information on monetary policy was established in the Humphrey–Hawkins Act. Over time, we have modified our reports in response to requests for additional information, or certain types of information, and we are ready to work with the Congress to make them more useful.

At some point, of course, mere multiplication of data or report pages may be more confusing than helpful. Conversely, the beguiling simplicity of some ways of providing information could turn out to be counterproductive. For instance, proposals along these lines sometimes ask for specific, single-number forecasts of economic variables such as gross national product or interest rates. But, the record of the past few years confirms that economic forecasts are not precise; to give a single number may well imply a false sense of both precision and controllability.

As you are well aware, the governing bodies of the Federal Reserve are a Board and a Committee composed of independent numbers with diverse views. Those views cannot, except artificially, be condensed into a single forecast or specific short-term objective. I continue to believe that a more desirable approach, and all we can legitimately do, is provide ranges—such as those given now—that encompass (and give some flavor of the inevitable uncertainties of) our expectations for future economic performance. In that light, I was interested to note that the latest proposal of Chairman Fauntroy incorporates the concept of ranges of growth in GNP in setting objectives.

In the case of interest rates, there would be the obvious prospect of misinterpretation and misunderstanding were the Federal Reserve required to announce regularly forecasts or targets. The forecast—ultimately right or wrong—would itself become an important market factor, obscuring and distorting the underlying trends and pressures. In the event, the result would often be to mislead market participants and provide false signals, especially since monetary policy alone has at best a limited ability to achieve stated interest rate objectives.

Proposals that suggest fixed rules for the conduct of monetary policy usually have two aspects: first, that some hard and fast formula for guiding monetary policy be adhered to in practically all circumstances; and second, that the formula be fairly simple—typically calling for "ease" or "restraint" in accordance with movements in a single economic variable.

The appeal of a simple rule is obvious. It would simplify our job at the Federal Reserve, make monetary policy easy to understand, and facilitate monitoring of our performance. And, if the rule worked, it would reduce uncertainty about the course of the economy and would assist consumers and investors in planning their spending and saving.

I have a certain sympathy for these calls for a monetary rule. But, unfortunately, I know of no rule that can be relied on with sufficient consistency in our complex and constantly evolving economy. Changes in technology and government regulations, shifts in the asset preferences of households and businesses, unexpected supply shocks such as food or energy price disturbances, as well as events in foreign economies and financial markets, all can alter the relationships between the performance of the economy and the target variables suggested in the various rule proposals.

A number of ideas have been put forward over the years, focusing on such things as the growth rate of a particular monetary aggregate, the foreign exchange value of the dollar, levels of nominal or real interest rates, and the price of gold or other commodities. Attention to all of these variables may be useful at times—indeed, most of the time. But experience shows clearly that these indicators often give conflicting signals, and choices must be made. For instance, the relationship between monetary growth and prices or nominal GNP has been long studied, and has demonstrated a certain stability over time. It is a relationship we would ignore at our peril. But it is also true that, historically, there is considerable variability in the relationship over periods of several quarters. Much more rarely, for a variety of reasons, the relationship may change more fundamentally, and during those periods focusing on a particular aggregate could be a misleading guide to policy.

Given the enormous changes in financial markets and regulations during the past few years, we may be in the midst of such a change in "velocity" now. For example, last year some measures of money growth exceeded the expansion of nominal income by an exceptionally large amount—more than at any other time in the postwar period. Individuals and businesses apparently desired to hold more money than usual relative to incomes. Under those conditions, attempts to follow a preset and inflexible money growth rule with M1 based on historical trends would have resulted over the past year, in my judgment and the collective judgment of the Federal Open Market Committee, in an appreciably "tighter" policy than intended at the start of the period. That, as I have indicated repeatedly in reports to you through the year, is why we acted as we did in accommodating relatively rapid growth of M1 for a time.

A rule that targeted some market rate of interest would have potentially more serious pitfalls. Recent events provide a great deal of evidence with regard to our inability to judge with any precision a level of interest rates—nominal or "real"—needed to obtain a desired performance of the economy. For instance, the recovery of aggregate demand recently—particularly in the credit-sensitive sectors—has been much stronger at prevailing interest rates than most forecasters expected six or eight months ago. The difficulty of setting an interest rate rule is that the appropriate rate level shifts over time with variations in the strength of private demands and their sensitivity to credit conditions as well as with the stance of fiscal policy.

I do not suggest that monetary policy should ignore the variables advocated by the proponents of the various rules; quite the contrary, I am suggesting that there is a degree of analytical and empirical validity to most of them.

As you know, we have placed particular weight upon "targeting" and monitoring several monetary and credit aggregates, and there should, I believe, be a presumption—usually a strong presumption—that past patterns will recur. But I doubt—during a time of profound institutional and economic change—a single rule or indicator will be so reliable that it can substitute for a degree of judgment and flexibility at times, particularly when various possible "rules" are giving conflicting signals. In other words, care must be taken in selecting the indicator or indicators used in guiding policy; their reliability must be constantly monitored; and the appropriate emphasis on any particular indicator must be reevaluated in times of rapid change.

I must emphasize, too, that a rule for monetary policy, however soundly based, cannot substitute for poor policies in other areas of governmental responsibility. In fiscal policy, we have long since abandoned a simple rule—an annually balanced budget—for good and sufficient reason. In the process, I fear we have lost some of the sense of continuing discipline embodied in that proposition—an example of the danger implicit in avoiding any sense of a continuing rule.

As I understand it, the broad thrust of your proposal, Mr. Chairman, is not to establish a simple operational rule for monetary policy in terms of one intermediate, and presumably closely controllable objective, such as the money supply, or interest rates, or the price of gold. Rather, it would eschew such rules in favor of directing policy actions toward a particular rate of growth of economic activity and prices—objectives that would be approximated in a targeted path for the nominal GNP.

Specifically, your proposal would have us establish and announce objectives for a new target—growth in nominal GNP—for the year ahead, would call for our forecasts of real growth, inflation, and unemployment consistent with the nominal GNP for that period, and would require that we extend those objectives and forecasts over the ensuing three years. We would continue to announce plans for the growth of money and credit, but in addition we would now be required to report our plans for interest rates.

The appeal of such a proposal on the surface is not hard to understand. If a chosen path for GNP could be achieved, the uncertainty in the economic outlook would be greatly reduced, allowing businesses and consumers, as well as the Congress and the administration, to make specific plans for output, employment, and budgets with greater assurance. If interest rates are predictable and closely controlled by the Federal Reserve, so much the better for orderly planning. The public could turn its attention from such arcane matters and abstractions as the money supply and velocity, and from economic forecasting generally, secure in the belief that the Federal Reserve could and would make it all come out right.

Unfortunately, the implied promise of a fixed GNP objective—and therefore the foundation for the benefits that would flow from it—is not valid: the Federal Reserve alone cannot closely achieve a particular GNP target that it or anyone else would choose, especially over the one-year span envisioned by the proposed legislation. Even less could it control the distribution of a given nominal GNP among prices and real output, or predict or control the level of interest rates.

The fact of the matter is that monetary policy is not the only force determining aggregate production and income over several quarters ahead, and the policy actions taken affect those variables only with substantial and variable lags. Large swings in the spending attitudes and behavior of businesses and consumers can affect overall income levels. In recent years we also have seen the effects of supply-side shocks, as from oil price increases, on aggregate levels of activity and prices. Among the tools of public policy, budgetary decisions play an important role in determining economic activity and interest rates.

I recognize that your latest proposals, Mr. Chairman, explicitly recognize these concerns by suggesting that the GNP and related objectives be stated as ranges; in that sense, they are closer to present practice. I am still concerned, however, that attempts to target GNP within a narrow range would, deliberately or not, provide an unwarranted sense of omnipotence for monetary policy, or economic policy generally, ultimately leading to a sense of disappointment. That danger would be all the greater to the extent the focus was on the relatively short run—and I strongly suspect that various pressures would push the Congress into concentrating on that time horizon. In addition, the impression conveyed that monetary policy would be "held responsible" for meeting the targets would, I suspect, only weaken the will of the Congress and the body politic to deal with other difficult issues, such as the budget, essential to the success of economic policy as a whole. After all, why cut spending or raise taxes if, in the end, monetary policy can, on its own, produce the desired smooth trajectory of GNP?

Moreover, uncertainties about the timing of the effects of Federal Reserve actions on GNP may actually make attempts to implement a GNP objective counterproductive. For example, an effort to stimulate lagging GNP growth might have its greatest impact only after a considerable period when activity already was expanding again, adding to potential inflationary pressures and accentuating, rather than damping, the business cycle. Because of lags in the reporting of data, chances for such perverse results would be heightened if the Federal Reserve took corrective actions only after receiving confirming evidence that GNP was deviating from target paths. However, to shorten the lags, reliance would have to be placed on forecasts of the economy. As I indicated earlier, the uncertainty and unreliability of economic forecasts have been amply demonstrated over recent years, and while prediction is necessary and useful, I would be loath to grant to forecasts such a formal and potentially inflexible position in the execution and formulation of monetary policy.

In light of such considerations, we could presumably alter, with explanation to the Congress and the public, our GNP targets as needed through the year. But if this needed to be done frequently—as it might—it would undermine the purpose of the proposal.

The independent status of the Federal Reserve that makes a longer-term view possible might well be compromised with GNP targeting, since the Federal Reserve could be under great pressure to conform its targets to some immediately attractive number and then to act to achieve those targets. It is not hard to imagine that such pressures might be particularly intense in election years and that calls for a more expansionary policy would dominate those for moderation, especially since the inflationary penalty of such a policy may come only after considerable delay.

In sum, Mr. Chairman, an emphasis on short-run GNP objectives seems to me likely in many circumstances to run against our continuing basic interest in achieving sustained economic growth at reasonably stable prices. It is not difficult to imagine circumstances in which pressures to achieve short-run results would be counterproductive in terms of the continuing goals. The temptation would constantly be present to "shade" objectives in an optimistic direction, or to trade short-term expansion for more inflation—an inflation that in time would only undermine the continuing long-term objectives. Those dangers would be magnified by attempts to forecast—or, as some would have it, to target—interest rates. Those forecasts would be a focus of public attention, and hesitancy in allowing interest rates to fluctuate in accordance with emerging—and possibly unanticipated—market pressures would in time be a destabilizing force for the economy as a whole.

I do not mean to imply with these arguments that monetary policy should ignore incoming information on GNP or forecasts of what effect a planned policy course is likely to have on future growth of income. We, in fact, pay attention to a broad array of economic indicators, and we have refined and amplified the presentation of projections and forecasts to the Congress. We have, based upon our analysis of economic developments, been willing to change the emphasis on or within our announced monetary targets when unusual behavior of velocity or other forces seemed to indicate that these targets were conflicting with the need to foster a recovery without reigniting inflation. When such judgments have been reached, we have described the change in operating approach promptly to the Congress and to the public, as would be required in your proposals.

We have also seen, in these last six months, more economic growth than was believed likely earlier, or that we would have felt secure in setting forth as an "objective." The lesson of the last year, it seems to me, is that the Federal Reserve cannot key its policy process entirely on any one variable—we need to evaluate a variety of incoming data from the economy and financial markets—and that there is no substitute for a degree of judgment in weighing this information and determining a course for policy.

All of this reflects my concern about certain of the particular changes you propose in the language of the Humphrey–Hawkins Act. But the interest of this committee and others does suggest that current arrangements for the statutory guidance for reporting the intentions and implementation of monetary policy do need debate and discussion—a clearing of the air. I hope these hearings will themselves contribute to that process, and help provide the basis for consensus and improvement, whether or not change in the statutory language proves necessary or desirable in the end. □

Announcements

Reappointment of Paul A. Volcker as Chairman of the Board of Governors

President Reagan on June 18, 1983, announced his intention to reappoint Paul A. Volcker as Chairman of the Board of Governors. Mr. Volcker's reappointment was subsequently confirmed by the Senate on July 27, 1983, and he took the oath of office on August 6 for a four-year term.

In making the announcement on his weekly radio broadcast, President Reagan stated:

> My Fellow Americans: As the saying goes, we interrupt this program for a news flash. Some years ago, a favorite movie theme was the crusading reporter. In every such picture, the reporter—hat on the back of his head, clutching the phone—would yell, "Give me the city desk. I've got a story that'll crack this town wide open!" I've read that line a few times myself. Well, I'm not wearing a hat or clutching a phone, but before getting into today's broadcast, I'd like to make an important announcement.
>
> The term of the Federal Reserve Board Chairman expires August 5th. I have today asked Chairman Paul Volcker to accept reappointment for another term. He's agreed to do so, and I couldn't be more pleased. Paul Volcker is a man of unquestioned independence, integrity, and ability. He is as dedicated as I am to continuing the fight against inflation. And with him as Chairman of the Fed, I know we'll win that fight. End of news flash. . . .

Revisions of Regulations G and U

The Federal Reserve Board has completed revisions of its Regulation G (Securities Credit by Persons Other than Banks, Brokers, or Dealers) and Regulation U (Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks). The revised regulations became effective August 31, 1983.

The revisions of the two margin regulations were made as part of the Board's regulatory improvement program under which the Board is reviewing all of its regulations to simplify them, remove obsolete provisions, improve the organization of the regulations, and reduce the burden of compliance. The newly adopted revisions are in substantially the same form as proposed by the Board in February, with modification reflecting public comment received. A conforming amendment to Regulation T concerning over-the-counter markets has also been adopted.

Proposed Actions

The Federal Reserve Board has extended the time for comment on its proposed revision of Regulation Y (Bank Holding Companies and Change in Bank Control) to August 1, 1983. In May the Board requested comment by July 18, 1983, on a proposed revision of Regulation Y as part of the Board's review, simplification, and modernization of all of its regulations. The Board extended the comment period in response to requests.

The Federal Reserve Board has also requested comment on proposals to find that certain provisions in the state laws of New Hampshire and New Jersey governing the offering of cash discounts in the sale of motor fuel are not inconsistent with the Truth in Lending Act nor with Regulation Z and should not be preempted. In addition, the Board asked for comment on its view that these laws are of a type not subject to the Board's authority to preempt state laws under Truth in Lending. The Board requested comment by October 7, 1983.

Dedication of Headquarters Building

The headquarters building of the Federal Reserve Board was dedicated on July 29, 1983, to the memory of Marriner S. Eccles, who was chairman of the Board from 1934 to 1948 and oversaw the modernization of the Federal Reserve System under the Banking Act of 1935.

The building dedicated to Mr. Eccles was completed in 1937, under his direction, and was opened for business by President Franklin D. Roosevelt on October 20, 1937. Mr. Roosevelt called it "worthy to rank among the foremost of the Capital's architectural achievements. . . ." It has since been designated a national landmark.

The building had not previously had a formal name. The Garn–St Germain Depository Institutions Act of 1982 called for it to be named in honor of Marriner S. Eccles. The building contains the offices of the seven members of the Federal Reserve Board and part of their staff.

Comparison Chart for Old and New Regulation T

To facilitate understanding of the Federal Reserve Board's newly revised Regulation T (Credit by Brokers and Dealers), the Board has made public a comparison chart of section numbers of the old and the new regulation.

The new regulation becomes effective November 21, 1983, or earlier for those wishing to use it before that date.

Erratum

The following table, is being reprinted, with corrections, because of a printer's error that obliterated some of the data entries when it appeared in "New Federal Reserve Measures of Capacity and Capacity Utilization" in the July 1983 issue of the BULLETIN, page 516.

New Publication

The Federal Reserve Board has published a report, "Credit Cards in the U.S. Economy: Their Impact on Costs, Prices, and Retail Sales." The study examines the impact of credit cards on the costs that merchants and creditors incur, on the pricing of goods sold by retailers, and on the volume of retail sales. The report was prepared in response to a congressional request for information on the economic impact of credit cards in order to evaluate the Cash Discount Act of 1981, which encouraged the offering of price discounts for payment by cash. There is no charge for the report, and it is available on request from Publications Services, Mail Stop 138, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Changes in Board Staff

Lorin S. Meeder, Associate Director, Division of Federal Reserve Bank Operations, resigned from the Board, effective July 1, 1983.

The Board has also announced the resignation of William R. Maloni, Special Assistant to the Board, effective August 12, 1983.

Revised Edition of the Federal Reserve Act

The Board of Governors has published a reprint of the Federal Reserve Act and related statutes

1. Capacity utilization, June 1983 and at selected peaks and troughs

Industry	Value-added proportion	Capacity utilization rate					
		May 1973	March 1975	March 1979	July 1981	November 1982	June 1983
Total industry[1]	100.00	88.4	71.1	87.3	81.7	69.6	74.5
Manufacturing	87.95	87.9	69.0	87.5	80.9	68.8	74.4
Mining	6.36	89.1	88.5	84.6	91.1	70.8	68.4
Utilities	5.69	93.4	85.9	86.3	85.3	80.4	81.0
Industrial materials[2]	...	91.9	69.3	88.7	82.7	67.0	74.2

1. Capacity utilization for total industry is obtained by aggregating the output and capacity indexes for manufacturing, mining, and utilities, weighted by value added.

2. Industrial materials are items produced and used as inputs by manufacturing plants, mines, and utilities. Industrial materials include many of the items included in the primary processing grouping of manufacturing, as well as some of the output of the advanced processing industries, mines, and utilities—such as iron ore, crude oil, semiconductors, and electricity sold to industry.

that includes legislation enacted through April 20, 1983.

The reprint of the act is available at a cost of $7.00 a copy from Publications Services, Mail Stop 138, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period July 8 through August 10, 1983.

Florida
Orlando . . . . Independent Banker's Bank of Florida
Miami . . . . Orange State Bank

Indiana
South Bend. . . . . 1st Source Bank

Montana
Forsyth. . . . . Montana Bank of Forsyth

Texas
Plano . . . . Texas Bank of Plano

Record of Policy Actions of the Federal Open Market Committee

Meeting Held on May 24, 1983

Domestic Policy Directive

The information reviewed at this meeting suggested that growth in real GNP would accelerate, perhaps rather substantially, in the current quarter, after an increase at an annual rate of about 2½ percent in the first quarter. To a considerable extent, the expected pickup in growth reflected an apparently marked further slowing in the rate of inventory liquidation, with an ending of liquidation possible during the quarter. At the same time final demands for goods and services, which had strengthened in late 1982, were being relatively well maintained. The rise in average prices, as measured by the fixed-weight price index for gross domestic business product, appeared to be continuing at about the moderate pace recorded over the past year.

The index of industrial production rose 2.1 percent in April, the largest monthly increase since the summer of 1975, to a level about 6 percent above its recent trough in November. Gains in output were spread across a broad range of industries, and were particularly strong for consumer durable goods and durable goods materials. Production of business equipment, which had contracted sharply since late 1981, also rose substantially in April after turning up in March. Rates of capacity utilization in manufacturing and at materials producers increased from record lows late in 1982 to around 71 percent in April.

Nonfarm payroll employment increased more than 250,000 in April, after an increase of about 200,000 in March. Employment gains in manufacturing and service industries accounted for the bulk of the rise in both months. The civilian unemployment rate edged down further to 10.2 percent in April.

The dollar value of retail sales advanced 1.6 percent in April, about the same as in March. _ _tlays at apparel and furniture and appliance stores were brisk, but a major factor in the April gain was increased spending on new cars. Sales of new domestic automobiles, which had held at an annual rate of slightly over 6 million units since November, rose to a rate of 6.4 million units in April and strengthened somewhat further in early May.

Total private housing starts declined somewhat in both March and April, but at an annual rate of 1.5 million units in April, they were still about 40 percent above the depressed 1982 average. Newly issued permits for residential construction picked up in April, reflecting a marked increase in permits for multifamily units. Sales of new and existing homes increased substantially in the first quarter of 1983.

The producer price index for finished goods edged down in both March and April; prices of energy-related items, which are lagged one month in this index, declined considerably further while prices of consumer foods increased. The consumer price index rose 0.6 percent in April, after having edged up 0.1 percent in March; more than one-third of the April increase reflected the rise in gasoline prices associated with implementation of the higher federal excise tax. Thus far in 1983 the consumer price index has increased little, and the index of average hourly earnings has risen at a considerably slower pace than in 1982.

Since late March the trade-weighted value of the dollar in foreign exchange markets had remained in a narrow range near its recent high level. The U.S. foreign trade deficit in the first quarter was about one-third less than in the preceding quarter, as oil imports dropped sharply, reflecting a decline in price and a considerable reduction in volume.

At its meeting on March 28–29, 1983, the

Committee had decided that open market operations in the period until this meeting should be directed at maintaining generally the existing degree of restraint on reserve positions, anticipating that such a policy would be consistent with a slowing from March to June in growth of M2 and M3 to annual rates of about 9 and 8 percent respectively. The Committee expected that growth in M1 at an annual rate of about 6 to 7 percent over the three-month period would be associated with its objectives for the broader aggregates. The Committee members agreed that lesser restraint on reserve positions would be acceptable in the context of more pronounced slowing in the growth of the monetary aggregates (after taking account of any distortions relating to the introduction of new deposit accounts) or of evidence of a weakening in the pace of economic recovery. If monetary expansion proved to be appreciably higher than expected, without being clearly explained by the effects of ongoing institutional changes, it was understood that the Committee would consult about the desirability under the prevailing circumstances of any substantial further restraint on bank reserve positions. The intermeeting range for the federal funds rate was retained at 6 to 10 percent.

Growth in M2, which had slowed to an annual rate of about 11 percent in March, decelerated further in April to an annual rate of about 3 percent. The deceleration reflected, in part, substantial shifts of funds into individual retirement and Keogh accounts before the April 15 tax date. Growth in M3 slowed to an annual rate of about 4½ percent, after expanding at an 8¼ percent pace in March. Partial data suggested that expansion in both M2 and M3 had picked up in early May, but growth to date still appeared to be below the annual rates of 9 and 8 percent respectively expected by the Committee for the period from March to June.

M1 declined at an annual rate of about 3 percent in April but, according to preliminary data, strengthened markedly in early May. Thus far in the second quarter, growth in M1 appeared to be running substantially above the annual rate of 6 to 7 percent deemed consistent with the Committee's expectations for the broader aggregates.

Growth in debt of domestic nonfinancial sectors appeared to have continued in April at about the same pace as in the first quarter. Over the first four months of the year, debt expansion was estimated at an annual rate of about 9½ percent, well within the Committee's range of 8½ to 11½ percent for the year. Funds raised by the U.S. Treasury grew at about twice the rate of total debt expansion, while private debt rose at a moderate pace. Growth in total credit outstanding at U.S. commercial banks slowed somewhat in April, as banks continued to acquire sizable amounts of Treasury securities but reduced substantially their holdings of business loans.

Growth in total and nonborrowed reserves slowed appreciably in April and early May, as weakness in transaction deposits over much of March and in April was reflected with a lag in reduced demand for required reserves. Apart from large borrowings around the end-of-quarter statement date early in the intermeeting period, adjustment borrowing from the Federal Reserve discount window, including seasonal borrowing, fluctuated within a range of about $200 million to $675 million. Special factors, such as relatively sizable weekend borrowing associated with wire transfer problems, contributed at times to increased demands for borrowing. Excess reserves also continued to be volatile and were relatively high on average. Federal funds generally traded in a range of 8½ to 8¾ percent during the intermeeting interval.

Market interest rates changed little on balance over the intermeeting interval. Short-term interest rates declined about ¼ percentage point while most long-term rates were slightly lower or up only marginally. Market rates had fallen considerably in the early part of the period but had risen again most recently, as growth in the monetary aggregates seemed to be strengthening, signs of economic recovery became more widespread, and prospects increased that private credit demands would strengthen while Treasury borrowing remained exceptionally large. Average rates on new commitments for fixed-rate conventional home mortgage loans at savings and loan associations fell about 30 basis points further.

The staff projections presented at this meeting indicated that growth in real GNP in the second half of the year would be a little higher than had been expected, though probably slowing somewhat from the second-quarter pace. Recent evidence, including increased spending for business equipment, strength in new orders at durable goods manufacturers, and survey reports of marked improvement in consumer attitudes, suggested somewhat stronger private final demands from businesses and consumers than had been anticipated previously. The unemployment rate was projected to decline only modestly from its recent high level, and the rise in the average level of prices was expected to remain moderate.

In the Committee's discussion of the economic situation and outlook, a number of members expressed general agreement with the staff projection, but several emphasized that economic activity might well prove to be stronger than projected, especially during the quarters immediately ahead. Members observed that consumer sentiment appeared to have improved considerably, and that retail sales should benefit from the increased market value of financial asset portfolios as well as from the federal tax cut at midyear. A turnaround from sharp inventory liquidation to little change, or possibly even some accumulation, was seen as likely and would have a pronounced positive impact on GNP and on income flows, at least for a quarter or two. Members also commented that an increasingly stimulative fiscal policy would add strength to the recovery over the period ahead, and an unduly large federal deficit was likely to create problems later as private credit demands expanded.

While all Committee members anticipated continuing and possibly substantial improvement in economic activity over the months ahead, a number also questioned the balance and sustainability of the recovery. They noted that, though business capital spending was showing signs of reviving, it would need to improve markedly further to foster an extended recovery. Such spending could be inhibited if a continuing need to finance large federal deficits engendered rising interest rates as the recovery proceeded. The outlook for exports was also thought to be relatively weak, although exports should eventually improve if the foreign exchange value of the dollar were to decline substantially and if major disturbances in international financial markets were averted. One member commented that housing activity could be less strong than was widely anticipated and another observed that consumer spending could prove to be disappointing, particularly if consumers did not react more positively to the approaching tax cut than they had to the 1982 reduction. Another member commented that recent indications of a more vigorous recovery might reflect mainly a short-lived inventory adjustment.

Other members expressed a differing view and emphasized that the prospects for an extended recovery were relatively favorable. In support of this view it was observed that substantial improvements in consumer spending and inventory investment were likely to be followed by increasing capital investment, in the pattern characteristic of earlier cyclical expansions. In this connection some members stressed that the expansion might well gather momentum and prove to be much stronger than the staff was projecting, partly because the recovery would follow a relatively long and severe recession.

At this meeting the Committee reviewed the monetary growth ranges that it had established in February for the year 1983. It decided not to change any of the ranges or the relative importance of the various aggregates for policy, pending a further review at the July meeting. Growth of the broader aggregates appeared to be within the Committee's ranges for the year. Earlier in the year, growth of M2 had been affected to a major extent by large shifts of funds associated with the introduction of money market deposit accounts; such shifts had slackened substantially, although MMDAs were still expanding at a somewhat faster rate than the staff had projected earlier. M1 had grown substantially in excess of the Committee's expectations in the latter part of 1982 and the first quarter of 1983. Staff analysis based on recent research suggested that this earlier growth reflected to a substantial extent lagged responses to the decline in interest rates that began during the summer of 1982. That decline had enhanced the attractiveness of NOW accounts, which serve as a vehicle for savings as well as for transactions. The performance of M1 would continue to be affected by substantial uncertainties relating to the interest and income sensitivity of fixed-ceiling NOW accounts and also by the growing importance in M1 of the more recently introduced Super NOW accounts, which bear a market-related rate of interest. While the effects of earlier declines in interest rates should now be diminishing, given the relative stability of rates over recent months, some time would be needed to evaluate the evolving role of M1 as a vehicle for savings.

Turning to policy for the short run, the members noted a staff analysis, which suggested that maintenance of the existing degree of restraint on reserve positions might be associated with second-quarter growth of M2 and M3 marginally below the rates established by the Committee at the previous meeting, but with expansion of M1 above the level anticipated by the Committee, given the surge in M1 growth during the first part of May. The staff analysis also indicated that, within limits, alternative policy courses would have relatively little impact on the second-quarter growth of the monetary aggregates in light of the limited time remaining in the quarter, but would affect their growth more substantially over the months ahead.

In the course of their discussion, Committee members expressed differing views with regard to the appropriate course for policy in the weeks immediately ahead. The members were narrowly divided between those who favored some increase in reserve restraint over the next few weeks and others who preferred to maintain the degree of reserve restraint contemplated at the March meeting. This divergence reflected varying assessments of the strength and sustainability of the economic recovery; differing views with regard to the interpretation of the monetary aggregates; and different opinions concerning the risks associated with the likely impact of alternative policy courses on domestic interest rates. Members also noted the potential sensitivity of international financial conditions and the foreign exchange value of the dollar to firmer credit conditions in the United States, suggesting for some a dilemma for monetary policy stemming in substantial part from the budgetary situation.

Members who supported retention of the current short-run policy emphasized that the growth of the broader monetary aggregates, on which the Committee had focused, was within the Committee's 1983 ranges for the year to date. Moreover, such growth seemed to be falling a bit short of the second-quarter targets that the Committee had set at the previous meeting. Expansion in total domestic nonfinancial debt also appeared to be within the range for 1983 that the Committee had established for monitoring purposes. M1 clearly was growing at a pace well above the Committee's expectations, but many members continued to view that aggregate as an unreliable guide for policy and they preferred to give little or no weight to its performance, at least for the present.

A number of members were also concerned that under current circumstances even a modest tightening of reserve conditions might have a disproportionate impact on sentiment in domestic and international financial markets and lead to sizable increases in domestic interest rates. In their view increases in interest rates would have adverse consequences for interest-sensitive sectors of the economy and possibly for the sustainability of the economic recovery. Indeed, one member believed that lower interest rates were likely to be needed to ensure continued economic expansion. Moreover, appreciably higher U.S. interest rates might have particularly damaging consequences internationally by raising the foreign exchange value of the dollar and intensifying the severe pressures on countries with serious external debt problems.

Other Committee members, however, weighed the risks associated with alternative policy courses differently. They felt that at least limited tightening of reserve conditions was desirable in light of the very rapid growth in M1 against the background of accumulating evidence that the economic recovery was accelerating. While, consistent with previous decisions, M1 was not given so much weight as a monetary policy target as it had had earlier, a number of members nonetheless saw a need to move toward restraining its growth, which clearly was running well above the pace for the second quarter that the Committee had expected would be consistent with the behavior of the broader aggregates.

Several members commented that slightly greater restraint on reserves would be desirable at this point to minimize the possible need for more substantial restraint later, reducing the interest rate impact on financial markets over time and helping to sustain the expansion. Reference was made to the favorable effect such a move might have on market perceptions about monetary policy and the outlook for containing inflation, with the consequence that prospects for stable or declining interest rates in long-term debt markets would be enhanced as the recovery proceeded. The view was also expressed that the external debt difficulties of a number of foreign countries were continuing problems. The Federal Reserve could best contribute to the resolution of those problems by following policies that would foster sustained, noninflationary economic growth. Deferring any action could well pose a greater dilemma at a later time.

At the conclusion of the Committee's discussion, a majority of the members indicated that they favored marginally more restraint on reserve positions for the near term. Although these members differed on the precise degree of additional restraint that they preferred, they indicated their acceptance of a directive calling for only slightly more restraint on reserve positions than had been approved at the previous meeting. It was understood that at this point M2 and M3 seemed to be on courses that would bring their growth to slightly below the rates of 9 and 8 percent respectively that had been set at the March meeting for the second quarter, but that M1 would probably expand at a rate well above the growth that had been anticipated for the quarter. The members agreed that lesser restraint would be appropriate in the context of more pronounced slowing in the growth of the broader monetary aggregates within their 1983 ranges and deceleration of M1 growth, or of indications that the pace of the economic recovery was weakening. It was understood 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 information reviewed at this meeting suggests that growth in real GNP has accelerated in the current quarter following a moderate increase in the first quarter. Industrial production increased sharply in April after rising at a moderate pace in previous months; nonfarm payroll employment and retail sales rose considerably in March and April. Housing starts declined somewhat in both months but were still well above depressed 1982 levels. Data on new orders and shipments suggest that the demand for business equipment is reviving. The civilian unemployment rate edged down to 10.2 percent in April. Average prices have changed little and the index of average hourly earnings has risen at a much reduced pace in the early months of 1983.

The weighted average value of the dollar against major foreign currencies has remained in a narrow range near its recent high level since late March. The U.S. foreign trade deficit fell substantially in the first quarter, reflecting a sharp drop in the value of oil imports.

Growth in M2 and M3 decelerated further in April to relatively low rates but appears to have picked up recently. M1 declined in April but has strengthened markedly in early May. Growth in debt of domestic nonfinancial sectors appears to have been moderate over the first four months of the year. Interest rates have changed little on balance since late March.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation further, promote a resumption of 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. A substantial shift of funds into M2 from market instruments, including large certificates of deposit not included in M2, in association with the extraordinarily rapid buildup of money market deposit accounts, distorted growth in that aggregate during the first quarter.

In establishing growth ranges 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. Those growth ranges were to be reviewed in the spring and altered, if appropriate, in the light of evidence at that time. The Committee reviewed the ranges at this meeting and decided not to change them at this time, pending further review at the July meeting. 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.

In implementing monetary policy, the Committee agreed that substantial weight would continue to be placed on behavior of the broader monetary aggregates expecting that distortions in M2 from the initial adjustment to the new deposit accounts will abate. The behavior of M1 will continue to be monitored, with the degree of weight placed on that aggregate over time dependent on evidence that velocity characteristics are resuming more predictable patterns. Debt expansion, while not directly targeted, will be evaluated in judging responses to the monetary aggregates. 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 only slightly the degree of reserve restraint. The action was taken against the background of M2 and M3 remaining slightly below the rates of growth of 9 and 8 percent, respectively, established earlier for the quarter and within their long-term ranges, M1 growing well above anticipated levels for some time, and evidence of some acceleration in the rate of business recovery. Lesser restraint 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 indications of a weakening in the pace of economic recovery. 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, Gramley, Keehn, Martin, Partee, Roberts, and Wallich. Votes against this action: Messrs. Solomon, Guffey, Morris, Rice, and Mrs. Teeters.

Messrs. Solomon, Guffey, Morris, Rice, and Mrs. Teeters dissented from this action because they wanted open market operations to continue being directed toward maintaining approximately the degree of reserve restraint approved at the previous meeting. In the view of these members, a firming of reserve conditions was not warranted by the performance of the monetary aggregates or by the current economic situation. M2 and M3 were expanding more slowly in the second quarter than the Committee had anticipated at its previous meeting and for the year to date these broader aggregates, along with total domestic nonfinancial credit, were growing at rates that were within the Committee's 1983 ranges. M1 had been expanding at a pace markedly in excess of the Committee's expectations in recent weeks and for the year to date, but this aggregate was not viewed as a sufficiently reliable guide for policy, at least for the present, since its performance was substantially distorted by various developments and it was not predictably related to nominal GNP.

Under current economic and financial circumstances, the implementation of firmer reserve conditions would also incur an undue risk of an exaggerated reaction in domestic and international financial markets. Substantially higher domestic interest rates would have damaging consequences for interest-sensitive industries and could limit the recovery in economic activity. These members agreed that current interest rate levels appeared to be more consistent with continuing economic expansion in the months immediately ahead, but Mrs. Teeters believed that lower interest rates might well be needed later to sustain the recovery.

These members also referred to the potentially disruptive international impact of rising U.S. interest rates. Messrs. Solomon, Guffey, and Morris in particular believed that the already strong dollar in foreign exchange markets, the tenuous situation of some of the developing countries, the still fragile economic recovery in other industrial countries, and the continuing weak outlook for U.S. exports counseled against an increase in reserve restraint.

On June 23 the Committee held a telephone conference to review recent developments in the domestic and international economy and financial markets since the May 24 meeting. Evidence suggested that economic activity was continuing to strengthen at a somewhat more rapid pace than had generally been anticipated earlier. Some interest rates had increased modestly in recent weeks. Growth in monetary aggregates, particularly M1, had been relatively rapid although growth in M2 and M3 remained close to the targets established for the quarter as a whole.

Against that background, the consensus was that a modest increase in reserve restraint, within the framework of the directive adopted at the May 24 meeting and consistent with recent reserve conditions, remained appropriate.

Legal Developments

AMENDMENT TO RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors has amended its Rules Regarding Delegation of Authority to permit Federal Reserve Banks to approve applications under sections 3 and 4 unless the transaction involves two banking organizations each with assets over $100 million in deposits and after consummation, the acquiring organization would control over 10 percent of market deposits.

Effective July 20, 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

(f) ***

(22) ***

(i) a member of the Board has indicated an objection prior to the Reserve Bank's action; or

(ii) the Board has indicated that such delegated authority shall not be exercised by the Reserve Bank in whole or in part; or

(iii) a written substantive objection to the application has been properly made; or

(iv) the application raises a significant policy issue or legal question on which the Board has not established its position; or in formations, bank acquisitions or mergers:

(v) 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 percent of total deposits in banking offices in that local market; or

in nonbank acquisitions:

(vi) 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

(vii) 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]

Effective date: This amendment is effective on all applications pending on July 20, 1983, and on all future applications.

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

First American Bancshares Limited Partnership, North Little Rock, Arkansas

Order Approving Formation of a Bank Holding Company

First American Bancshares Limited Partnership, North Little Rock, Arkansas, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring at least 80 percent of the voting shares of First American Bank/Little Rock, National Association, Little Rock, Arkansas, ("National Association Bank")[1] and by merging with First American National Bancshares,

1. National Association Bank is currently operating as a savings and loan association under the name Arkansas Federal Savings and Loan Association. Applicant has received preliminary approval from the Comptroller of the Currency to convert the savings and loan association to a national bank. The conversion will occur before the acquisition by Applicant.

Inc., and thereby indirectly acquiring First American National Bank, North Little Rock, Arkansas ("First American Bank").

Applicant, a nonoperating limited partnership, was organized for the purpose of becoming a bank holding company by acquiring First American Bank, which holds total deposits of $129.0 million.[2] Applicant also proposes to acquire National Association Bank, which holds total deposits of $36.2 million as of March 31, 1981. Upon acquisition of First American Bank and National Association Bank, both of which are controlled by the same group of persons, Applicant would control the 11th largest banking organization in Arkansas and would hold approximately 1.46 percent of the total deposits of commercial banks in the state.

The Board's authority to approve the formation of a bank holding company only extends to those proposals that do not violate state law.[3] Until September 30, 1983, Arkansas law generally prohibits a bank holding company from owning or controlling directly or indirectly more than 25 percent of the voting shares of more than one bank.[4] The prohibition against bank holding companies controlling more than one bank does not apply to Applicant, however. Under Arkansas law, a bank holding company is a company that indirectly or directly holds or controls 25 percent of the shares of a bank.[5] Unlike the federal Bank Holding Company Act, which includes partnerships in the definition of "company,"[6] the Arkansas law defines "company" as a corporation or a business trust doing business in the state.[7] Accordingly, because Applicant is a limited partnership, it is not a "company" for purposes of the Arkansas bank holding company statute. This reading of the law is consistent with the views of the Arkansas Attorney General, who, by letter dated December 17, 1982, stated that under Arkansas law, limited partnerships are not prohibited from owning or controlling two banks. Accordingly, because the federal BHC Act does not prohibit multibank holding companies, approval of this proposal is permissible under federal and state law.

Applicant's principals currently control First American Bank and National Association Bank. First American Bank is the sixth largest of fifteen commercial banking organizations in the Little Rock banking market and holds approximately 5.8 percent of the total deposits in commercial banks in the market.[8] As of March 31, 1981, National Association Bank held total deposits of $36.2 million and when it becomes a commercial bank, it will control approximately 1.6 percent of the deposits of commercial banks in the market. Upon consummation, Applicant would remain as the sixth largest commercial banking organization in the market and would control 7.4 percent of the market's deposits.

As part of its analysis of the competitive effects of a proposal such as this, the Board considers the competitive effects of the transaction whereby common share ownership was established between banks in the same market. Applicant's principals gained control of Arkansas Federal Savings and Loan ("AFSL") in 1960 and acquired control of First American Bank in 1981. Because AFSL could not offer many of the types of commercial banking services that First American Bank could offer, the acquisition of First American Bank by Applicant's principals would not have resulted in the elimination of significant existing competition between the two institutions at the time of the acquisition. In addition, the Little Rock market is not highly concentrated, with the four largest commercial banking organizations in the market controlling approximately 68 percent of the market. In light of these and other factors, the Board concludes that Applicant's acquisition of First American Bank in 1981 did not eliminate a significant amount of existing competition. The rechartering of AFSL will allow that institution to offer full banking services and will add another competitor to the market. Accordingly, the Board concludes that competitive considerations are consistent with approval.

The financial and managerial resources and future prospects of Applicant and its subsidiaries are satisfactory and their future prospect appears favorable. As a result of consummation of this proposal, National Association Bank's financial resources will be strengthened, particularly in light of Applicant's commitment to provide National Association Bank with additional capital. Accordingly, considerations relating to banking factors are consistent with approval. While Applicant does not propose to alter the services offered by First American Bank or National Association Bank, considerations relating to the convenience and needs of the community to be served are also consistent with approval. Accordingly, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

2. Deposit data are as of December 31, 1982.
3. *Whitney National Bank in Jefferson Parish* v. *Bank of New Orleans & Trust Company*, 379 U.S. 411 (1965).
4. Ark. Stat. Ann. § 67-2103(1) (1980).
5. Ark. Stat. Ann. § 67-2102(A)(1) (1980).
6. 12 U.S.C. § 1841(b).
7. Ark. Stat. Ann. § 67-2102(C) (1980).

8. The Little Rock banking market is approximated by Saline and Pulaski and the northern portion of Lonoke County in Arkansas.

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 St. Louis, pursuant to delegated authority.

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

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

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

Suburban Bancorp, Inc., Palatine, Illinois

Order Approving Acquisition of a Bank

Suburban Bancorp, Inc., Palatine, Illinois, 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 Suburban Bank of Barrington, Barrington, Illinois.

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

Applicant, currently the 53rd largest banking organization in Illinois, controls seven banks with aggregate deposits of approximately $165.8 million, representing 0.19 percent of total deposits in commercial banks in the state.[1] Bank is the 729th largest commercial bank in Illinois, with deposits of $19.9 million, representing approximately 0.02 percent of total deposits of commercial banks in the state. Upon consummation of this proposal, Applicant would become the 45th largest commercial banking organization in the state. The Board concludes that Applicant's acquisition of Bank would have no appreciable effect upon the concentration of banking resources in Illinois.

Bank is the 300th largest commerical bank in the Chicago banking market,[2] controlling approximately 0.03 percent of the total deposits of commercial banks in the market. Applicant also operates in the Chicago banking market and is the 53rd largest banking organization, with approximately 0.22 percent of the total deposits in commercial banks in the market. Unon consummation, Applicant would become the 42nd largest commercial banking organization in the market with 0.25 percent of the market's deposits. While consummation of the proposal would eliminate some existing competition between Applicant and Bank, the Board does not regard the amount of existing competition eliminated as so significant as to warrant denial of the application. Accordingly, the Board concludes that consummation of the proposal would not have a significant adverse effect upon existing competition and thus, the competitive considerations are consistent with approval.

The financial resources and future prospects of Applicant, its subsidiaries, and Bank are considered generally satisfactory and their future prospects appear favorable. Applicant proposes to purchase Bank for approximately $2.7 million from existing resources. With regard to management resources, the record indicates that Applicant's chairman and principal shareholder bought 80 percent of Bank's stock in 1982. At that time, Applicant agreed to purchase the stock from its principal shareholder and agreed to indemnify him in full "against any and all losses, interest costs, or other expenses of whatever nature may arise, be charged, or incurred" regardless of whether Applicant acquired Bank from the principal shareholder. The purchase agreement also states that the principal shareholder would not have purchased Bank's stock but for Applicant's agreement to purchase the stock from him and indemnify him against loss.

The Board has previously determined that similar indemnification agreements between a bank holding company and an individual purchasing bank stock offer the potential for shifting the economic risk of loss to the bank holding company and constitute control of the bank stock by a bank holding company within the meaning of section 2 of the Act. (*See e.g., Florida National Banks of Florida, Inc.*, 62 FEDERAL RESERVE BULLETIN 696 (1976); *The Jacobus Co. & Inland Financial Corp.*, 60 FEDERAL RESERVE BULLETIN 130 (1974); *Mid America Bancorporation*, 60 FEDERAL RESERVE BULLETIN 131 (1974)). Based upon the facts

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

2. The Chicago banking market is defined as Cook, DuPage and Lake Counties in Illinois.

of this case and in accordance with its previous decisions, the Board believes that Applicant acquired Bank's stock without the Board's prior approval.

In order to address the Board's concerns regarding its indemnification agreement and other actions with respect to the control of Bank's stock, Applicant has rescinded the indemnification agreement and has committed to adopt a definite program to ensure that such acts do not occur in the future. In light of these actions, the Board concludes that the managerial resources of Applicant, its subsidiaries and Bank are consistent with approval. Accordingly, considerations relating to banking factors are consistent with approval of the application.

While Applicant does not propose to alter the services offered by Bank, considerations relating to the convenience and needs of the community to be served are also consistent with approval. Accordingly, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The 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 Chicago acting pursuant to delegated authority.

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

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

JAMES MCAFEE,
Associate Secretary of the Board

[SEAL]

Texas East BanCorp, Inc., Jacksonville, Texas

Order Approving Formation of a Bank Holding Company

Texas East BanCorp, Inc., Jacksonville, Texas, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to form a bank holding company by acquiring at least 80 percent of the voting shares of The First National Bank of Jacksonville, Jacksonville, Texas ("Bank").

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

Applicant is a nonoperating Texas corporation organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $51.1 million.[1] Upon acquisition of Bank, Applicant would control the 221st largest commercial banking organization in Texas and approximately 0.04 percent of total deposits in commercial banks in the state.

This proposal involves a restructuring of Bank's ownership from individuals to a corporation owned by the same individuals. Applicant's principals, who own 57 percent of Bank's outstanding shares, also control about 60 percent of the outstanding voting shares of the First State Bank, Rusk, Texas ("Rusk Bank"), located 13 miles south of Bank in the town of Rusk, Texas, the county seat of Cherokee County.[2]

Bank is currently the second largest banking organization in Cherokee County, with total deposits of $51.1 million, representing 29.5 percent of the total deposits in commercial banks in the market. Rusk Bank is the fourth largest commercial bank in the market, with a 12.5 percent market share and total deposits of $21.7 million. Bank and Rusk Bank together hold $72.8 million in deposits, representing 42 percent of deposits in commercial banks in the market.

Applicant contends that Bank and Rusk Bank do not compete in the same banking market. The relevant banking market definition proposed by Applicant asserts that Bank is located in a market approximated by the northern half of Cherokee County, including the town of Jacksonville. In support of its contention, Applicant has submitted data concerning the respective service areas of deposits of Bank and Rusk Bank.[3]

Bank is located in Jacksonville, the largest town in Cherokee County and the residence of one-third of the county's population.[4] Rusk Bank is located in the town of Rusk, the county seat and second largest town in Cherokee County, which is located 13 miles south of

1. All banking data are as of June 30, 1982, unless otherwise noted.

2. Applicant's principals, individually and through various interests, assumed control of Bank in 1959. One of these principals also owns 40 percent of the outstanding voting shares of Rusk Bank, over which he acquired control in 1944. In addition, there are numerous common directors and officers among Applicant, Bank, and Rusk Bank.

3. In particular, Applicant states that only 2 percent of Bank's depositors, representing 1.6 percent of Bank's total deposits, have Rusk zip codes, while 86 percent have Jacksonville zip codes.

4. In addition, six miles west and south of the city is Lake Jacksonville. Approximately 1500 persons, who are not included in the city's official population count, reside in the area surrounding this small lake.

Jacksonville. Jacksonville and Rusk are linked by State Highway 69, a four-lane thoroughfare which runs north–south and bisects Cherokee County. The record shows that there is substantial commuting between Jacksonville and Rusk. Based on the facts of record, including the proximity of Jacksonville and Rusk, the ready accessibility of each to the other, and the commuting patterns and commercial interaction between the two towns, each town offers to residents of the other an available and practical alternative for a variety of commercial services, including banking services. Thus, it is the Board's judgment that Applicant's proposed division of Cherokee County into two markets disregards the economic reality and market forces existing between the towns of Jacksonville and Rusk.

Alternatively, Applicant asserts Bank and Rusk Bank compete in a larger tri-county banking market composed of all of Cherokee County, as well as the adjacent Anderson and Rusk Counties. However, Applicant has provided little evidence of economic ties among Cherokee, Anderson, and Rusk Counties and their principal towns. Based on the facts of record, including the distance and relative inaccessibility of Palestine and Henderson to Jacksonville and Rusk, and the lack of commuting between Rusk and Anderson Counties on one hand and Cherokee County on the other, the Board finds that there is no evidence of significant economic interaction among Cherokee, Anderson, and Rusk Counties. Accordingly, the Board concludes that the relevant banking market in which to analyze the competitive effects of this proposal is approximated by Cherokee County, Texas.

Section 3(c) of the Act precludes the Board from approving any proposed acquisition that may tend to create a monopoly or may substantially lessen competition or be in restraint of trade in any part of the United States, unless the Board finds that such anticompetitive effects are clearly outweighed by the convenience and needs of the community to be served. In analyzing a case under these standards where, as here, the principals of an applicant control another banking organization in the same market as the bank to be placed in the holding company, the Board considers the competitive effects of the transaction whereby common control of the formerly competing institutions was established.[5]

In 1959, when Bank and Rusk Bank came under common control, Rusk Bank was the fourth largest of six banks in the Cherokee County market, controlling $1.9 million in deposits, which represented 9.2 percent of total deposits in commercial banks in the market. Bank was the largest bank in Cherokee County, controlling $7.1 million in deposits, which represented 34.6 percent of the total deposits in commercial banks in the market. The combined market share of Bank and Rusk Bank in 1959 was 43.8 percent.

In its most recent consideration of an application involving two affiliated banks in the same market,[6] the Board approved the formation of a bank holding company for one of the affiliated banks relying on the small absolute size of the banks at the time of affiliation, the substantial number of years that the institutions had been affiliated, and the existence of the affiliation before the application of the antitrust laws to bank mergers.The same factors that were present in *First Monco* are also present in this case. At time of affiliation, the banks were relatively small, having deposits in 1959 of $2 million and $7 million, respectively. Currently, the banks continue to be among the smaller banking organizations in the state. The duration of the affiliation here is 24 years and did not represent an attempt to evade the antitrust laws or the BHC Act. Common control was effected in 1959, before the Celler-Kefauver Antimerger Act of 1950 was believed to apply to bank mergers; before the enactment of the Bank Merger Act of 1960, which required regulatory agencies to take competitive factors into account in approving proposed mergers; and before the enactment of the Bank Merger Act of 1966, which clarified the applicability of the antitrust laws to bank mergers.

In its evaluation of the competitive effects of a proposal in previous cases, the Board has considered the presence of thrift institutions in a particular market as a substantial mitigating factor.[7] In its most recent consideration of the issue, the Board has accorded considerable weight to the competitive influence of thrifts.[8]

In this case, thrift institutions control approximately 48 percent ($162.4 million) of total market deposits, and hold 13.4 percent of total transaction accounts and 11.3 percent of commercial loans in the Cherokee

5. *Mid-Nebraska Bancshares, Inc.*, 64 FEDERAL RESERVE BULLETIN 589 (1978).

6. *First Monco Bancshares, Inc.*, 69 FEDERAL RESERVE BULLETIN 293 (1983) ("First Monco").

7. *Midlantic Banks, Inc. (Greater Jersey Bancorp)* 69 FEDERAL RESERVE BULLETIN 652 (1983); *First Bancorp of N.H.*, 68 FEDERAL RESERVE BULLETIN 769 (1982).

8. *Fidelcor, Inc. (Southeast National Bancshares of Pennsylvania, Inc.)*, 69 FEDERAL RESERVE BULLETIN 445 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

County banking market.[9] Indeed, the largest financial institution in the market is a savings and loan association, which is nearly twice as large as any bank in the market. In addition, excluding Bank and Rusk Bank, there remain seven other independent financial organizations in the Cherokee County market (including thrift institutions), which provide significant alternative sources for banking services in the market, including a subsidiary of one of Texas' largest banking organizations.

After considering the facts of record, including the substantial length of affiliation of Bank and Rusk Bank and the significant presence of thrifts in the market, the Board concludes that competitive considerations are consistent with approval of the application.

Where principals of an applicant are engaged in operating a chain of banking organizations, the Board, in addition to analyzing the one-bank holding company proposal before it, also considers the entire chain and analyzes the financial and managerial resources and future prospects of the chain under the Board's Capital Adequacy Guidelines.[10] Based upon such analysis in this case, the financial and managerial resources and future prospects of Applicant, Bank and the chain banking organization appear to be satisfactory. Therefore, considerations relating to banking factors are consistent with approval of the application. Considerations relating to convenience and needs of the community to be served also are consistent with approval of this application. Accordingly, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

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

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

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

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

9. If the Board were to include the deposits held by thrift institutions in the market in the commercial bank line of commerce, the market share controlled by Bank and Rusk Bank would be reduced from 42.0 to 21.7 percent.

10. 68 FEDERAL RESERVE BULLETIN 33 (1982), as amended by 69 FEDERAL RESERVE BULLETIN 539 (1983).

Washington Bancorporation, Washington, D.C.,

United Mine Workers of America, Washington, D.C.

Order Approving Formation of a Bank Holding Company and the Acquisition of Voting Shares of a Bank Holding Company

Washington Bancorporation, Washington, D.C. ("Bancorporation"), has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act of 1956, as amended ("BHC Act") (12 U.S.C. § 1842(a)(1)), to acquire 100 percent of the voting shares of The National Bank of Washington, Washington, D.C. ("Bank"). The United Mine Workers of America ("UMWA"), a registered bank holding company under the BHC Act due to its ownership of 76 percent of the voting shares of Bank, has concurrently applied for the Board's approval under section 3(a)(3) of the BHC Act to acquire 76 percent of the voting shares of Bancorporation in exchange for the UMWA's shares of Bank. The UMWA will continue to be a registered bank holding company upon consummation of these proposals inasmuch as it will continue to control shares of Bank indirectly through Bancorporation.

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

Bancorporation is a non-operating corporation whose only asset will be Bank. The UMWA is a labor organization exempt from the prohibitions of section 4 of the BHC Act whose only banking asset is Bank. Bank, with total domestic deposits of approximately $676.5 million, is the sixth largest banking organization in the Washington, D.C., banking market and controls 4.7 percent of total deposits held in commercial banks in the market.[1] The proposals involve a corporate reorganization and will not have any adverse effects on existing or potential competition or result in increased concentration in the Washington, D.C., banking market. Competitive considerations are therefore consistent with approval.

The financial and managerial resources and future prospects of Bancorporation, the UMWA, and Bank are regarded as generally satisfactory. Accordingly,

1. The Washington, D.C. banking market consists of the Washington Ranally Metro Area. All banking data are as of June 30, 1982.

considerations relating to banking factors are consistent with approval. Although no new services for customers of Bank are presently contemplated as a result of Bancorporation's and UMWA's proposals, considerations relating to the convenience and needs of the community to be served are consistent with approval. Based on the foregoing and other considerations reflected in the record, the Board's judgment is that consummation of these proposals would be consistent with the public interest, and that the applications should be approved.

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

By order of the Board of Governors, effective July 19, 1983.

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

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

Orders Under Section 4 of Bank Holding Company Act

Atlantic Bancorporation, et al., Jacksonville, Florida

Order Approving Acquisition of Shares in Florida Interchange Group

Atlantic Bancorporation ("Atlantic"), Barnett Banks of Florida Inc. ("Barnett"), Florida National Banks of Florida, Inc. ("Florida National"), all of Jacksonville, Florida; First Florida Banks, Inc. ("First Florida"), Tampa, Florida; Landmark Banking Corporation of Florida ("Landmark"), Fort Lauderdale, Florida; Southeast Banking Corporation ("Southeast"), Miami, Florida; Southwest Florida Banks, Inc. ("Southwest"), Fort Myers, Florida; Sun Banks of Florida, Inc. ("Sun"), Orlando, Florida; and NCNB Corporation ("NCNB"), Charlotte, North Carolina[1] (collectively, "Applicants"), all bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1841 et seq.), have applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b) of the Board's Regulation Y (12 C.F.R. § 225.4(b)), each to acquire 10 percent[2] of the voting shares of Florida Interchange Group, Inc. ("FIG"), Orlando, Florida, a joint venture to engage de novo in data processing and related activities. FIG will operate an electronic funds transfer ("EFT") system for interchanging financial transactions throughout Florida. The proposed interchange system ("the Switch") will operate as a neutral clearing house for customer EFT banking transactions, such as cash withdrawals, funds transfers, balance inquiries, and point-of-sale debit and credit transactions. Access to the Switch will be available to all insured depository institutions located in Florida. The Switch will enable the customers of each participating depository institution to access their accounts by using their institution's proprietary access card at point-of-sale ("POS") terminals and automated teller machines ("ATMs") located in shopping centers, grocery stores, office buildings and convenience stores throughout Florida. These terminals will be owned, installed and operated not by the Switch but by the participating financial institutions and by retailers and third parties that have contracted with participating institutions to provide terminals to those institutions. Thus, the sole function of the Switch will be to operate as a clearing facility for the banking transactions initiated at the ATMs and POS terminals that are placed within the Switch system. Customer transactions at these terminals will be passed through the terminal owner's computer to the Switch, which will then route the messages to the card holder's institutions[3] for processing.

The Switch will operate behind the participating institutions; that is, no terminals will be connected directly to the Switch. Instead, all terminals will be connected to computers of the participating institutions or their designated processors (or to the computers of retailers and corporations that operate terminals sponsored by participating institutions), which will in turn communicate with the Switch. Thus, the general and technical operational objective of the Switch is to provide for the central transmission of "non-on-us" financial transaction messages (that is, transactions

1. With the exception of NCNB, all the co-venturers are located in Florida. NCNB is located in North Carolina and controls banks located in North Carolina and Florida; however, only the Florida bank subsidiaries of NCNB will participate in the Florida Interchange Group.

2. Salco One, Inc., a wholly-owned subsidiary of AmeriFirst Federal Savings and Loan Association, Miami, Florida, will acquire the remaining 10 percent of FIG. Salco was chartered for the purpose of engaging in activities permissible for savings and loan associations but is presently inactive.

3. The term "card-holder institution" refers to the institution whose proprietary access card is used by its customer ("the card-holder") at one of the terminals within the Switch system

initiated by a financial institution card-holder at a terminal owned or sponsored by another financial institution) between participating institutions.[4] The participating institutions will respond directly to "on-us" transactions (that is, transactions by their card-holder at their terminal) and will route only "non-on-us" transactions to the Switch.

These data processing and related activities have been determined by the Board to be closely related to banking and are permissible under section 225.4(a)(8) of Regulation Y (12 C.F.R. § 225.4(a)(8)(i) and (ii)). Notice of these applications, affording opportunity for interested persons to submit comments and views, has been duly published. (48 *Federal Register* 20138 (May 4, 1983)). The time for filing comments and views has expired and the Board has considered the applications and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act, (12 U.S.C. § 1843(c)(8)).

Applicants are among the largest banking organizations in Florida. Barnett, with aggregate deposits of $5.67 billion, representing 12.9 percent of deposits in commercial banks in Florida, is the largest commercial banking organization in that state.[5] Southeast, representing 11.1 percent of deposits in commercial banks in Florida, and controlling $4.88 billion in commercial bank deposits, is the second largest commercial banking organization in Florida. Sun, the third largest commercial banking organization in Florida, possesses $4.0 billion in deposits, representing 9.1 percent of deposits in commercial banks in Florida. Florida National is the fifth largest banking organization in Florida with $2.0 billion in commercial bank deposits, representing 4.8 percent of commercial bank deposits in that state. First Florida, with $1.93 billion in commercial bank deposits, is the sixth largest commercial banking organization in Florida, representing 4.4 percent of commercial bank deposits in Florida. Atlantic, Florida's seventh largest commercial banking organization, controls aggregate deposits of $1.87 billion, representing 4.2 percent of commercial bank deposits in Florida. NCNB's Florida subsidiaries hold 3.6 percent of commercial bank deposits in that state, with $1.6 billion in deposits, thus making it the eighth largest commercial banking organization in Florida. Southwest, with $1.24 billion in deposits and 2.8 percent of commercial bank deposits, is the tenth largest commercial banking organization in that state. Finally, Landmark with 2.4 percent of commercial bank deposits and $1.0 billion in deposits, is the eleventh largest commercial banking organization in Florida.[6]

Each of the co-venturers currently engages either directly or indirectly, through a subsidiary or affiliate, in data processing and data transmission activities, including the operation of proprietary ATM networks. The proprietary ATM networks operated directly or indirectly by the co-venturers provide services for the co-venturers' affiliated banks. Only First Florida, through the data processing division of its lead bank, currently operates a proprietary ATM network for nonaffiliated as well as affiliated institutions.[7] Unlike the Switch, however, the function of First Florida's network and the proprietary networks of the other co-venturers is not limited to interchanging transactions: these networks also issue cards and provide and directly support terminals. Because the Switch will only interchange "non-on-us" transactions, the individual co-venturers (either directly or through their subsidiaries or affiliates) will continue to operate their own proprietary ATM network while participating in the Switch's shared interchange system.

The FIG Switch will not own or operate any ATM or POS terminals.[8] Because of the limited interchange functions of the Switch, each terminal owner and sponsor and each card holder institution will price its services to merchants, card holders, or third parties as it deems appropriate. The Switch will assess a transaction charge against the institution whose card-holder has used a terminal owned or sponsored by another institution, will retain a portion of the charge as a service fee, and will credit the remainder of the charge to the institution that owns or sponsors the terminal.

4. In addition to transmitting financial transaction messages between participating institutions, the Switch will perform the following incidental functions: monitoring and maintaining technical Switch performance standards; assisting in the training and education of participants; producing and distributing timely reports to management; and performing a daily settlement on all transactions passing through the Switch.

5. Deposit and market data are as of June 30, 1982, and reflect holding company acquisitions approved as of June 21, 1983.

6. AmeriFirst, the largest savings and loan association in Florida, holds deposits of $2.76 billion.

7. Eighteen nonaffiliated banks and credit unions participate in First Florida's proprietary network. With the exception of four nonaffiliates which lease ATMs from First Florida's lead bank, the nonaffiliates own their own ATMs. Two of the nonaffiliated banks operate ATMs for the exclusive use of their customers. Otherwise, card-holding customers of the participating institutions have access to any ATM in the network.

8. In fact, for the first two years of Switch operations only "off-premises" ATMs (that is, units installed 100 feet or more from the property line of a manned branch office or drive-up facility of a participating institution) and POS terminals will be placed within the Switch system, with certain exceptions permitted. After the two-year period, the board of directors of the corporation may elect to allow participating institutions to include their on-premises ATMs in the system. The actual location of all off-premises and subsequent on-premises terminals will be determined solely by the participating institutions that own or sponsor the terminals.

Any state or federal insured depository institution located in Florida may use the Switch's interchange service by joining the Switch.[9] Participants will pay a one-time initiation fee, an annual membership fee, and the above-mentioned transaction fees for services performed by the Switch. All existing proprietary ATM systems of participating financial institutions will continue to operate; FIG will merely interface among those systems.

The appropriate line of commerce for analyzing the competitive effects of consummation of this proposal is the provision for unaffiliated financial institutions of data processing services. As described above, except for the services to be provided through FIG, no Applicant offers data processing services to other unaffiliated financial institutions.[10] Inasmuch as the proposed venture is to commence de novo, no existing competition among the co-venturers in operating an interchange system would be eliminated.

The Board has also considered the effects of consummation of this proposal on probable future competition in the relevant line of commerce, particularly in light of the fact that this application involves the use of a joint venture to engage in the relevant activities. As indicated above, Applicants are some of the largest financial institutions in Florida and several of these organizations presumably could offer these services independently. However, with the exception of some ancillary data processing relative to their proprietary ATM networks and the activities of First Florida's lead bank, Applicants have chosen not to engage in such activities. Moreover, the market for such data processing activities is not regarded as concentrated. There currently are at least four Florida shared networks and several national shared networks, in various stages of development, which will be competing with the Switch for participants.[11] Applicants have submitted evidence indicating that there are several existing and potential ATM network exchanges in Florida. Regarding POS interchange services, which the Switch hopes to offer in early 1984, Publix Supermarkets Inc. has already publicly announced that it will offer competing POS services, and a joint venture between Barnett and NCR Corporation is expected to become operational before year end. It is also likely that some of the other competing ATM systems will expand their services to include POS interchange. The existence of these current and potential entrants mitigate concerns that the FIG interchange system may represent so large a proportion of possible ATM/POS facilities in local markets that no competing networks could exist. Additionally, the membership contract that is proposed for FIG-participating institutions provides a term of only three years and does not restrict the ability to participate in or own other existing or future shared systems. The co-venturers are similarly free to share ownership of, or participate in, other such shared systems. In this light, the loss of these potential entrants into the market for data processing services does not raise any serious concerns.[12] Accordingly, the Board concludes that consummation of the proposed joint venture would not have any significantly adverse effects upon probable future competition.

The Board also has reviewed this proposal to ensure that no unfair competitive practices, violations of law or other substantially adverse effects would result from consummation of this proposal. In this regard, because FIG may have a substantial share of ATM/POS transactions in several local markets, Applicants could potentially disadvantage competing financial institutions by unreasonably denying them access to the Switch.[13] After careful review of the application and other facts of record, the Board concludes that no evidence exists upon which to conclude that consummation of the proposal would result in unfair competition, conflicts of interest or unsound banking practices.[14]

9. All insured Florida depository institutions (or their affiliates) also were afforded an opportunity to share ownership of the Switch. Hence, both equity and nonequity participation in the Switch was made available.

10. The First Florida proprietary ATM network is operated by that holding company's lead bank, and not directly by the holding company.

11. The four national ATM networks known to be competing with the Switch system are ADP-Exchange, Plus Systems, Inc., Cirrus Systems, Inc., and Nationet. All networks are expected to be in operation on a national basis some time this year. In Florida, two shared ATM networks currently are operational: Publix Supermarkets Inc., and Credit Union 24. Neighborhood Banking Centers and NCR Corporation each currently are developing Florida ATM networks with participation open to all financial institutions.

12. Furthermore, the number of shared ATM networks in Florida and nationwide currently in operation, and the increasing popularity of such networks, suggest that the barriers to entry into the activity of providing data processing services to unaffiliated institutions are low. Additionally, it appears that numerous financial and nonfinancial institutions possess the technical and managerial skills necessary to operate shared networks on a similar basis as proposed by Applicants.

13. "Unreasonably denying access" refers to practices such as excluding certain firms for the primary purpose of competitively disadvantaging them or charging an access fee far in excess of any reasonable costs associated with joining the system.

14. For example, Applicants have committed that the transaction fee charged by the Switch will be nondiscriminatory and will relate solely to the interchange services that it provides. In addition, nonequity participants joining at the same time as the initial co-venturers will be charged the same (discounted) annual membership fees and transaction fees. Subsequent members will not receive this "charter" discount and additionally will pay an initiation fee as well as standard membership and transaction fees. As indicated above, Applicants pledge that these fees will be otherwise nondiscriminatory.

In addition to the joint venture's effect on competition between Applicants and its competitors, there is also the possibility that Applicants could use the joint venture as a mechanism for limiting competition among themselves. Inasmuch as Applicants are direct and significant competitors in numerous local markets in Florida, the joint venture could be used to limit the extent to which, or on what terms, Applicants compete. After carefully analyzing the information in this application, however, the Board concludes that competition among Applicants is not likely to be substantially reduced by this joint venture.[15]

The Board has also considered the effect of consummation of this proposal in light of state and federal laws governing the establishment of branches and the use of ATM/POS terminals in a network. As described above, the FIG switch would only provide data processing services for the interchange and would neither own nor provide ATM/POS terminals. Moreover, membership in the interchange is not restricted and Applicants have stated that the institutional participants in the interchange would comply with all applicable federal or state branching and other statutes regarding the establishment and use of ATM/POS in a network.[16] Applicants further have committed to offer through the interchange only those transactional services legally available to ATM/POS customers of participating financial institutions under applicable federal and Florida laws.

It is the Board's view that approval of these applications can reasonably be expected to produce substantial benefits to the public. Consummation of this proposal would allow individuals residing in Florida access to a larger number of ATM/POS terminals. In addition, the FIG switch would introduce to Florida a new provider of data processing services and an alternative ATM/POS network interchange. Further, the economies of scale that would result from operation of the combined network would accrue to all participating institutions. Finally, the joint venture would enable Applicants to share the cost of expanding and improving EFT services and would ensure greater availability of funds from product research and development.

There is no evidence in the record in this case indicating that consummation of the present proposal would result in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects. Based upon the foregoing and other facts of record, the Board concludes that the balance of public interest factors it must consider under section 4(c)(8) favors approval of these applications. In addition, the financial and managerial resources and future prospects of Applicants are considered consistent with approval.

Accordingly, the Board concludes that approval of these applications is in the public interest and has determined that the applications should be 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 bank holding company or 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.

Consummation of this 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 Atlanta pursuant to delegated authority.

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

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

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

15. Each of the member financial institutions is free to join other shared networks or switches; thus, each has the flexibility to compete by offering its customers access to as many ATM/POS terminals as it chooses. In addition, each member has sole discretion over the decision where to locate its ATM/POS terminals, thereby preserving its ability to develop a system most convenient for its customers. Finally, while there are some common standards on the types and numbers of transactions that can be offered within the FIG interchange, these seem consistent with the inherent technological constraints of linking together ATM or POS terminals.

16. Florida has enacted a "remote financial service unit" statute, which authorizes financial depository institutions to "use the facilities of, or participate in the use of, . . . remote financial service units. . . ." (Fla. Stat. Ann. § 658.65 (West Supp. 1982)). This statute regulates the establishment and operation of the ATM/POS terminals that will be connected to the computers of member institutions and retailers.

BancOhio Corporation, Columbus, Ohio

Order Approving Application to Engage in Equity Financing and Mortgage Banking Activities

BancOhio Corporation, Columbus, Ohio, 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 in arranging equity financing and mortgage banking activities through its subsidiary, W. Lyman Case & Company, Columbus, Ohio ("WLC"), at a new office in Cleveland, Ohio. Mortgage banking and servicing activities have been determined by the Board to be closely related to banking. (12 C.F.R. § 225.4(a)(1) and (3)). While the activity of arranging equity financing has not been specified by the Board in Regulation Y as a permissible activity for bank holding companies, the Board has determined by order that equity financing, subject to certain limitations and conditions, is closely related to banking.[1] In December 1982, the Board approved Applicant's proposal to acquire WLC and to engage in equity financing activities.[2]

Notice of the application, affording interested persons an opportunity to submit comments on the balance of public interest factors regarding the application, has been duly published (48 *Federal Register* 21198 (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.

Applicant is the largest banking organization in Ohio and controls two banking subsidiaries with aggregate deposits of $4.4 billion, representing 9.2 percent of total commercial bank deposits in the state.[3] Applicant also engages through subsidiaries in various nonbanking activities permissible for bank holding companies.

Applicant proposes to conduct equity financing activities at its new Cleveland office in accordance with all the terms of the Board's previous order approving Applicant's equity financing activities. The Board views Applicant's proposed new office as procompetitive and in the public interest because de novo entry provides an additional source of competition.[4] In addition, there is no evidence in the record to indicate that consummation of this proposal would result in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or any other effects that would be adverse to the public interest. Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, this application is approved.[5]

1. *BankAmerica Corporation*, 68 FEDERAL RESERVE BULLETIN 647 (1982).
2. *BancOhio Corporation*, 69 FEDERAL RESERVE BULLETIN 34 (1983).
3. Banking data are as of December 31, 1982
4. *Virginia National Bancshares, Inc.*, 66 FEDERAL RESERVE BULLETIN 668, 671 (1980).
5. The Board hereby delegates to the Federal Reserve Bank of Cleveland authority to approve future applications by Applicant to expand its equity financing activities de novo, subject to the terms of the Board's previous Order approving such activities.

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

By order of the Board of Governors, effective July 14, 1983.

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

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

Centerre Bancorporation, et al., St. Louis, Missouri

Order Approving Acquisition of Monetary Transfer System

Centerre Bancorporation ("Centerre"), Mercantile Bancorporation ("Mercantile"), County Tower Corporation ("County Tower"), all of St. Louis, Missouri; Charter Corporation ("Charter"), Kansas City, Missouri; and CNB Financial Corporation ("CNB"), Kansas City, Kansas (collectively "Applicants"), all bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1841 et seq.), have applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b) of the Board's Regulation Y (12 C.F.R. § 225.4(b)), to establish a joint venture and limited partnership[1], Monetary Transfer System ("MTS"), to engage de novo in data processing and related activities. MTS would operate[2] a

1. CNB and County Tower each will acquire at least a one-eighth ownership interest in MTS. The remaining applicants will each acquire a one-fourth ownership interest.
2. Credit Systems Incorporated, St. Louis, Missouri, would operate MTS under a management contract. CSI has over 15 years experience as a regional data processing center in credit card transactions Each Applicant will have a representative on the "Board of Managers" of MTS, who will be responsible for establishing policy for MTS.

communications network processing service and switching system for electronic funds transfer and information exchange among banks and other financial institutions, for use by their customers and through the use of automated teller machines [3] ("ATMs") owned or operated by the system participants.[4] Customers of each participating institution will be able to engage in those financial transactions deemed permissible under state law at the particular ATM owned or operated by a participating financial institution, including such transactions as: (1) withdrawal of money from an account; (2) transfer of money between accounts at the same financial institution; and (3) obtaining a cash advance from MasterCard at appropriate participating financial institutions. Every subscriber to the system would have the right to issue magnetically encoded cards accessing all ATMs in the system for those services allowed by state law. Initially, the system would operate in Missouri and Kansas, but eventually and where authorized by law, also would operate in Illinois, Iowa, and Kentucky. Such activities have been determined by the Board to be closely related to banking and are permissible under Section 225.4(a)(8) of Regulation Y. (12 C.F.R. § 225.4(a)(8)(i) and (ii)).

Notice of this application, affording opportunity for interested persons to submit comments and views, has been duly published. (48 *Federal Register* 9690 (March 8, 1983)). The time for filing comments and views has expired and the Board has considered the application and comments received in light of the factors set forth in section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)).

Applicants are some of the largest bank holding companies in Kansas and Missouri. Mercantile, the largest commercial banking organization in Missouri, controls 34 banks with aggregate total deposits of $3,449.7 million, representing 11.72 percent of deposits in commercial banks in that state.[5] Centerre controls 22 banks with aggregate total deposits of $3,368.3 million, representing 11.45 percent of deposits in commercial banks in Missouri, and is the second largest commercial banking organization in the state. Charter, the fourth largest commercial banking organization in Missouri, controls 27 banks with aggregate total deposits of $1,835.8 million, representing 6.24 percent of deposits in commercial banks in the state. County Tower controls nine banks, with aggregate total deposits of $784.3 million, representing 2.67 percent of deposits in commercial banks in the state, and is the seventh largest commercial banking organization in Missouri. CNB controls $185.1 million in total deposits, representing 1.19 percent of statewide deposits in Kansas, through Commercial National Bank of Kansas City, Kansas City, Kansas, the sixth largest bank in the state. Mercantile, Centerre, and Charter are statewide holding companies. Eight of the nine subsidiary banks of County Tower are located within the St. Louis SMSA. Four of the five Applicants operate internal ATM systems with proprietary cards that are each connected to a single central processing unit ("CPU"), but none operates a system available to non-related banks or other financial institutions.[6]

MTS would provide data processing services to the joint venturers as well as to non-equity participants by operating an automated teller network interchange.[7] MTS does not own or intend to own or provide any ATMs. Each ATM in the MTS-ATM network would be owned by one of the member financial institutions. The member financial institutions that own the ATMs would be compensated for their use by customers of another financial institution on a transaction fee basis. All existing proprietary ATM systems of participating financial institutions will continue to operate; MTS will merely interface with those systems.

The appropriate line of commerce for analyzing the competitive effect of consummation of this proposal is the provision to unaffiliated financial institutions of

3. As explained in a recent Board Order approving a similar joint venture to engage in the operation of a data processing "switch", an ATM is a "machine that performs many of the functions performed by a human bank teller. Other terms may be used to describe ATMs such as customer bank communications terminals ("CBCTs") or remote service units ("RSUs"). Through an ATM, a customer of a financial institution may make deposits, withdrawals, transfer funds from one account to another, or draw on pre-established lines of credit. An ATM may be located either at manned facilities of a bank or may stand by itself." *Interstate Financial Corporation*, 69 FEDERAL RESERVE BULLETIN 560.

4. Applicants will be the original equity participants in the joint venture. Other banking organizations may utilize MTS' switching services and join the shared ATM network without becoming equity partners in the joint venture.

5. Mercantile's 34 subsidiary banks include one de novo bank not yet opened: Clayton Mercantile Bank and Trust Company, Clayton, Missouri (acquisition approved August 25, 1982). Deposit data (domestic) are as of September 30, 1982, and reflect holding company acquisitions approved through December 31, 1982

6. CNB's subsidiary bank operates Bankmatic, a shared ATM network in Kansas, which commenced operations in January 1976. Bankmatic cardholders, regardless of bank affiliation, have complete access to all Bankmatic ATM locations. The Bankmatic system will remain intact and be unaffected by MTS, except where there is a transaction between a "Bankmatic" bank and one outside that system but within MTS. In that instance, MTS would serve as an interchange between the two systems. Thus, the customer would have enhanced use of a Bankmatic access card, but the Bankmatic system itself (as all other similar systems) would be unaffected.

7. An ATM network interchange links various ATMs with the financial institutions whose customers use such ATMs. Also, the ATMs are linked with a central data processing center that acts as a clearinghouse or "switch" for transactions between the ATMs and the financial institutions belonging to the ATM network interchange. Any customer of a financial institution belonging to an ATM network interchange may use any ATM in the exchange, regardless of whether such ATM is owned by another financial institution, to conduct a banking transaction

data processing services, particularly the operation of an ATM network exchange. As described above, except for the services to be provided through MTS, no applicant offers data processing services to other unaffiliated financial institutions. Inasmuch as the proposed venture is to commence de novo, no existing competition among the venturers in operating a shared ATM network would be eliminated.

The Board has also considered the effects of consummation of this proposal on probable future competition in the relevant line of commerce, particularly in light of the fact that this application involves the use of a joint venture to engage in the relevant activities. Applicants are some of the largest banking organizations in Kansas and Missouri, and control the leading banks in several banking markets.[8] In this regard, several of these organizations presumably could offer these services independently. However, with the exception of some ancillary CPU processing relative to their proprietary ATM systems, Applicants have chosen not to engage in such activities and do not appear to be likely independent entrants absent this joint venture. Moreover, the market for such data processing activities is not regarded as concentrated. There are several competing ATM network exchanges currently in place in many of the same markets in which Applicants operate. Applicants have sufficiently demonstrated that other networks could profitably be established.[9] The existence of the current and potential competitors mitigates concerns that the MTS-ATM network may represent so large a proportion of possible ATM facilities in local markets that no competing networks could exist.[10] The loss of these potential entrants into the market for data processing services does not raise any serious concerns in this light.[11] Accordingly, the Board concludes that consummation of the proposed joint venture would not have any significantly adverse effects upon probable future competition.

The Board also has reviewed this proposal to ensure that no unfair competitive practices, violations of law or other substantially adverse effects would result from consummation of this proposal. In this regard, because MTS may have a substantial share of ATM transactions in several local markets, Applicants could potentially disadvantage competing financial institutions by unreasonably denying them access to the MTS switch and the shared ATM network.[12] After careful review of the application and other facts of record, the Board concludes that no evidence exists upon which to conclude that consummation of this proposal would result in unfair competition, conflicts of interests or unsound banking practices.[13]

In addition to the joint venture's effect on competition between Applicants and their competitors, there is also the possibility that Applicants could use the joint venture as a mechanism for limiting competition among themselves. Inasmuch as Applicants are direct and significant competitors in several markets, the joint venture could be used as a mechanism for limiting the extent to which, or on what terms, Applicants compete. After carefully analyzing the information in this application, however, the Board concludes that competition among Applicants is not likely to be substantially reduced by this joint venture.[14]

The Board has also considered the effect of consummation of this proposal in light of state and federal laws governing the establishment of branches and the

8. The four Missouri bank holding companies are direct competitors in seven Missouri banking markets, and also compete with CNB in the Kansas City banking market. In most of these markets, Applicants are among the top five banking organizations.

9. Two ATM networks, UNITEL (Electronic Funds Transfer System, Inc.) and Universal Money Market Centers, Inc., either operate or are planning to operate shared networks in most of the markets in which MTS members operate. UNITEL projects it will install 1,000 terminals in the Kansas City area, and provides ATM services to at least 20 banks and savings and loan associations in the Kansas City area. Universal Money Market Centers plans to have ATM facilities in all the major areas where Applicants compete. Finally, United Missouri Banks, a major competitor of Applicants, is part of the PLUS system and has a large local network of ATMs.

10. Nor does the evidence available regarding the MTS switch's economies of scale indicate that such economies would be of such magnitude as to limit the establishment of competing systems. Furthermore, the number of shared ATM regional networks currently in operation and the increasing popularity of such networks suggest that the barriers to entry into this activity are low. Thus, it appears that numerous financial and nonfinancial institutions may possess the technical and managerial skills necessary to operate shared networks on a similar basis as proposed by Applicants.

11. An additional pro-competitive factor is a subscriber's ability to choose any data processor to connect with the MTS switch. The various MTS system agreements have been structured such that each subscriber to the system will be free to make its own arrangement with either an existing member processor or another entity that may join the system as a data processor, and in turn transmit to and receive information from the central MTS switch.

12. "Unreasonably denying access" refers to practices such as excluding certain firms for the primary purpose of competitively disadvantaging them or charging an access fee far in excess of any reasonable costs associated with bringing an additional participant into the system.

13. For example, financial institutions do not have to be equity participants in the joint venture in order to have access to the ATM network or to utilize the switch. In addition, it appears that both joint venture participants and non-equity participants in MTS will be charged the same prices for transactions made through MTS

14. Each of the member bank holding companies is free to join other shared networks or switches; thus, each has the flexibility to compete by offering its customers access to as many ATMs as it chooses. In addition, each member has sole discretion over the decision where to locate its own ATMs, thereby preserving its ability to develop a system most convenient for its customers. Finally, while there are some common standards on the types and number of transactions that can be offered in the MTS-ATM network, these seem consistent with the inherent technological constraints of linking together ATMs.

use of ATMs in a network. As described above, the MTS network would only provide data processing services for the interchange and would neither own nor provide ATMs. Moreover, membership in the network is not restricted and Applicants have stated that the institutional participants in the network would comply with all applicable federal and state branching and other statutes regarding establishment and use of ATMs in the network. Applicants further have committed to offer through the interchange only those transactional services legally available to ATM customers of participating financial institutions under applicable federal and state laws.

In this regard, the Kansas State Bank Commissioner has objected to the participation of out-of-state banks in "joint auxiliary systems" within the state of Kansas pursuant to his interpretation of Kan. Stat. Ann. § 9-1111(a) (1978). Additionally, the Kansas Attorney General, in a recent opinion,[15] has commented unfavorably on an agreement between a Kansas bank and an out-of-state financial institution for the operation within Kansas of "remote service units" by the out-of-state institution. In response to these comments, Applicants have committed to comply with all decisions of the state regulatory authorities in their operation of the switch, and have developed a "double loop system" to conform with state requirements until such time as full interstate operation of the MTS switch is permitted.

Illinois currently restricts the operation of a transmission facility for electronic funds transfer to out-of-state financial institutions, except pursuant to a reciprocal agreement with a contiguous state. (Ill. Ann. Stat. ch. 17, § 6-104 (Smith-Hurd 1981 & Supp. 1982)). Inasmuch as Kansas is not contiguous to Illinois and no reciprocal agreement exists between the states, operation of the MTS switch as currently structured is impermissible within Illinois. Accordingly, Applicants have committed to limit operations in Illinois to transactions upon non-Kansas-based financial institutions until Illinois law is changed.

It is the Board's view that approval of this application reasonably may be expected to produce substantial benefits to the public. Consummation of this proposal would allow individuals residing in Kansas and Missouri (subject to state law) immediate access to a larger number of ATMs. In addition, eventual expansion of the network (again, subject to applicable state law) into Iowa, Illinois, and Kentucky would introduce to those areas a new provider of data processing services and an alternative ATM network. In addition, the economies of scale that would result from operation of a combined network would accrue to all participating financial institutions. Finally, the joint venture would enable Applicants to share the cost of expanding and improving EFT services and would ensure greater availability of funds for product research and development.

There is no evidence in the record of this application indicating consummation of the present proposal would result in undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices or other adverse effects. Based upon the foregoing and other facts of record, the Board concludes that the balance of public interest factors it must consider under section 4(c)(8) of the Act favors approval of this application. In addition, the financial and managerial resources and future prospects of Applicants are considered consistent with approval.

Accordingly, the Board concludes that approval of this application is in the public interest and has determined that the application should be approved. This determination is subject to the operation of the switch in conformance with state requirements, to section 225.4(c) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or 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 evasions thereof.

Consummation of this 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 Banks of Kansas City and St. Louis pursuant to delegated authority.

By order of the Board of Governors, effective July 13, 1983.

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

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

Chemical New York Corporation, New York, New York

Order Approving Application to Engage in Equity Financing Activities

Chemical New York Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied

15. Kansas Attorney General Opinion No. 83-100 (June 29, 1983).

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, Chemical Mortgage Company, Columbus, Ohio ("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* 20796 and 22635 (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.

Applicant is the sixth largest banking organization in the United States and the fifth largest in New York with total consolidated assets of $48.3 billion.[2] Its lead bank, Chemical Bank, accounts for 98.6 percent of Applicant's total consolidated assets. Applicant also operates a wholesale services bank in Wilmington, Delaware. In addition to its banking subsidiaries, Applicant has 17 nonbank subsidiaries which provide a broad range of banking-related services. Applicant engages through Company in mortgage banking activities for which it has received Board approval under section 4(c)(8) of the Act and sections 225.4(a)(1) and (3) 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 (including multi-family residential properties) 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 multi-family residential, 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 relied on by the Board previously 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.

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, 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 to those described in

1. *Trust Company of Georgia*, 69 FEDERAL RESERVE BULLETIN 225 (1983); *BancOhio Corporation*, 69 FEDERAL RESERVE BULLETIN 34 (1983); *BankAmerica Corporation*, 68 FEDERAL RESERVE BULLETIN 647 (1982).

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

3. *BankAmerica Corporation*, supra note 1, p. 649.

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.

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. 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 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 June 30, 1983.

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

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

Citicorp, New York, New York

Order Approving Establishment of Harrison Credit Corporation

Citicorp, New York, New York, 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. § 1842(c)(8)) and section 225.4(b) of the Board's Regulation Y (12 C.F.R. § 225.4(b)) to engage through a joint venture subsidiary, Harrison Credit Group, Inc., Harrison, New York ("Harrison"), in commercial lending, lease financing and servicing activities pertaining to farm equipment manufactured by the Sperry New Holland Division of Sperry Corporation, New York, New York ("Sperry"). The joint venture subsidiary would be owned equally by Citicorp Industrial Credit, Inc., a wholly-owned subsidiary of Citicorp, and Sperry. Harrison would engage in the following activities: the making or acquiring for its own account or for the account of others of commercial loans and other extensions of credit for the retail purchase of equipment manufactured by Sperry New Holland; acting as agent, broker or advisor in leasing farm equipment manufactured by Sperry New Holland, and; servicing loans, leases and other extensions of credit for Sperry. These proposed activities have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(1), (3) and (6)).

Notice of the application, affording opportunity for interested persons to submit comments and views, has been duly published. 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.

Citicorp is the largest commercial banking organization in the United States, with consolidated assets of $128.3 billion.[1] In addition, Citicorp engages in various nonbanking activities through direct or indirect subsidiaries. Citicorp's interest in the joint venture would be held directly by Citicorp Industrial Credit, Inc. ("CIC"), which engages primarily in commercial lending and leasing activities through 42 offices in 21 states. Neither Citicorp or any of its subsidiaries, including CIC, engage in farm equipment financing to a significant extent.

Sperry is the 54th largest domestic manufacturer in terms of asset size (with consolidated assets of $5.3 billion).[2] Sperry is engaged internationally in the manufacturing, marketing and servicing of computer systems and equipment, guidance and control equipment, farm equipment, and fluid power equipment. Sperry currently engages in finance company activities through its wholly-owned subsidiary, Sperry Financial Corporation ("Sperry Financial"). These activities include the purchase, without recourse, of receivables from Sperry and its Canadian subsidiaries and retail installment contracts from dealers of products manufactured by Sperry. Sperry Financial would continue to provide dealer inventory financing for Sperry New Holland dealers. However, Sperry proposes that Sperry Financial discontinue financing retail purchases or leases of Sperry New Holland farm equipment; the proposed joint venture subsidiary would replace Sperry Financial as an alternative source of retail financing.

In acting on Citicorp's application to engage in these nonbanking activities through the proposed joint venture subsidiary, the Board must consider the standards enumerated in section 4(c)(8) of the Bank Holding Company Act. First, as noted above, the proposed activities are "closely related" to banking within the meaning of the Act. Second, the Board must determine whether the performance of these activities by

1. Unless otherwise indicated, all banking data are as of March 31, 1983.

2. Data as of March 31, 1982.

the proposed joint venture subsidiary can reasonably be expected to produce benefits to the public that outweigh the possible adverse effects. (12 U.S.C. § 1843(c)(8)).

Joint ventures by bank holding companies and commercial firms present a potential for circumventing the Bank Holding Company Act's fundamental objective of drawing a dividing line between banking and commerce. The linking of commercial and banking activities may also create the possibility of conflicts of interest and concentration of resources that the Act was designed to prevent, and impair or give the appearance of impairing the ability of the banking organization to function effectively as an independent and impartial provider of credit. Also, agreements to conduct a joint business must be carefully analyzed for any adverse effects on competition.

Accordingly, the Board on several occasions has expressed its concern over the possible adverse effects associated with joint venture proposals and has denied two such applications where one of the co-venturers was a commercial firm and the proposed activities were either currently engaged in by the proposed bank holding company partner or were of a broad and diversified scope.[3] In this connection, the Board notes, in particular, that it previously approved a joint venture proposal between Deutsche Bank AG and Fiat Credit Services, Inc. to provide financing for Fiat products. In that case, the proposed financing activities were limited in scope. Two years later the Board denied a request by the same two companies to enlarge the scope of activities of that joint venture to include general consumer finance, insurance brokerage, and servicing of loans. (*See, Deutsche Bank AG*, 65 FEDERAL RESERVE BULLETIN 436 (1979) and 67 FEDERAL RESERVE BULLETIN 449 (1981)).

It is in the light of these concerns that the Board has reviewed this proposal. The Board has found that the proposal is not inconsistent with the policy objectives of the BHC Act and is consistent with the Board's previous decisions on joint ventures.

Competitive Effects

This proposal involves the establishment of a de novo provider of farm equipment retail credit and Sperry has demonstrated that it is a matter of financial priority that Sperry Financial discontinue that business. Consequently, no existing competition would be eliminated between Harrison and the subsidiaries of Citicorp or Sperry as a result of consummation of this proposal.

With respect to the elimination of probable future competition, the Board finds that Citicorp is not likely to independently provide farm equipment financing. The record indicates that manufacturers of farm equipment generally provide financing of their products through dealer-affiliated credit sources, and that a successful provider of credit for farm equipment must possess specialized expertise in farm credit financing and have an established relationship with farm equipment dealers. Because Citicorp has no affiliation with any farm equipment dealers and no special expertise in providing farm equipment financing, it does not appear likely that Citicorp would provide farm equipment credit absent a co-operative effort with a farm equipment manufacturer.

Moreover, the elimination of probable future competition is not generally significant where the market is unconcentrated, the acquiree firm is not a dominant competitor, and there are many potential entrants. In this instance, the record indicates that there are many manufacturers and financiers of farm equipment in the United States. The record also indicates that the four-firm concentration ratio in the national market for farm equipment manufacturing is approximately 69.6 percent and that Sperry accounts for only 7 percent of this market. The distribution of market shares among other major producers of farm equipment indicates that with the exception of the market leader, the market is relatively evenly divided among six or seven major firms. The market for the provision of credit to finance the purchase or lease of such equipment is also unconcentrated.

Accordingly, the Board does not believe that consummation of this joint venture would diminish the opportunities for other potential entrants or have a significant adverse competitive effect in any market. Similarly, the existence of substantial competition in the market for both farm equipment and farm credit as well as the limited scope of this joint venture noted below, indicates that concentration of resources is not a concern in this case.

Conflicts of Interest and Other Adverse Effects

There is no evidence in the record that consummation of this proposal would result in anticompetitive practices such as tying, conflicts of interests, reciprocity, etc.[4]

Moreover, the Board is satisfied that approval of this application does not inherently present the oppor-

3. *Maryland National Corporation*, 65 FEDERAL RESERVE BULLETIN 271 (1979) and *Deutsche Bank, A G.*, 67 FEDERAL RESERVE BULLETIN 449 (1981).

4. Voluntary tying is of concern only where the banking organization is dominant in the market for credit to finance the tied product. (*Citicorp*, 68 FEDERAL RESERVE BULLETIN 512 (1982)). As discussed, below the record does not show that Citicorp is a dominant lender in any market where the joint venture would operate.

tunity or potential for conflicts of interest or other anticompetitive practices. In reaching this conclusion, the Board stresses the fact that the proposed activities (*i.e.*, financing and servicing retail purchases and leases of farm equipment manufactured by the Sperry New Holland Division) are limited in scope. Harrison would only finance retail purchases of Sperry equipment and would not engage in dealer financing of farm equipment or in the retail or wholesale financing of other products manufactured, distributed or marketed by Sperry. Moreover, there are no other joint venture relationships extant between Citicorp and Sperry. In this situation, and in view of the fact that the subject of this joint venture is a relatively minor portion of the business of each joint venturer, the Board has no reason to believe that Citicorp or Citibank would tend to favor Sperry in the provision of credit or other services or would be inclined to deny or limit credit to Sperry's competitors.

The Board finds that consummation of this proposal may be expected to result in public benefits. In this instance, the proposed joint venturer would permit the continuation of farm equipment programs that Sperry might otherwise discontinue, thus providing a readily accessible source of credit for farm equipment financing. The combination of Sperry's expertise in farm financing and its dealer network with Citicorp's abilities to raise capital should assist in preserving Sperry's presence as a viable competitor and employer in the farm machinery manufacturing industry. Moreover, Harrison is expected to become a self-funding vehicle, which should result in an increased level of available credit and increased competition in the farm equipment credit market place. Finally, the Board notes and has placed special emphasis in reviewing this proposal on the fact that it represents a financing approach designed to assist Sperry to achieve its financial priorities while still providing a source of credit to a farm economy that has been severely depressed, resulting in restricted access to new sources of credit.

Based on the foregoing facts of record, the Board has determined that the balance of the public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in 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 of and purposes of the Act, and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The proposed activity 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 New York, pursuant to delegated authority.

By order of the Board of Governors effective July 13, 1983.

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

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

Mellon National Corporation, Pittsburgh, Pennsylvania

Order Approving Applications to Acquire Industrial Banks and Engage in Certain Insurance Activities

Mellon National Corporation, Pittsburgh, Pennsylvania, a bank holding company within the meaning of the Bank Holding Company Act, has applied for 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 through its wholly-owned subsidiary, Mellon Financial Services Corporation, Globe Industrial Bank, Boulder, Colorado, and Centaur Industrial Bank, Lafayette, Colorado ("Companies"). Companies engage in the general business activities of industrial banks, including making consumer and commercial loans and accepting time and savings deposits from consumers and small businesses. Companies will not offer demand deposits, including transaction accounts. Applicant also proposes to engage through Companies in the sale of life and accident and health insurance in connection with extensions of credit by Companies. Such activities, as qualified by the terms of Applicant's proposal, have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1), (2), and (9)).[1]

Notice of the applications, affording opportunity for interested persons to submit comments, has been duly published (48 *Federal Register* 22,636 (1983)). The time for filing comments has expired, and the applications and all comments received have been considered in light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C § 1843(c)(8)).

1. Applicant has committed that upon consummation of the proposed acquisitions, Companies will not accept deposits in transaction accounts, and all existing transaction accounts held by Companies will be immediately terminated.

Applicant controls two subsidiary banks with total domestic deposits of approximately $15.1 billion.[2] Applicant has applied to acquire Companies and thereby engage in the nonbanking activities described above. It has been determined that consummation of this proposal can reasonably be expected to produce benefits and would be in the public interest. Furthermore, there is no evidence in the record to indicate that consummation of this proposal would lead to any undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices or other adverse effects. Having considered the record of these applications in light of the factors contained in the Act, the Secretary of the Board has determined that the balance of the public interest factors to be considered under section 4(c)(8) is favorable. On the basis of these considerations, the applications are 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 found necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder or to prevent evasion thereof.

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

By order of the Secretary of the Board, acting pursuant to delegated authority for the Board of Governors, effective July 6, 1983.

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

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

Norwest Corporation, Minneapolis, Minnesota

Order Approving Application to Engage in Equity Financing Activities

Norwest Corporation (formerly Northwest Bancorporation), Minneapolis, Minnesota, a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval, under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.4(a) of the Board's Regulation Y (12 C.F.R. § 225.4(a)), to engage through its wholly-owned subsidiary, Norwest Mortgage, Inc., in the activity of arranging equity financing for certain types of income-producing properties. While this activity has not been specified by the Board 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. 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 BHC Act.

Applicant, with consolidated assets of $18 billion,[2] has 87 commercial banking subsidiaries located in Minnesota, Wisconsin, North and South Dakota, Montana, Iowa, and Nebraska.[3] Applicant, through its wholly-owned subsidiary Norwest Mortgage, Inc. ("Mortgage"), currently engages in mortgage banking and servicing activities for which it received Board approval under section 4(c)(8) of the BHC Act and sections 255.4(a)(1) and (3) of Regulation Y. Mortgage is the third largest mortgage company in the United States with a loan servicing portfolio totalling $7.3 billion as of December 3, 1982. It provides mortgage financing for residential, multifamily, and income-providing commercial and industrial real estate projects.

In this application, Applicant proposes to engage de novo through Mortgage in arranging equity financing on behalf of institutional investors for commercial and industrial income-producing real property. 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. Mortgage 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 Mortgage would not solicit for properties to be sold, 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 real property and only when the financing

1. *BankAmerica Corporation*, 68 FEDERAL RESERVE BULLETIN 647 (1982).
2. All banking data are as of March 31, 1983.
3. Applicant's banking subsidiaries located outside the state of its principal banking operations are "grandfathered" under section 3(d) of the BHC Act (12 U.S.C. § 1842(d)).

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. Applicant has committed to engage in the equity financing activity subject to the same conditions as those relied on by the Board previously in finding that the activity is closely related to banking.

Specifically, Applicant has committed that Mortgage's function will be limited to acting as intermediary between developers and investors to arrange financing. Neither Mortgage nor any affiliate[4] may acquire an interest in any real estate project for which Mortgage arranges equity financing nor have any role in the development of the project. Neither Mortgage nor any of its affiliates shall participate in managing, developing, or syndicating property for which Mortgage arranges equity financing, nor promote or sponsor the development of such property. Neither Mortgage nor any affiliate will provide financing to the investors in connection with an equity financing arrangement. The fee Mortgage 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 Mortgage.

There is no evidence in the record to indicate that Applicant's engaging in the proposed activity would lead to any undue concentration of resources, decreased or unfair competition, unsound banking practices, or other adverse effects. Based upon the foregoing and other considerations reflected in the record, the Board has determined 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. This determination is conditioned upon Applicant's strictly limiting its equity financing activities to those described in information provided 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.[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 of 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 by the Board or by the Federal Reserve Bank of Minneapolis acting pursuant to delegated authority.

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

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

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

Orders Under Section 3 and 4 of Bank Holding Company Act

Midlantic Banks, Inc., Edison, New Jersey

Order Approving Merger of Bank Holding Companies and Acquisition of Mortgage Company

Midlantic Banks, Inc., Edison, New Jersey, a bank holding company within the meaning of the Bank Holding Company Act ("Act")(12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with Greater Jersey Bancorp, West Paterson, New Jersey ("Greater Jersey"), also a bank holding company within the meaning of the Act. As a result of the merger, Applicant will acquire control of Greater Jersey's two bank subsidiaries, New Jersey Bank, N.A., West Paterson, New Jersey, and Anthony Wayne Bank, Wayne, New Jersey.

Applicant has also applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b) of

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 Minneapolis authority to approve future applications by Applicant to expand its equity financing activities de novo, subject to the terms of this Order.

the Board's Regulation Y (12 C.F.R. § 225.4(b)) to acquire Greater Jersey's nonbank subsidiary, Greater Jersey Mortgage Company, also of West Paterson ("Mortgage Company").[1] Mortgage Company engages in the activities of servicing loans and other extensions of credit.[2] These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies (12 C.F.R. § 225.4(a)(3)).

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act (48 *Federal Register* 19,936 (1983)). The time for filing comments and views 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, with 6 subsidiary banks, is the second largest banking organization in New Jersey with total deposits of $2.8 billion, representing 8.7 percent of the total deposits in commercial banks in the state.[3] Greater Jersey, with 2 subsidiary banks, is the 11th largest banking organization in New Jersey, with total deposits of $885.3 million, representing 2.8 percent of the total deposits in commercial banks in the state. Upon consummation of this proposal and the planned divestiture, Applicant would become the largest commercial banking organization in New Jersey, controlling total deposits of $3.68 billion, representing 11.6 percent of the total deposits in commercial banks in the state, and the share of deposits held by the four largest commercial banking organizations in New Jersey would increase from 33.1 percent to 35.9 percent. Thus, New Jersey is and would remain one of the least concentrated states in the United States in terms of banking resources. Accordingly, it is the Board's view that consummation of this proposal would not have a significant adverse effect on the concentration of commercial banking resources in New Jersey.

Subsidiary banks of Applicant compete directly with subsidiary banks of Greater Jersey in the Metropolitan New York, Greater Newark, Paterson, Morristown, and Newton banking markets.[4]

Applicant is the 27th largest of 104 banking organizations in the Metropolitan New York banking market and holds 0.3 percent of the total deposits in commercial banks in the market.[5] Greater Jersey is the 39th largest banking organization and holds 0.1 percent of the total deposits in commercial banks in the market. After consummation of its proposal, Applicant would become the 19th largest commercial bank and hold 0.4 percent of the total deposits in commercial banks in the market. The Metropolitan New York banking market is unconcentrated, with the top four banking organizations controlling 54.6 percent of the total deposits in commercial banks in the market and a Herfindahl-Hirschman Index ("HHI") of 979.[6] After consummation of Applicant's proposal, the HHI would increase by less than one point. Accordingly, consummation of this proposal would have no significant effect on existing competition in the Metropolitan New York banking market.

Applicant is the second largest of 37 commercial banking organizations in the Greater Newark banking market and holds 16.3 percent of the total deposits in commercial banks in the market. Greater Jersey is the 25th largest banking organization and holds 0.4 percent of the total deposits in commercial banks in the market. The Greater Newark banking market is not highly concentrated, with a four-firm concentration ratio of 58.7 percent and an HHI of 1,079. Upon consummation of this proposal, Applicant's share of total deposits in commercial banks in the market would increase slightly, to 16.7 percent; the HHI would increase to 1,092, and Applicant's rank in the market would be unchanged. In the Board's view, consummation of this proposal would have no significant effect on existing competition in the Greater Newark banking market.

1. Greater Jersey has a second nonbank subsidiary, Middle States Leasing Corporation, West Paterson, New Jersey ("Leasing Corporation"), which is engaged in leasing activities. Applicant has stated that it intends to liquidate Leasing Corporation either simultaneously with or immediately following consummation of its proposal. On this basis, Applicant is not required to apply under section 4(c)(8) of the Act to acquire Leasing Corporation.

2. Mortgage Company is currently authorized to engage in both lending and loan servicing activities. Applicant has indicated that it intends to liquidate Mortgage Company within one year after consummation of this proposal, and that Mortgage Company will engage only in loan servicing activities until it is liquidated.

3. All banking and market data are as of June 30, 1982, unless otherwise indicated.

4. The Metropolitan New York banking market is defined to include New York City, Nassau, Putnam, Rockland, Westchester, and western Suffolk Counties, New York; the northeastern two-thirds of Bergen County and eastern Hudson County, New Jersey; and southwestern Fairfield County, Connecticut. The Greater Newark banking market is defined to include Essex County and adjacent portions of Bergen, Hudson, Morris and Union Counties, New Jersey. The Paterson banking market is defined to include Passaic County and adjacent portions of Bergen and Morris Counties, New Jersey. The Morristown banking market is defined to include the western two-thirds of Morris County, except for the townships of Mount Olive and Washington, and includes the townships of Bernards and Bernardsville in Somerset County, New Jersey. The Newton banking market is defined to include Sussex County and adjacent portions of Warren County, New Jersey.

5. Data for individual markets are as of June 30, 1981.

6. Under the Department of Justice's *Merger Guidelines*, the Department is unlikely to challenge any merger in a market where the post-merger HHI is below 1000 and, in a market where the post-merger HHI is between 1000 and 1800, the Department is unlikely to challenge a merger that produces an increase in the HHI of less than 100 points.

Applicant is the 22nd largest of 24 commercial banking organizations in the Paterson banking market and holds 0.5 percent of the total deposits in commercial banks in the market. Greater Jersey is the second largest banking organization and holds 17.6 percent of the total deposits in commercial banks in the market. The Paterson banking market is not highly concentrated, with a four-firm concentration ratio of 61.6 percent and an HHI of 1,111. Upon consummation of this proposal, Applicant would become the second largest banking organization in the market and its market share would increase to 18.1 percent of the total deposits in commercial banks in the market. The four-firm concentration ratio would increase to 62 percent and the HHI would increase to 1,128. Accordingly, consummation of this proposal would have no significant effect on existing competition in the Paterson banking market.

Applicant is the seventh largest of 14 commercial banking organizations in the Morristown banking market and holds 5.3 percent of the total deposits in commercial banks in the market. Greater Jersey is the 11th largest banking organization and holds 1.0 percent of the total deposits in commercial banks in the market. The Morristown banking market is not highly concentrated, with a four-firm concentration ratio of 64.1 percent and an HHI of 1,330. Upon consummation of this proposal, Applicant's rank in the market would remain unchanged and its market share would increase to 6.3 percent of the total deposits in commercial banks in the market. The four-firm concentration ratio would remain unchanged and the HHI would increase slightly, to 1,340. In the Board's view, consummation of this proposal would have no significant competitive effects in the Morristown banking market.

Applicant is the second largest of 12 commercial banking organizations in the Newton banking market and holds 21.8 percent of the total deposits in commercial banks in the market. Greater Jersey is the ninth largest commercial banking organization in the market, holding 2.3 percent of the total deposits in commercial banks in the market. The Newton banking market is moderately concentrated according to the Department of Justice guidelines, with a four-firm concentration ratio of 77.1 percent and an HHI of 1,637. Upon consummation of this proposal, absent any planned divestiture, Applicant would become the largest banking organization in the market and hold 24.1 percent of the total deposits in commercial banks in the market. The four-firm concentration ratio in the market would increase to 79.4 percent and the HHI would increase by 100 points to 1,737.[7]

7. This increase in the HHI makes the transaction one that the Department of Justice is more likely than not to challenge under its *Merger Guidelines*.

Although consummation of this transaction would eliminate some existing competition in the Newton banking market, the competitive effects of this transaction are mitigated by certain facts of record. After consummation of this proposal, numerous banking organizations, including three of the state's largest commercial banking organizations, would remain in the market. In a number of previous cases, the Board has indicated that the competitive influence in a market of the largest bank holding companies in a state may be greater than what would be expected based on their market shares alone, especially with respect to their ability to serve local commercial customers.[8]

In addition, the facts of record indicate that the Newton market contains eight thrift institutions that control approximately 29 percent of the total deposits in depository institutions in the market. Under provisions of the recently enacted Garn-St Germain Depository Institutions Act of 1982, the commercial lending powers of federal thrift institutions have been significantly expanded.[9] Thus, the Board has considered the presence of thrift institutions in the Newton banking market as a significant factor in assessing the competitive effects of this transaction.

Finally, Applicant has stated that it intends to divest Greater Jersey's sole office in the Newton banking market by selling it to the National Bank of Sussex County, Branchville, New Jersey and that that bank is in the process of seeking the required regulatory approval of the Comptroller of the Currency to acquire Greater Jersey's Newton office. Applicant's divestiture of that office would eliminate any adverse effects on existing competition that this merger might otherwise produce in the Newton banking market. Based on the above and other facts of record, the Board concludes that consummation of this proposal would have no significant effect on existing competition in the Newton banking market.[10]

Greater Jersey does not operate in any market where Applicant is not represented. Applicant operates in the Philadelphia-Camden, Vineland, and Atlantic City banking markets, where Greater Jersey is not represented. The Board has considered the effects of Applicant's proposal on probable future competition

8. *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983); *United Bank Corporation of New York*, 67 FEDERAL RESERVE BULLETIN 358 (1981); *First Bancorporation of Ohio*, 67 FEDERAL RESERVE BULLETIN 799 (1981).

9. Title III 96 Stat. 1469, 1499—1500.

10. Where a divestiture is intended to cure substantial anticompetitive effects of a merger, the Board's policy requires that the divestiture occur prior to or contemporaneously with the merger. (*Barnett Banks of Florida, Inc.* (First Marine Banks) 68 FEDERAL RESERVE BULLETIN 190 (1982)). Because the effect of this transaction in the Newton banking market would not be substantially anticompetitive, the Board does not believe that the divestiture of Greater Jersey's Newton bank must be effected prior to or contemporaneously with consummation of Applicant's proposal.

in these markets and has considered Applicant's proposal in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions.[11]

Because of its size and financial and managerial resources, Greater Jersey appears to be a probable future entrant into these markets. However, none of these markets is highly concentrated, as measured by the Board's guidelines, and there are numerous probable future entrants into the Vineland banking market. On the basis of the above and other facts of record, the Board concludes that consummation of this proposal would not have a substantial adverse effect on probable future competition in these markets.

As noted above, Greater Jersey has a subsidiary banking office in the Newton banking market that will be divested upon consummation of this proposal. While this divestiture eliminates any adverse effect this proposal might have on existing competition, the Board must examine the proposal for any adverse effect upon probable future competition in this market. Because of its size, its financial and managerial resources, and the fact that it had already entered the Newton banking market, Greater Jersey is viewed as a likely probable future entrant into this market. However the Newton market is not highly concentrated, as measured by the Board's guidelines, and there are numerous probable future entrants into this market. Therefore, the Board does not view the elimination of Greater Jersey as a probable future entrant into this market as substantially anticompetitive. In light of these facts and other facts of record, the Board concludes that consummation of this proposal would not have a significant adverse effect on probable future competition in any of the markets involved in this proposal.

The financial and managerial resources of Applicant and its subsidiaries are considered generally satisfactory, and their future prosoects appear favorable. Accordingly, considerations relating to banking factors are regarded as consistent with approval. Consummation of the proposal would benefit Greater Jersey's customers because they would be able to participate in Applicant's proprietary Automated Teller Machine network and Electronic Fund Transfer systems. In addition, they would have access to Applicant's extensive international banking experience and facilities. Further, Greater Jersey's customers would have access to Applicant's broad range of trust and related investment management services. Thus, considerations relating to the convenience and needs of the communities served lend some weight toward approval and outweigh any adverse competitive effects that might result from consummation of this proposal.

Applicant has also applied to acquire Greater Jersey's existing mortgage lending subsidiary, Mortgage Company, which is in the process of liquidation. However, Applicant intends to continue the loan servicing operations of Mortgage Company for approximately a year following consummation of its proposal pending repayment of certain outstanding loans made by Mortgage Company. Inasmuch as Mortgage Company will remain inactive except to collect its current outstanding loans, Applicant's proposal to acquire Mortgage Company would not decrease competition in this line of commerce in New Jersey where Mortgage Company operates.

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

Based on the foregoing and other considerations reflected in the record, the Board has determined that the applications under sections 3(a)(5) and 4(c)(8) of the Act should be and are hereby approved. The merger shall not be consummated before the thirtieth calendar day following the effective date of this Order, and neither the merger nor the acquisition of Mortgage Company 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 the Federal Reserve Bank of New York, acting pursuant to delegated authority. Acquisition of Mortgage Company 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 bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective July 6, 1983.

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

WILLIAM W. WILES,
Secretary of the Board

[SEAL]

11. "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 adopted by the Board, the Board is using the policy guidelines in its analysis of the effects of a proposal on probable future competition.

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During July 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)
Fifth Third Bancorp, Cincinnati, Ohio	The Peoples National Bank of Wapakoneta, Wapakoneta, Ohio	July 27, 1983
NBSC Corporation, Sumter, South Carolina	The National Bank of South Carolina, Sumter, South Carolina	July 6, 1983
Paris Bancshares, Inc., Paris, Missouri	Paris National Bank, Paris, Missouri	July 12, 1983
Portis Bancshares, Inc., Portis, Kansas	First State Bank, Portis, Kansas	July 15, 1983
Valley Center Bancshares, Inc., Valley Center, Kansas	Arkansas Valley State Bank, Valley Center, Kansas	July 11, 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
Ameribanc, Inc., St. Joseph, Missouri	Manufacturers Bancorp, Inc., St. Louis, Missouri	Kansas City	June 30, 1983
American Southwest Bancshares, Inc., El Paso, Texas	American Bank of Commerce East, N.A., El Paso, Texas	Dallas	July 22, 1983
Anchor Bancorp, Inc., Wayzata, Minnesota	West St. Paul State Bank, West St. Paul, Minnesota	Minneapolis	July 19, 1983
Arkansas State Bankshares, Inc., Clarksville, Arkansas	Arkansas State Bank, Clarksville, Arkansas	St. Louis	July 8, 1983
Armstrong Bancshares, Inc., Florence, Kansas	Florence State Bank, Florence, Kansas	Kansas City	July 8, 1983
Benton Bancshares, Inc., Benton, Tennessee	Benton Banking Company, Benton, Tennessee	Atlanta	June 24, 1983
Bridgeview Bancorp, Inc., Bridgeview, Illinois	Bridgeview Bank and Trust Company, Bridgeview, Illinois	Chicago	July 1, 1983
B.S.H.C.P. Corporation, Shelbyville, Kentucky	Bank of Shelbyville, Shelbyville, Kentucky	St. Louis	July 11, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
CB&T Bancshares, Inc., Columbus, Georgia	Bank of Hazlehurst, Hazlehurst, Georgia	Atlanta	June 21, 1983
Centex Community Bankshares, Inc., Killeen, Texas	Citizens National Bank of Killeen, Killeen, Texas	Dallas	July 1, 1983
Cherokee Bancshares, Inc., St. Paul, Minnesota	Cherokee State Bank of St. Paul, St. Paul, Minnesota	Minneapolis	July 1, 1983
Citizens Holding Company, Park Ridge, Illinois	Citizens Bank & Trust Company, Park Ridge, Illinois	Chicago	July 22, 1983
Commercial Bank Investment Company, Denver, Colorado	Century Bank Southeast, N.A., Englewood, Colorado Century Bank North, Denver, Colorado	Kansas City	June 24, 1983
Commercial State Holding Company, Inc., Republican City, Nebraska	Commercial State Bank, Republican City, Nebraska	Kansas City	July 15, 1983
Community Bancorp., Inc., Northglenn, Colorado	Community Bank, N.A., Northglenn, Colorado	Kansas City	June 21, 1983
Dauphin Deposit Corporation, Harrisburg, Pennsylvania	Bancorp of Pennsylvania, Reading, Pennsylvania	Philadelphia	July 13, 1983
D.C. Bancorp, Dove Creek, Colorado	Dove Creek State Bank, Dove Creek, Colorado	Kansas City	July 1, 1983
Deport Financial Company, Deport, Texas	Deport Bancshares, Inc., Deport, Texas The First National Bank of Deport, Deport, Texas	Dallas	July 20, 1983
First Bancorporation of Ohio, Akron, Ohio	Elyria Savings and Trust National Bank, Elyria, Ohio	Cleveland	July 13, 1983
The First Jefferson Company, Jefferson, Texas	The Jefferson Company, Jefferson, Texas First National Bank of Jefferson, Jefferson, Texas	Dallas	July 15, 1983
First Lacon Corp., Lacon, Illinois	The First National Bank of Lacon, Lacon, Illinois	Chicago	June 24, 1983
First Oak Brook Bancshares, Inc., Oak Brook, Illinois	Oak Brook Bank, Oak Brook, Illinois First National Bank and Trust Company of Oak Brook, Oak Brook, Illinois, Metropolitan Trust & Savings Bank of Addison, Addison, Illinois	Chicago	July 13, 1983
First Western Bancshares, Inc., Duncanville, Texas	Western Bank, Duncanville, Texas	Dallas	July 7, 1983
Fort Madison Financial Company, Fort Madison, Iowa	Iowa State Bank, Fort Madison, Iowa	Chicago	July 25, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Fort Riley Bancshares, Fort Riley, Kansas	Fort Riley National Bank, Fort Riley, Kansas	Kansas City	June 24, 1983
Granite Holding Corporation, Granite Falls, Minnesota	Granite Falls State Bank, Granite Falls, Minnesota	Minneapolis	July 15, 1983
Great Mid-West Financial Company, Ames, Iowa	University Bank and Trust Company, Ames, Iowa	Chicago	June 24, 1983
Hays State Bankshares, Inc., Hays, Kansas	Hays State Bank, Hays, Kansas	Kansas City	July 15, 1983
Illini Financial Corp., Galesburg, Illinois	Community Bank of Galesburg, Galesburg, Illinois	Chicago	June 24, 1983
Independence Bank Group, Inc., Waukesha, Wisconsin	The Brown National Bank of Kenosha, Kenosha, Wisconsin	Chicago	July 22, 1983
Indiana United Bancorp, Greensburg, Indiana	Union Bank and Trust Company of Greensburg, Greensburg, Indiana	Chicago	June 20, 1983
Keene Bancorp, Inc., Keene, Texas	First State Bank, Keene, Texas	Dallas	July 15, 1983
LBT Bancshares, Inc., Litchfield, Illinois	Litchfield Bank and Trust Company, Litchfield, Illinois	St. Louis	July 19, 1983
Manteno Bancshares, Inc., Manteno, Illinois	Manteno State Bank, Manteno, Illinois	Chicago	July 6, 1983
Mercantile Bancorporation Inc., St. Louis, Missouri	Wright County Bank, Hartville, Missouri	St. Louis	June 28, 1983
Miami Citizens Bancorp., Piqua, Ohio	The Miami Citizens National Bank and Trust Co., Piqua, Ohio	Cleveland	July 20, 1983
Munden Bankshares, Inc., Munden, Kansas	Munden State Bank, Munden, Kansas	Kansas City	July 14, 1983
NBG Holding Company, Atlanta, Georgia	National Bank of Georgia, Atlanta, Georgia	Atlanta	July 1, 1983
National Bancshares Corporation of Texas, San Antonio, Texas	Coastal Bend Bancshares, Inc., Robstown, Texas State National Bank of Robstown, Robstown, Texas	Dallas	July 18, 1983
Northeastern Bancorp, Inc., Scranton, Pennsylvania	The Cement National Bank, Northampton, Pennsylvania	Philadelphia	June 17, 1983
Old Second Bancorp, Inc., Aurora, Illinois	First Security Bank of Aurora, Aurora, Illinois	Chicago	July 20, 1983
Ore Bancorporation, Leadville, Colorado	First National Bank of Leadville, Leadville, Colorado	Kansas City	July 14, 1983
Palmer National Bancorp, Inc., Washington, D.C.	Palmer National Bank, Washington, D.C.	Richmond	July 19, 1983
Pathfinder Bancshares, Inc., Fremont, Nebraska	The Fremont National Bank and Trust Company, Fremont, Nebraska	Kansas City	July 8, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Peoples Bancshares of Hayward, Inc., Hayward, Wisconsin	The Peoples National Bank of Hayward, Hayward, Wisconsin	Minneapolis	July 18, 1983
Raleigh Bankshares, Inc., Beckley, West Virginia	Bank of Raleigh, Beckley, West Virginia	Richmond	July 1, 1983
Schooler Bancshares, Inc., Carlisle, Iowa	Hartford-Carlisle Savings Bank, Carlisle, Iowa	Chicago	June 24, 1983
Southeastern Banking Corporation, Folkston, Georgia	The Darien Bank, Darien, Georgia	Atlanta	July 6, 1983
SouthTrust Corporation, Birmingham, Alabama	The First Bank of Alabaster, Alabaster, Alabama	Atlanta	June 27, 1983
Spartan Bankcorp, Inc., East Lansing, Michigan	East Lansing State Bank, East Lansing, Michigan	Chicago	June 30, 1983
State Banco, Ltd., Spirit Lake, Iowa	The State Bank, Spirit Lake, Iowa	Chicago	July 22, 1983
Texas Bancorporation, Inc., Dallas, Texas	The National Bank of Texas at Fort Worth, Fort Worth, Texas The First National Bank of Weatherford, Weatherford, Texas Weatherford Bancshares, Inc., Weatherford, Texas	Dallas	July 21, 1983
TexFirst Bancshares, Inc., Houston, Texas	Industrial Bank, Houston, Texas Northwest Bank and Trust, Houston, Texas	Dallas	July 22, 1983
Thompson Financial, Ltd., Fort Worth, Texas	Texas Security Bancshares, Inc., Fort Worth, Texas	Dallas	June 29, 1983
Thornton Bancshares, Inc., Thornton, Iowa	The First State Bank of Thornton, Iowa, Thornton, Iowa	Chicago	July 5, 1983
United Bankshares, Inc., Parkersburg, West Virginia	The Parkersburg National Bank, Parkersburg, West Virginia Union Central National Bank, Vienna, West Virginia Valley Bank, Parkersburg, West Virginia	Richmond	July 22, 1983
University Bancshares, Inc., Milwaukee, Wisconsin	University National Bank, Milwaukee, Wisconsin	Chicago	July 21, 1983
Victoria Bankshares, Inc., Victoria, Texas	Bastrop Bancshares, Inc., Bastrop, Texas Citizens State Bank of Bastrop, Bastrop, Texas	Dallas	July 20, 1983
Villa Grove Bancshares, Inc., Villa Grove, Illinois	First Villa Grove Bancorp, Inc., Villa Grove, Illinois The First National Bank of Villa Grove, Villa Grove, Illinois	Chicago	July 20, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
WB Financial Corp., Wayne, Michigan	Wayne Bank, Wayne, Michigan	Chicago	July 12, 1983
Worth Bancorporation, Inc., Fort Worth, Texas	Lake Worth National Bank, Fort Worth, Texas	Dallas	July 1, 1983

Section 4

Applicant	Nonbanking company	Reserve Bank	Effective date
Alaska Pacific Bancorporation, Anchorage, Alaska	Pentek Leasing, Inc., San Jose, California	San Francisco	July 11, 1983
Central Pacific Corporation, Bakersfield, California	Executive Appraisers, Inc., Phoenix, Arizona	San Francisco,	July 14, 1983
First Interstate Bancorp, Los Angeles, California	First Interstate Mortgage Company of Texas, Houston, Texas	San Francisco	July 1, 1983
First University Corporation, Houston, Texas	First University Service Corporation, Houston, Texas	Dallas	July 6, 1983

Sections 3 and 4

Applicant	Bank(s)/ Nonbanking company	Reserve Bank	Effective date
City National Bancshares, Inc., Greeley, Nebraska	The City National Bank, Greeley, Nebraska	Kansas City	July 1, 1983
Persia Bancorp, Inc., Woodbine, Iowa	Home Savings Bank, Persia, Iowa	Chicago	June 27, 1983

ORDERS APPROVED UNDER BANK MERGER ACT

By the Board of Governors

Applicant	Bank	Effective date
United Virginia Bank, Richmond, Virginia	Bankers Trust Company, Rocky Mount, Virginia	July 12, 1983

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
Bank One of Mansfield, Mansfield, Ohio	The Peoples Bank, Mount Gilead, Ohio	Cleveland	July 8, 1983
Financial Growth Systems, Inc., Inverness, Florida	Citizens First National Bank of Hernando County, Hernando County, Florida	Atlanta	July 8, 1983
Ottawa County Banking Company, Genoa, Ohio	The Genoa Banking Company, Genoa, Ohio	Cleveland	June 23, 1983
Western Bank, Sioux Falls, South Dakota	Community Bank, Hartford, South Dakota	Minneapolis	June 18, 1983

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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	Feb	Mar.	Apr.	May	June
Reserves of depository institutions									
1 Total	5.1	11.0	1.1	9.2	6.6	19.7	8.8	-1.9	14.0
2 Required	4.9	10.1	.8	9.4	10.2	20.0	7.6	-1.1	13.2
3 Nonborrowed	11.5	12.7	.6	3.7	5.1	13.6	2.5	-.2	-6.0
4 Monetary base[2]	6.8	8.0	8.6	10.4	11.4	15.0	7.3r	10.0r	9.9
Concepts of money and liquid assets[3]									
5 M1	6.1	13.1	14.1	12.2	22.4	15.9	2.7	26.3	10.2
6 M2	10.9	9.3	20.3	10.1	24.4	11.2	2.8r	12.3	10.6
7 M3	12.5	9.5	10.2	8.1	13.6	8.1r	3.4r	10.9r	10.9
8 L	12.1	8.6r	n.a.	n.a.	12.2r	n.a.	n.a.	n.a.	n.a.
Time and savings deposits									
Commercial banks									
9 Total	18.2	3.2	12.4	4.5	8.8	2.9	6.8	-2.9r	11.1
10 Savings[4]	-1.8	13.4	-43.4	-14.8	-55.4	-19.9	-12.6	0	0.0
11 Small-denomination time[5]	18.7	-.5	-48.5	-24.0	-63.9	-38.7	-19.5	-10.1r	3.0
12 Large-denomination time[6]	26.8	-6.8	-58.5	20.8	-60.9	-27.7	.8	-37.3r	2.1
13 Thrift institutions[7]	6.5	6.2	12.1	16.0	21.1r	17.0r	16.6r	12.0r	13.4
14 Total loans and securities at commercial banks[8]	6.0	5.5	9.8	9.9	7.6	11.2	8.7	10.7	10.0

Item	Interest rates (levels, percent per annum)								
	1982		1983		1983				
	Q3	Q4	Q1	Q2	Mar	Apr	May	June	July
Short-term rates									
15 Federal funds[9]	11.01	9.28	8.65	8.80	8.77	8.80	8.63	8.98	9.37
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	8.35	8.21	8.19	8.79	9.08
18 Commercial paper (3-month)[11,12]	11.15	8.80	8.34	8.62	8.52	8.53	8.33	9.00	9.25
Long-term rates									
Bonds									
19 U.S. government[13]	12.94	10.72	10.87	10.81	10.80	10.63	10.67	11.12	11.59
20 State and local government[14]	11.39	9.90	9.43	9.23	9.20	9.05	9.11	9.52	9.53
21 Aaa utility (new issue)[15]	14.25	12.10	11.89	11.46	11.70	11.41	11.32	11.87	12.32
22 Conventional mortgages[16]	15.65	13.79	13.26	13.16	13.17	13.02	13.09	13.37	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						
	May	June	July	June 15	June 22	June 29	July 6	July 13	July 20p	July 27p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**160,130**	**162,133**	**164,916**	**161,349**	**163,213**	**162,708**	**165,099**	**164,505**	**166,207**	**164,440**
2 U.S. government securities[1]	139,481	141,484	143,971	140,921	142,427	141,615	143,095	143,163	145,461	143,896
3 Bought outright	139,362	141,177	143,122	140,921	141,953	141,615	141,789	143,163	142,841	143,896
4 Held under repurchase agreements	119	307	849	0	474	0	1,306	0	2,620	0
5 Federal agency securities	8,916	8,922	8,950	8,893	8,937	8,890	9,060	8,886	9,036	8,880
6 Bought outright	8,908	8,895	8,883	8,893	8,890	8,890	8,890	8,886	8,880	8,880
7 Held under repurchase agreements	8	27	67	0	47	0	170	0	156	0
8 Acceptances	22	38	55	0	83	0	144	0	129	0
9 Loans	907	1,716	1,382	1,811	1,712	2,102	2,234	1,147	1,233	1,389
10 Float	2,096	1,670	1,929	1,486	1,566	1,593	2,102	2,673	1,584	1,583
11 Other Federal Reserve assets	8,708	8,303	8,629	8,238	8,488	8,509	8,464	8,637	8,764	8,691
12 Gold stock	11,133	11,131	11,131	11,131	11,131	11,131	11,131	11,131	11,131	11,131
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	157,143	159,177	160,679	159,391	159,068	158,833	160,785	161,665	160,709	159,903
16 Treasury cash holdings	532	536	525	540	535	533	533	528	524	525
Deposits, other than reserves, with Federal Reserve Banks										
17 Treasury	3,521	3,525	4,017	3,131	3,838	3,858	4,454	4,498	3,309	4,517
18 Foreign	244	219	252	221	213	221	267	209	262	231
19 Other	565	541	623	543	516	575	546	645	690	620
20 Required clearing balances	693	754	902	750	763	772	792	821	888	986
21 Other Federal Reserve liabilities and capital	4,959	5,107	5,197	5,046	5,206	5,197	5,133	5,088	5,313	5,260
22 Reserve accounts[2]	22,010	21,808	22,256	21,261	22,607	22,254	22,124	20,586	24,046	21,933
	End-of-month figures			Wednesday figures						
	1983			1983						
	May	June	July	June 15	June 22	June 29	July 6	July 13	July 20p	July 27p
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit outstanding**	**160,828**	**164,037**	**163,893**	**163,582**	**165,347**	**162,170**	**165,589**	**167,590**	**170,356**	**163,698**
24 U.S. government securities[1]	141,180	141,673	144,255	139,998	143,456	140,729	143,848	144,276	147,911	143,500
25 Bought outright	141,180	140,511	144,255	139,998	142,137	140,729	141,448	144,276	144,125	143,500
26 Held under repurchase agreements	0	1,162	0	0	1,319	0	2,400	0	3,786	0
27 Federal agency securities	8,908	9,105	8,880	8,890	9,032	8,890	9,055	8,880	9,020	8,880
28 Bought outright	8,908	8,890	8,880	8,890	8,890	8,890	8,890	8,880	8,880	8,880
29 Held under repurchase agreements	0	215	0	0	142	0	165	0	140	0
30 Acceptances	0	203	0	0	272	0	63	0	74	0
31 Loans	1,260	3,610	1,113	4,412	1,900	2,080	1,626	3,005	2,484	1,349
32 Float	850	1,020	1,066	1,444	2,047	1,638	2,165	2,622	1,825	1,497
33 Other Federal Reserve assets	8,630	8,426	8,579	8,838	8,640	8,833	8,832	8,807	9,042	8,472
34 Gold stock	11,132	11,131	11,131	11,131	11,131	11,131	11,131	11,131	11,131	11,131
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	158,634	160,419	159,953	159,600	159,086	159,945	161,682	161,660	160,383	159,982
38 Treasury cash holdings	532	533	515	538	533	531	533	527	520	525
Deposits, other than reserves, with Federal Reserve Banks										
39 Treasury	4,372	8,764	3,815	3,170	3,379	4,026	3,621	3,526	3,998	3,315
40 Foreign	445	279	369	271	180	241	279	196	268	242
41 Other	679	470	566	620	453	443	492	656	672	589
42 Required clearing balances	711	775	830	748	760	772	778	813	823	827
43 Other Federal Reserve liabilities and capital	5,144	5,111	5,178	4,900	5,053	5,038	5,017	4,984	5,179	5,022
44 Reserve accounts[2]	19,847	17,220	22,201	23,269	25,438	20,708	22,721	24,762	28,047	22,730

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	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July[p]
1 Reserve balances with Reserve Banks[1]	26,163	24,604	24,804	24,431	23,530	22,168	22,565	22,010	21,808	22,256
2 Total vault cash (estimated)	19,538	19,807	20,392	21,454	20,035	19,484	19,569	19,710	20,098	20,402
3 Vault cash at institutions with required reserve balances[2]	13,577	13,836	14,292	14,602	13,705	13,027	13,246	13,339	13,593	13,742
4 Vault cash equal to required reserves at other institutions	2,178	2,759	2,757	2,829	2,562	2,844	2,839	2,933	3,014	3,048
5 Surplus vault cash at other institutions[3]	3,783	3,212	3,343	4,023	3,768	3,613	3,484	3,438	3,491	3,612
6 Reserve balances + total vault cash[4]	45,701	44,411	45,196	45,885	43,565	41,652	42,134	41,720	41,906	42,658
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	41,918	41,199	41,853	41,862	39,797	38,039	38,650	38,282	38,415	39,046
8 Required reserves (estimated)	41,606	40,797	41,353	41,316	39,362	37,602	38,174	37,833	37,935	38,444
9 Excess reserve balances at Reserve Banks[4,6]	312	402	500	546	435	437	476	449	480	602
10 Total borrowings at Reserve Banks	642	579	697	500	557	852	993	902	1,714	1,382
11 Seasonal borrowings at Reserve Banks	53	47	33	33	39	53	82	98	121	172
12 Extended credit at Reserve Banks	149	188	187	156	277	318	407	514	964	572
	Weekly averages of daily figures for week ending									
	1983									
	May 25	June 1	June 8	June 15	June 22	June 29	July 6	July 13	July 20[p]	July 27[p]
13 Reserve balances with Reserve Banks[1]	22,312	21,764	21,069	21,261	22,607	22,254	22,124	20,586	24,046	21,933
14 Total vault cash (estimated)	18,877	19,856	20,136	20,477	19,636	20,150	20,284	21,027	19,147	21,037
15 Vault cash at institutions with required reserve balances[2]	13,123	13,445	13,427	13,324	13,751	13,869	13,749	13,625	13,008	14,259
16 Vault cash equal to required reserves at other institutions	2,635	3,010	3,148	3,343	2,642	2,919	3,050	3,531	2,765	3,082
17 Surplus vault cash at other institutions[3]	3,119	3,401	3,561	3,810	3,243	3,362	3,485	3,871	3,374	3,696
18 Reserve balances + total vault cash[4]	41,189	41,620	41,205	41,738	42,243	42,404	42,408	41,613	43,193	42,970
19 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	38,070	38,219	37,644	37,928	39,000	39,042	38,923	37,742	39,819	39,274
20 Required reserves (estimated)	37,620	37,743	37,020	37,578	38,591	38,557	38,069	37,246	39,514	38,891
21 Excess reserve balances at Reserve Banks[4,6]	450	476	624	350	409	485	854	496	305	383
22 Total borrowings at Reserve Banks	951	1,118	907	1,811	1,712	2,102	2,234	1,147	1,233	1,389
23 Seasonal borrowings at Reserve Banks	104	108	107	110	125	143	143	144	179	203
24 Extended credit at Reserve Banks	511	530	453	1,096	1,061	1,262	1,103	434	460	464

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								
	June 1	June 8	June 15	June 22	June 29r	July 6	July 13	July 20	July 27
One day and continuing contract									
1 Commercial banks in United States	59,750	64,366	62,554	59,083	55,811	67,410	66,532	60,028	57,095
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	28,042	26,878	26,422	25,715	24,115	22,378	23,152	23,976	24,052
3 Nonbank securities dealers	7,282	5,958	5,925	6,110	5,614	5,307	4,716	4,929	4,764
4 All other	25,604	25,710	26,898	26,961r	27,406	26,833	25,419	25,594	25,470
All other maturities									
5 Commercial banks in United States	5,214	5,228	5,558	5,729	5,630	5,273	5,016	5,322	5,464
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	9,909	10,404r	10,316r	10,104	10,479	10,416	10,368	10,833	9,668
7 Nonbank securities dealers	6,301	5,402	5,891	6,456	6,072	5,075	5,039	5,938	5,876
8 All other	9,175r	8,711r	8,734r	8,708	9,548	8,630	7,851	8,043	8,471
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	25,364	22,770	22,766r	24,731r	23,726	30,794	29,534	27,362	26,298
10 Nonbank securities dealers	4,395	4,560	4,097	4,231	4,186	4,623	4,439	4,828	4,062

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 7/31/83	Effective date	Previous rate	Rate on 7/31/83	Previous rate	Rate on 7/31/83	Previous rate	Rate on 7/31/83	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 July 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 July 31, 1983		Previous maximum		In effect July 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 2 to 2½ years[7]	6	7/1/73	5½ 5¾	1/21/70 1/21/70	6½	(1)	5¼ 6	1/21/70 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 January 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 denomination 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 July 1983 (in percent) for commercial banks and thrifts were as follows: July 7, 9.10; July 12, 9.07, July 19, 9.19, and July 26, 9.13.

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 July 1983 for commercial banks based on the bill rate were as follows: July 7, 9.45, July 12, 9.51; July 19, 9.62; and July 26, 9.56, and based on the 4-week average bill rate were as follows: July 7, 9.30, July 12, 9.40, July 19, 9.49, and July 26, 9.53. The maximum allowable rates in July 1983 for thrifts based on the bill rate were as follows: July 7, 9.45, July 12, 9.51, July 19, 9.62, and July 26, 9.56; and June 28, 9.39, and based on the 4-week average bill rate were as follows: July 7, 9.30; July 12, 9.40, July 19, 9.49, and July 26, 9.53.

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 July 1983 (in percent) for commercial banks were as follows: July 7, 9.80 and July 19, 10.3, and for thrift institutions: July 7, 10.05 and July 19, 10.55.

Between Jan. 1, 1980, and Aug. 1, 1981, commercial banks and thrift institutions were authorized to offer variable ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of 2½ years or more. Effective Jan. 1, 1980, the maximum rate for commercial banks was ¾ percentage point below the average yield on 2½-year U.S. Treasury securities; the ceiling rate for thrift institutions was ¼ percentage point higher than that for commercial banks. Effective Mar. 1, 1980, a temporary ceiling of 11¾ percent was placed on these accounts at commercial banks and 12 percent on these accounts at savings and loans. Effective June 2, 1980, the ceiling rates for these deposits at commercial banks and savings and loans were increased ½ percentage point. The temporary ceiling was retained, and a minimum ceiling of 9.25 percent for commercial banks and 9.50 percent for thrift institutions was established.

TIME DEPOSITS NOT SUBJECT TO INTEREST RATE CEILINGS

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

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

Time deposits of 7 to 31 days. Effective Sept. 1, 1982, depository institutions were authorized to issue nonnegotiable time deposits of $20,000 or more with a maturity or required notice period of 7 to 31 days. The maximum rate of interest payable by thrift institutions was the rate established and announced (auction average on a discount basis) for U.S. Treasury bills with maturities of 91 days at the auction held immediately before the date of deposit or renewal ("bill rate"). Commercial banks could pay the bill rate minus 25 basis points. The interest rate ceiling was suspended when the bill rate is 9 percent or below for the four most recent auctions held before the date of deposit or renewal. Effective January 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	1982	1983					
				Dec	Jan	Feb	Mar	Apr	May	June
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	7,668	13,899	17,067	1,897	0	1,456	1,259	2,880	516	1,721
2 Gross sales	7,331	6,746	8,369	731	1,983	934	0	0	0	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	3,389	1,816	3,000	200	900	300	0	0	0	0
Others within 1 year										
5 Gross purchases	912	317	312	0	0	0	0	0	173	0
6 Gross sales	0	23	0	0	0	0	0	0	0	0
7 Maturity shift	12,427	13,794	17,295	906	558	4,564	1,198	826	1,795	1,398
8 Exchange	-18,251	-12,869	-14,164	-943	-544	-2,688	-900	0	-1,842	916
9 Redemptions	0	0	0	0	0	0	0	0	0	87
1 to 5 years										
10 Gross purchases	2,138	1,702	1,797	0	0	0	0	0	595	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	-8,909	-10,299	-14,524	-906	-553	-4,564	-1,198	-684	-41	-1,398
13 Exchange	13,412	10,117	11,804	943	544	1,599	900	0	1,367	916
5 to 10 years										
14 Gross purchases	703	393	388	0	0	0	0	0	326	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	-3,092	-3,495	-2,172	0	-5	229	0	-142	-1,754	0
17 Exchange	2,970	1,500	2,128	0	0	650	0	0	300	0
Over 10 years										
18 Gross purchases	811	379	307	0	0	0	0	0	108	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	-426	0	-601	0	0	-229	0	0	0	0
21 Exchange	1,869	1,253	234	0	0	439	0	0	175	0
All maturities										
22 Gross purchases	12,232	16,690	19,870	1,897	0	1,456	1,259	2,880	1,719	1,721
23 Gross sales	7,331	6,769	8,369	731	1,983	934	0	0	0	0
24 Redemptions	3,389	1,816	3,000	200	900	300	0	0	0	87
Matched transactions										
25 Gross sales	674,000	589,312	543,804	72,123	59,398	35,234	47,892	37,873	43,404	50,086
26 Gross purchases	675,496	589,647	543,173	69,088	59,043	38,204	47,724	36,205	45,001	47,783
Repurchase agreements										
27 Gross purchases	113,902	79,920	130,774	15,229	6,747	6,697	3,526	7,671	0	7,891
28 Gross sales	113,040	78,733	130,286	11,525	10,451	6,697	3,526	3,984	3,687	6,730
29 Net change in U.S. government securities	3,869	9,626	8,358	1,636	-6,943	3,192	1,090	4,899	-371	493
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	6	9	5	8	7	*	-17
Repurchase agreements										
33 Gross purchases	28,895	13,320	18,957	2,566	452	276	379	340	0	678
34 Gross sales	28,863	13,576	18,638	1,978	1,040	276	379	92	248	463
35 Net change in federal agency obligations	555	130	130	582	-596	-5	-8	241	-248	198
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	73	-582	1,285	1,480	-1,480	0	0	704	-704	203
37 Total net change in System Open Market Account	**4,497**	**9,175**	**9,773**	**3,697**	**-9,019**	**3,187**	**1,082**	**5,844**	**-1,322**	**893**

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		
	June 29	July 6	July 13	July 20	July 27	May	June	July
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,131	11,131	11,131	11,131	11,131	11,132	11,131	11,131
2 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
3 Coin	387	375	379	391	403	403	382	411
Loans								
4 To depository institutions	2,080	1,626	3,005	2,484	1,349	1,260	3,610	1,113
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	0	63	0	74	0	0	203	0
Federal agency obligations								
7 Bought outright	8,890	8,890	8,880	8,880	8,880	8,908	8,890	8,880
8 Held under repurchase agreements	0	165	0	140	0	0	215	0
U.S. government securities								
Bought outright								
9 Bills	58,431	59,150	61,003	60,852	60,227	58,795	58,213	60,982
10 Notes	63,107	63,107	63,958	63,958	63,958	63,107	63,107	63,958
11 Bonds	19,191	19,191	19,315	19,315	19,315	19,278	19,191	19,315
12 Total[1]	140,729	141,448	144,276	144,125	143,500	141,180	140,511	144,255
13 Held under repurchase agreements	0	2,400	0	3,786	0	0	1,162	0
14 Total U.S. government securities	140,729	143,848	144,276	147,911	143,500	141,180	141,673	144,255
15 Total loans and securities	**151,699**	**154,592**	**156,161**	**159,489**	**153,729**	**151,348**	**154,591**	**154,248**
16 Cash items in process of collection	8,475	11,435	9,496	8,734	7,807	6,607	8,173	8,635
17 Bank premises	553	555	553	553	555	553	553	552
Other assets								
18 Denominated in foreign currencies[2]	4,400	4,329	4,330	4,333	3,829	4,376	4,322	3,839
19 All other[3]	3,880	3,948	3,924	4,156	4,088	3,701	3,551	4,188
20 Total assets	**185,143**	**190,983**	**190,592**	**193,405**	**186,160**	**182,738**	**187,321**	**187,622**
LIABILITIES								
21 Federal Reserve notes	147,078	148,805	148,781	147,509	147,125	145,783	147,549	147,094
Deposits								
22 Depository institutions	21,487	23,507	25,583	28,939	23,562	20,567	18,004	23,046
23 U.S. Treasury—General account	4,026	3,621	3,526	3,998	3,315	4,372	8,764	3,815
24 Foreign—Official accounts	241	279	196	268	242	445	279	369
25 Other	436	484	648	603	584	670	461	551
26 Total deposits	**26,190**	**27,891**	**29,953**	**33,808**	**27,703**	**26,054**	**27,508**	**27,781**
27 Deferred availability cash items	6,837	9,270	6,874	6,909	6,310	5,757	7,153	7,569
28 Other liabilities and accrued dividends[4]	1,927	1,967	1,862	2,048	1,890	1,849	2,021	1,989
29 Total liabilities	**182,032**	**187,933**	**187,470**	**190,274**	**183,028**	**179,443**	**184,231**	**184,433**
CAPITAL ACCOUNTS								
30 Capital paid in	1,421	1,426	1,426	1,427	1,427	1,413	1,421	1,427
31 Surplus	1,359	1,359	1,359	1,359	1,359	1,359	1,359	1,359
32 Other capital accounts	331	265	337	345	346	523	310	403
33 Total liabilities and capital accounts	**185,143**	**190,983**	**190,592**	**193,405**	**186,160**	**182,738**	**187,321**	**187,622**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	110,758	111,473	110,711	111,662	111,874	110,198	110,889	94,203
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to bank)	166,482	166,546	167,722	168,472	169,114	163,394	166,397	169,213
36 LESS: Held by bank[5]	19,404	17,741	18,941	20,963	21,989	17,611	18,848	22,119
37 Federal Reserve notes, net	147,078	148,805	148,781	147,509	147,125	145,783	147,549	147,094
Collateral for Federal Reserve notes								
38 Gold certificate account	11,131	11,131	11,131	11,131	11,131	11,132	11,131	11,131
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	131,329	133,056	133,032	131,760	131,376	130,033	131,800	131,345
42 Total collateral	**147,078**	**148,805**	**148,781**	**147,509**	**147,125**	**145,783**	**147,549**	**147,094**

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.

2. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U.S. Treasury. Assets shown in this line are revalued monthly at market exchange rates.

3. Includes special investment account at Chicago of Treasury bills maturing within 90 days.

4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1983					1983		
	June 29	July 6	July 13	July 20	July 27	May 31	June 30	July 29
1 Loans—Total	2,080	1,634	3,005	2,484	1,349	1,260	3,610	1,113
2 Within 15 days	2,039	1,545	2,912	2,449	1,306	1,220	3,561	1,045
3 16 days to 90 days	41	89	93	35	43	40	49	68
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	63	0	74	0	0	203	0
6 Within 15 days	0	63	0	74	0	0	203	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	140,729	143,848	144,276	147,911	143,500	141,180	141,673	144,255
10 Within 15 days[1]	5,960	7,500	6,067	7,625	4,955	4,011	3,767	4,116
11 16 days to 90 days	30,096	31,581	33,877	34,679	33,038	32,654	30,111	34,748
12 91 days to 1 year	42,839	43,415	42,160	43,434	43,334	42,680	46,442	43,218
13 Over 1 year to 5 years	33,067	32,585	33,066	33,108	33,108	33,067	32,586	33,108
14 Over 5 years to 10 years	11,700	11,700	11,915	11,874	11,874	11,700	11,700	11,874
15 Over 10 years	17,067	17,067	17,191	17,191	17,191	17,068	17,067	17,191
16 Federal agency obligations—Total	8,890	9,055	8,880	9,020	8,880	8,908	9,105	8,880
17 Within 15 days[1]	192	276	61	232	81	188	406	82
18 16 days to 90 days	582	667	697	615	815	585	583	814
19 91 days to 1 year	2,012	2,007	2,009	2,009	1,914	1,977	2,012	1,914
20 Over 1 year to 5 years	4,421	4,421	4,430	4,518	4,418	4,450	4,421	4,418
21 Over 5 years to 10 years	1,165	1,166	1,165	1,128	1,134	1,190	1,165	1,134
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 Nov	1982 Dec	1983 Jan	1983 Feb	1983 Mar	1983 Apr.	1983 May	1983 June	1983 July
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]												
1 **Total reserves**[2]	**34.23**	**36.23**	**37.93**	**40.41**	**40.78**	**40.12**	**40.34**	**41.00**	**41.30**	**41.24**	**41.72**	**41.93**
2 Nonborrowed reserves	32.76	34.54	39.45	39.79	40.15	39.59	39.76	40.21	40.29	40.29	40.08	40.48
3 Required reserves	33.91	35.71	39.53	40.01	40.28	39.57	39.91	40.57	40.83	40.79	41.24	41.43
4 Monetary base[3]	142.8	154.9	173.2	174.3	175.6	176.3	178.0	180.2	181.3	182.8	184.3	185.0
	Not seasonally adjusted											
5 **Total reserves**[2]	**34.83**	**37.24**	**38.85**	**40.68**	**41.56**	**42.23**	**40.23**	**40.23**	**41.05**	**40.71**	**40.84**	**41.42**
6 Nonborrowed reserves	33.35	35.55	38.21	40.06	40.93	41.69	39.64	39.44	40.04	39.75	39.20	39.97
7 Required reserves	34.50	36.72	38.59	40.28	41.06	41.67	39.79	39.80	40.57	40.26	40.36	40.92
8 Monetary base[3]	145.3	158.2	166.1	175.4	178.9	177.7	175.9	177.7	180.3	181.7	183.5	185.6
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[4]												
9 **Total reserves**[2]	**43.91**	**40.66**	**41.92**	**41.20**	**41.85**	**41.86**	**39.80**	**38.04**	**38.65**	**38.28**	**34.42**	**38.95**
10 Nonborrowed reserves	42.43	38.97	41.29	40.58	41.22	41.33	39.22	37.24	37.64	37.33	36.78	37.50
11 Required reserves	43.58	40.15	40.60	40.80	41.35	41.32	39.36	37.60	38.17	37.83	37.93	38.44
12 Monetary base[3]	156.1	162.5	169.7	176.0	179.3	177.7	175.9	175.7	178.4	179.8	181.6	183.7

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 November 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 November 13, 1980, a reduction of $2.9 billion; February 12, 1981, an increase of $245 million, March 12, 1981, an increase of $75 million; May 14, 1981, an increase of $245 million; September 3, 1981, a reduction of $1.1 billion; November 12, 1981, an increase of $210 million; January 14, 1982, a reduction of $60 million, February 11, 1982 an increase of $170 million, March 4, 1982, an estimated reduction of $2.0 billion; May 13, 1982, an estimated increase of $150 million, August 12, 1982 an estimated increase of $140 million; and September 2, 1982, an estimated reduction of $1.2 billion; October 28, 1982 an estimated reduction of $100 million, December 23, 1982 an estimated reduction of $800 million; and March 3, 1983 an estimated reduction of $1.9 billion. Beginning with the week ended December 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 December 1981 and $180 million to $230 million in January 1982, *mostly reflecting a reduction in reservable Eurocurrency transactions.* Also, beginning with the week ending April 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 Mar.	1983 Apr.	1983 May	1983 June
	Seasonally adjusted							
Measures[1]								
1 M1	389.0	414.1	440.6	478.2	497.6	496.5	507.4	511.7
2 M2	1,497.5	1,630.3	1,794.9	1,959.5	2,069.9r	2,074.7r	2,096.0r	2,114.6
3 M3	1,758.4	1,936.7	2,167.9	2,377.6	2,447.1r	2,454.0r	2,476.3r	2,498.8
4 L[2]	2,131.8	2,343.6	2,622.0	2,896.8	n.a.	n.a.	n.a.	n.a.
Selected Components								
5 Currency	106.5	116.2	123.2	132.8	137.0	138.0	139.3	140.3
6 Travelers checks[3]	3.7	4.1	4.5	4.2	4.5	4.6	4.7	4.7
7 Demand deposits	262.0	266.8	236.4	239.8	240.1	238.9	242.5	244.0
8 Other checkable deposits[4]	17.0	26.9	76.6	101.3	116.0	115.0	120.9	122.7
9 Savings deposits[5]	423.1	400.7	344.4	359.3	322.7r	321.5r	323.0r	324.9
10 Small-denomination time deposits[6]	635.9	731.7	828.6	859.1	733.8	725.7	720.1	722.2
11 Large-denomination time deposits[7]	222.2	258.9	302.6	333.8	296.2r	300.4	299.5r	304.0
	Not seasonally adjusted							
Measures[1]								
12 M1	398.8	424.7	452.1	491.0	489.2	504.5r	499.8	508.3
13 M2	1,502.1	1,635.0	1,799.6	1,964.5	2,065.9r	2,088.4r	2,092.5r	2,114.4
14 M3	1,766.1	1,944.9	2,175.9	2,385.3	2,445.9r	2,465.5r	2,471.5r	2,495.4
15 L[2]	2,138.9	2,350.8	2,629.7	2,904.7	n.a.	n.a.	n.a.	n.a.
Selected Components								
16 Currency	108.2	118.3	125.4	135.2	135.4	137.4	138.9	140.3
17 Travelers checks[3]	3.5	3.9	4.3	4.0	4.3	4.4	4.5	4.9
18 Demand deposits	270.1	275.2	244.0	247.7	235.2	242.4	238.2r	242.1
19 Other checkable deposits[4]	17.0	27.2	78.4	104.0	114.3	120.2r	118.2	121.0
20 *Overnight RPs and Eurodollars*[8]	21.2	28.4	36.1	44.3	48.7	50.6	55.2r	56.5
21 Savings deposits[5]	420.7	398.3	342.1	356.7	323.2r	324.3r	324.6r	326.3
22 Money market deposit accounts	n.a.	n.a.	n.a.	43.2	320.5	341.2	356.8	367.3
23 Small-denomination time deposits[6]	633.1	728.3	824.1	853.9	737.7	728.6	722.7	724.0
Money market mutual funds								
24 General purpose and broker/dealer	33.4	61.4	150.9	182.2	154.0	146.7	140.9	139.3
25 Institution only	9.5	14.9	36.0	47.6	43.5	41.0	40.4	39.2
26 Large-denomination time deposits[7]	226.0	262.4	305.9	336.5	298.9r	298.1r	298.2r	300.9

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 SMSA's 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	1982	1983				1981	1982	1983			
	Dec.[2]	Dec.	Mar.[3]	Apr.	May	June	Dec.[2]	Dec.	Mar.[3]	Apr.	May	June
	Seasonally adjusted						Not seasonally adjusted					
1 **Total loans and securities[4]**	**1,316.3**	**1,412.1**	**1,450.2**	**1,460.6**	**1,474.4**	**1,487.9**	**1,326.1**	**1,422.5**	**1,445.0**	**1,460.0**	**1,468.1**	**1,485.6**
2 U.S. Treasury securities	111.0	130.9	151.0	157.8	166.1	171.1	111.4	131.5	153.2	160.6	165.3	171.6
3 Other securities	231.4	239.1	242.8	243.4	245.0	246.2	232.8	240.6	242.3	243.3	245.2	245.9
4 Total loans and leases[4]	973.9	1,042.0	1,056.3	1,059.5	1,063.3	1,070.6	981.8	1,050.4	1,049.5	1,056.0	1,057.6	1,068.0
5 Commercial and industrial loans	358.0	392.4	396.2	392.8	393.0	395.0	360.1	394.7	395.1	395.2	393.1	394.4
6 Real estate loans	285.7	303.2	309.5	311.4	313.6	316.9	286.8	304.1	308.6	310.4	312.4	315.4
7 Loans to individuals	185.1	191.8	194.8	196.0	197.9	199.8	186.4	193.1	193.0	194.7	196.7	199.0
8 Security loans	21.9	24.7	22.6	22.9	23.4	22.3	22.7	25.5	22.0	22.9	22.5	23.5
9 Loans to nonbank financial institutions	30.2	31.1	32.0	31.6	31.1	31.1	31.2	32.1	31.6	31.3	30.7	30.7
10 Agricultural loans	33.0	36.1	37.1	37.2	36.9	36.7	33.0	36.1	36.3	36.6	36.7	36.9
11 Lease financing receivables	12.7	13.1	13.1	13.1	13.1	13.0	12.7	13.1	13.1	13.1	13.1	13.0
12 All other loans	47.2	49.7	51.0	54.3	54.4	55.7	49.2	51.7	49.8	51.9	52.5	55.2
MEMO:												
13 **Total loans and securities plus loans sold[4,5]**	**1,319.1**	**1,415.0**	**1,453.1**	**1,463.6**	**1,477.2**	1,490.7	**1,328.9**	**1,425.4**	**1,448.0**	**1,462.9**	**1,470.9**	1,488.3
14 Total loans plus loans sold[4,5]	976.7	1,045.0	1,059.3	1,062.4	1,066.1	1,073.3	984.7	1,053.3	1,052.5	1,059.0	1,060.4	1,070.8
15 Total loans sold to affiliates[4,5]	2.8	2.9	3.0	3.0	2.8	2.7	2.8	2.9	3.0	3.0	2.8	2.7
16 Commercial and industrial loans plus loans sold[5]	360.2	394.6	398.6	395.3	395.1	397.2	362.3	396.9	397.4	397.5	395.3	396.5
17 Commercial and industrial loans sold[5]	2.2	2.3	2.4	2.4	2.2	2.1	2.2	2.3	2.4	2.4	2.2	2.1
18 Acceptances held	8.9	8.5	8.9	8.9	8.2	8.0	9.8	9.5	8.5	8.2	7.7	8.1
19 Other commercial and industrial loans	349.1	383.8	387.3	384.0	384.8	387.0	350.3	385.2	386.6	386.9	385.4	386.3
20 To U.S. addressees[6]	334.9	373.5	375.0	372.1	371.8	373.7	334.3	372.7	374.4	375.1	373.4	374.2
21 To non-U.S. addressees	14.2	10.3	12.3	11.9	13.0	13.3	16.1	12.4	12.2	11.8	12.0	12.1
22 Loans to foreign banks	19.0	13.5	14.9	15.2	15.1	15.0	20.0	14.5	14.6	14.6	14.5	14.5

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. Due to loan reclassifications, several categories have breaks in series beginning Jan. 12, 1983, real estate loans increased $0.4 billion and loans to individuals decreased $0.2 billion. As of Jan. 26, 1983, other securities increased $0.2 billion and total loans and commercial and industrial loans decreased $0.2 billion. As of Feb. 2, 1983, real estate loans increased $0.5 billion and commercial and industrial loans decreased $0.5 billion.

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

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

6. 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	Aug	Sept.	Oct	Nov	Dec.	Jan	Feb	Mar.	Apr	May	June
Total nondeposit funds												
1 Seasonally adjusted[2]	96.0	81.7	78.4	81.1	87.2	82.7	72.8	75.9	75.8	80.0	90.6	88.0
2 Not seasonally adjusted	97.5	85.4	80.8	83.3	89.2	84.2	74.3	76.9	76.5	78.6	90.1	89.7
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	111.5	120.2	121.6	126.1	129.1	127.4	131.6	134.6	134.7	139.1	145.2	140.0
4 Not seasonally adjusted	113.0	123.9	124.0	128.4	131.1	128.8	133.1	135.5	135.4	137.7	144.7	141.6
5 Net balances due to foreign-related institutions, not seasonally adjusted	−18.2	−41.3	−46.3	−47.9	−44.9	−48.5	−62.1	−61.7	−62.0	−62.0	−57.1	−54.9
6 Loans sold to affiliates, not seasonally adjusted[4]	2.8	2.8	2.8	2.8	2.9	2.9	3.0	3.0	3.0	3.0	2.8	2.7
MEMO												
7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[5]	−22.5	−34.5	−39.0	−40.4	−38.4	−39.8	−50.2	−50.6	−52.9	−52.6	−48.6	−49.5
8 Gross due from balances	54.9	65.2	68.8	69.8	69.9	72.4	79.4	78.9	79.8	80.1	76.2	76.1
9 Gross due to balances	32.4	30.8	29.7	29.4	31.5	32.6	29.2	28.3	26.9	27.5	27.6	26.6
10 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[6]	4.3	−6.9	−7.3	−7.5	−6.5	−8.7	−11.9	−11.1	−9.1	−9.4	−8.5	−5.4
11 Gross due from balances	48.1	53.8	54.6	53.9	53.5	55.3	57.1	55.7	56.1	55.9	55.7	54.0
12 Gross due to balances	52.4	46.9	47.3	46.4	47.0	46.6	45.3	44.6	47.1	46.6	47.2	48.6
Security RP borrowings												
13 Seasonally adjusted[7]	59.0	65.2	65.0	69.0	71.5	71.0	72.2	74.3	74.7	79.3	84.6	81.4
14 Not seasonally adjusted	59.2	67.5	66.0	69.8	72.1	71.1	72.2	73.7	73.9	76.3	82.6	81.5
U.S. Treasury demand balances[8]												
15 Seasonally adjusted	12.2	10.1	11.1	14.4	10.6	11.9	15.7	8.8	12.5	13.5	11.3	13.0
16 Not seasonally adjusted	11.1	8.1	12.3	16.4	7.8	10.8	16.3	10.2	13.2	14.2	12.5	13.2
Time deposits, $100,000 or more[9]												
17 Seasonally adjusted	324.1	367.1	366.7	376.6	360.6	347.3	319.2	303.0	296.0	296.2	287.0	287.6
18 Not seasonally adjusted	330.4	359.3	361.8	364.9	361.7	353.9	325.4	310.5	300.7	293.0	285.0	283.5
IBF ADJUSTMENTS FOR SELECTED ITEMS[10]												
19 Items 1 and 2	22.4	32.5	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	2.4	...	...	...	...	...
21 Item 5	20.7	30.1	30.4	30.7	30.9	31.5	31.8	...	...	...	...	...
22 Item 7	3.1	5.3	5.4	5.4	5.5	5.8	5.8	...	...	...	...	...
23 Item 10	17.6	24.9	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 Sept	1982 Oct.	1982 Nov	1982 Dec	1983 Jan.	1983 Feb	1983 Mar.	1983 Apr.	1983 May	1983 June[r]	1983 July
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	1,337.1	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	1,437.7
2 Loans, excluding interbank	985.9	988.5	990.4	1,000.8	993.3	991.4	1,001.7	1,004.6	1,006.9	1,025.1	1,028.7
3 Commercial and industrial	354.4	355.8	355.4	357.9	355.6	356.3	358.6	358.5	357.3	360.6	361.7
4 Other	631.5	632.7	635.0	642.9	638.2	635.8	643.7	646.8	650.8	664.5	667.0
5 U.S. Treasury securities	115.0	119.4	122.2	129.0	136.0	141.4	150.6	155.5	160.9	166.0	165.1
6 Other securities	236.2	235.1	234.4	240.5	241.6	240.8	239.9	243.9	244.1	244.1	243.9
7 Cash assets, total	157.4	162.1	169.7	184.4	167.8	184.7	168.9	170.1	164.5	176.9	168.7
8 Currency and coin	20.4	20.5	19.0	23.0	20.4	20.3	19.9	20.4	20.3	21.3	20.7
9 Reserves with Federal Reserve Banks	17.0	23.5	22.0	25.4	23.9	25.3	20.5	23.9	22.4	18.8	20.6
10 Balances with depository institutions	60.4	61.3	64.6	67.6	67.7	71.6	67.1	66.1	65.6	69.7	67.2
11 Cash items in process of collection	59.6	56.8	64.1	68.4	55.9	67.5	61.5	59.6	56.3	67.1	60.3
12 Other assets[2]	234.9	237.0	241.8	265.3	260.1	263.6	257.9	252.4	248.3	253.2	254.5
13 Total assets/total liabilities and capital	**1,729.3**	**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**	**1,860.9**
14 Deposits	1,290.7	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	1,396.7
15 Demand	323.0	326.5	338.1	363.9	324.0	337.9	333.4	329.2	324.5	344.4	334.3
16 Savings	230.9	238.2	244.9	296.4	361.5	395.2	419.2	426.9	440.2	445.3	447.6
17 Time	736.8	735.4	733.9	701.5	655.1	635.2	621.6	611.9	606.1	613.1	614.9
18 Borrowings	202.8	203.7	198.1	215.1	221.6	218.0	211.3	224.0	214.1	221.2	217.5
19 Other liabilities	103.4	106.2	109.3	109.2	106.4	106.0	103.5	102.3	104.7	104.3	105.5
20 Residual (assets less liabilities)	132.5	132.0	134.3	133.9	130.1	129.6	130.0	132.0	135.1	137.0	141.1
MEMO:											
21 U.S. Treasury note balances included in borrowing	17.0	11.7	2.4	10.7	17.1	7.0	9.6	17.8	2.7	19.3	19.3
22 Number of banks	14,785	14,797	14,782	14,787	14,780	14,812	14,819	14,823	14,817	14,826	14,785
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	1,397.3	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	1,494.4
24 Loans, excluding interbank	1,042.4	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	1,078.4
25 Commercial and industrial	395.0	393.7	398.9	396.5	393.0	392.9	396.5	394.1	392.3	395.9	398.3
26 Other	647.4	648.6	653.2	658.4	652.4	650.0	658.6	661.8	664.7	678.7	680.2
27 U.S. Treasury securities	117.2	122.7	125.7	132.8	139.5	145.1	155.3	160.3	166.1	171.3	170.3
28 Other securities	237.7	236.7	235.9	242.1	243.2	242.4	241.5	245.5	245.8	245.7	245.6
29 Cash assets, total	173.7	178.7	181.2	200.7	183.7	200.5	185.5	186.3	180.3	193.5	185.2
30 Currency and coin	20.4	20.5	19.0	23.0	20.4	20.3	19.9	20.4	20.3	21.3	20.7
31 Reserves with Federal Reserve Banks	18.4	25.0	23.4	26.8	25.3	26.7	22.0	25.4	23.8	20.0	21.9
32 Balances with depository institutions	74.2	75.3	74.4	81.4	81.1	84.9	81.0	79.8	78.9	84.0	81.2
33 Cash items in process of collection	60.6	57.8	64.3	69.4	56.9	68.6	62.6	60.7	57.3	68.2	61.4
34 Other assets[2]	310.3	313.9	323.3	341.7	333.2	330.2	325.4	317.7	309.5	318.1	318.7
35 Total assets/total liabilities and capital	**1,881.3**	**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**	**1,998.4**
36 Deposits	1,335.5	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	1,438.3
37 Demand	335.1	338.9	344.9	376.2	335.9	350.2	345.7	341.1	336.4	356.4	346.5
38 Savings	231.1	238.5	245.1	296.7	361.9	395.6	419.7	427.3	440.7	445.7	448.0
39 Time	769.2	767.8	768.0	736.7	687.7	666.8	654.1	642.6	636.0	641.6	643.8
40 Borrowings	267.6	268.3	267.0	278.3	283.5	276.0	269.9	281.3	269.5	278.2	277.9
41 Other liabilities	143.8	146.9	156.6	148.4	143.5	140.4	141.1	138.7	137.9	142.3	139.1
42 Residual (assets less liabilities)	134.4	133.9	136.6	135.8	132.0	131.5	131.9	133.9	137.0	138.9	143.0
MEMO											
43 U.S. Treasury note balances included in borrowing	17.0	11.7	2.4	10.7	17.1	7.0	9.6	17.8	2.7	19.3	19.3
44 Number of banks	15,311	15,330	15,318	15,329	15,332	15,366	15,376	15,390	15,385	15,396	15,359

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								
	June 1	June 8	June 15	June 22	June 29p	July 6p	July 13p	July 20p	July 27p
1 Cash items in process of collection	69,150	44,415	58,469	47,554	54,018	60,182	49,529	47,368	48,066
2 Demand deposits due from banks in the United States	8,938	6,618	7,547	7,081	7,845	9,555	6,913	7,377	6,733
3 *All other cash and due from depository institutions*	37,721	33,363	34,312	37,044	32,838	33,325	36,621	37,477	33,806
4 Total loans and securities	**670,550**	**665,318**	**668,602**	**662,861**	**665,484**	**681,634**	**667,247**	**667,229**	**664,422**
Securities									
5 U.S. Treasury securities	54,352	55,367	55,197	54,477	53,741	55,742	51,489	52,005	50,117
6 Trading account	10,467	11,093	10,974	10,958	10,318	11,831	9,243	10,202	9,091
7 Investment account, by maturity	43,885	44,274	44,224	43,519	43,423	43,911	42,246	41,804	41,026
8 One year or less	14,960	15,231	15,068	15,091	15,224	14,514	13,961	13,552	13,654
9 Over one through five years	26,608	26,694	26,801	26,058	25,842	26,648	25,677	25,765	24,848
10 Over five years	2,317	2,350	2,355	2,370	2,357	2,750	2,608	2,486	2,524
11 Other securities	83,627	84,544	83,672	83,206	83,216	83,172	81,997	82,748	83,387
12 Trading account	6,063	6,921	6,218	5,881	5,834	6,224	4,922	5,490	5,450
13 Investment account	77,563	77,623	77,453	77,325	77,382	76,948	77,075	77,258	77,937
14 U.S. government agencies	16,750	16,724	16,587	16,549	16,487	16,472	16,392	16,335	16,416
15 *States and political subdivisions, by maturity*	57,372	57,449	57,479	57,367	57,472	57,045	57,206	57,359	58,008
16 One year or less	7,195	7,213	7,182	7,075	7,394	7,314	6,800	7,020	7,701
17 Over one year	50,176	50,236	50,297	50,292	50,078	49,730	50,407	50,339	50,307
18 Other bonds, corporate stocks and securities	3,441	3,450	3,387	3,409	3,423	3,431	3,476	3,564	3,513
Loans									
19 Federal funds sold[1]	43,119	40,290	42,642	39,935	39,857	51,318	45,706	44,498	43,797
20 To commercial banks	32,843	29,590	31,271	30,086	28,676	40,173	35,461	33,875	32,774
21 To nonbank brokers and dealers in securities	7,333	7,637	7,762	6,815	8,106	7,633	7,002	7,201	7,737
22 To others	2,942	3,062	3,609	3,034	3,074	3,512	3,242	3,421	3,286
23 Other loans, gross	502,862	498,652	500,603	498,744	502,135	504,742	501,380	501,319	500,500
24 Commercial and industrial	214,471	212,917	213,565	214,276	213,284	214,968	214,188	214,370	213,242
25 Bankers acceptances and commercial paper	3,956	3,964	4,094	4,508	4,445	4,556	4,488	4,060	3,744
26 All other	210,514	208,953	209,471	209,769	208,839	210,412	209,700	210,310	209,498
27 U.S. addressees	203,655	202,013	202,621	202,895	202,076	203,583	202,731	203,487	202,596
28 Non-U.S. addressees	6,860	6,940	6,850	6,874	6,763	6,830	6,969	6,823	6,902
29 Real estate	134,358	134,272	134,614	134,605	134,858	134,752	135,027	135,290	135,402
30 To individuals for personal expenditures	75,690	75,735	76,064	76,381	76,820	76,858	76,936	77,119	77,511
To financial institutions									
31 Commercial banks in the United States	8,079	7,480	7,402	6,956	7,127	7,527	7,328	7,070	6,909
32 Banks in foreign countries	8,440	7,933	7,881	7,884	8,006	8,005	7,686	7,983	7,906
33 Sales finance, personal finance companies, etc.	9,722	9,220	9,522	9,068	9,498	9,496	9,530	9,008	9,092
34 Other financial institutions	16,301	16,303	16,045	15,621	15,882	15,997	15,984	15,860	15,718
35 To nonbank brokers and dealers in securities	9,174	9,237	9,199	8,305	9,774	9,450	8,595	8,536	8,652
36 To others for purchasing and carrying securities[2]	2,846	2,935	2,933	2,932	2,990	3,093	3,095	3,105	3,074
37 To finance agricultural production	6,950	6,972	7,005	7,050	7,051	7,011	7,009	7,059	7,071
38 All other	16,830	15,648	16,371	15,665	16,845	17,585	16,003	15,918	15,924
39 LESS: Unearned income	5,097	5,130	5,134	5,142	5,156	5,081	5,091	5,070	5,064
40 Loan loss reserve	8,313	8,404	8,378	8,359	8,309	8,259	8,235	8,271	8,316
41 Other loans, net	489,451	485,118	487,090	485,243	488,671	491,402	488,054	487,978	487,120
42 Lease financing receivables	11,039	11,029	11,034	10,996	11,052	10,873	10,940	10,873	10,877
43 All other assets	*139,334*	*138,660*	*140,644*	*139,664*	*141,026*	*148,646*	*143,731*	*141,243*	*139,417*
44 Total assets	**936,732**	**899,404**	**920,608**	**905,199**	**912,264**	**944,215**	**914,982**	**911,568**	**903,320**
Deposits									
45 Demand deposits	201,731	171,233	192,814	171,933	180,747	195,302	177,072	174,432	173,322
46 Mutual savings banks	832	630	777	624	590	838	643	743	616
47 Individuals, partnerships, and corporations	150,310	132,047	142,778	130,559	134,216	145,468	136,631	132,169	132,720
48 States and political subdivisions	5,482	4,417	5,925	5,166	5,519	5,218	4,654	4,692	4,932
49 U.S. government	1,134	2,214	8,392	2,293	2,031	3,312	987	2,764	2,036
50 Commercial banks in the United States	25,867	18,150	19,542	18,865	20,691	23,977	18,717	19,631	17,999
51 Banks in foreign countries	6,681	5,792	5,761	5,959	6,260	6,568	6,218	5,854	5,811
52 Foreign governments and official institutions	997	855	1,153	1,100	1,190	1,097	1,046	905	873
53 Certified and officers' checks	10,427	7,129	8,485	7,366	10,251	8,823	8,176	7,676	8,335
54 Time and savings deposits	411,391	413,687	412,712	413,033	414,171	415,750	414,642	414,503	413,930
55 Savings	174,821	175,700	175,747	173,747	173,525	176,167	174,859	174,338	173,396
56 Individuals and nonprofit organizations	156,486	157,284	157,222	155,200	154,799	157,921	156,501	156,032	154,990
57 Partnerships and corporations operated for profit	17,098	17,264	17,264	17,397	17,473	17,142	17,235	17,246	17,334
58 Domestic governmental units	1,140	1,059	1,177	1,087	1,177	1,057	1,070	1,005	1,002
59 All other	97	93	84	62	76	47	52	55	70
60 Time	236,570	237,987	236,964	239,286	240,647	239,583	239,782	240,165	240,534
61 Individuals, partnerships, and corporations	207,807	209,035	208,745	210,984	212,492	212,421	212,592	213,238	213,878
62 States and political subdivisions	18,305	18,233	17,599	17,545	17,406	16,766	16,804	16,724	16,612
63 U.S. government	340	332	325	380	401	324	330	328	329
64 Commercial banks in the United States	6,882	7,056	6,954	6,964	6,985	6,762	6,746	6,577	6,457
65 Foreign governments, official institutions, and banks	3,235	3,332	3,341	3,413	3,361	3,309	3,310	3,298	3,258
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,166	18	3,493	728	992	823	2,158	1,532	330
67 Treasury tax-and-loan notes	5,862	698	1,055	14,000	14,286	13,580	14,274	13,202	13,933
68 All other liabilities for borrowed money[3]	171,602	171,125	168,324	161,993	158,293	173,370	161,942	162,210	155,950
69 Other liabilities and subordinated notes and debentures	84,382	81,957	81,842	83,134	83,520	84,482	83,861	84,837	85,224
70 Total liabilities	**876,135**	**838,718**	**860,240**	**844,822**	**852,011**	**883,307**	**853,948**	**850,717**	**842,689**
71 Residual (total assets minus total liabilities)[4]	60,596	60,686	60,367	60,378	60,253	60,908	61,033	60,850	60,631

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								
	June 1	June 8	June 15	June 22	June 29p	July 6p	July 13p	July 20p	July 27p
1 Cash items in process of collection	65,267	41,762	54,922	44,622	51,144	56,418	46,668	44,606	45,376
2 Demand deposits due from banks in the United States	8,328	6,086	6,900	6,420	7 116	8,796	6,301	6,799	6,192
3 All other cash and due from depository institutions	34,776	30,633	31,316	33,943	29 989	30,342	33,671	34,444	30,714
4 Total loans and securities	**623,684**	**618,553**	**621,881**	**616,585**	**618,866**	**633,721**	**619,641**	**619,740**	**617,280**
Securities									
5 U S Treasury securities	49,837	50 716	50,586	49,768	48,951	51,010	46,802	47,225	45,385
6 Trading account	10,324	10,928	10,818	10,796	10,116	11,655	9,138	9,999	8,960
7 Investment account, by maturity	39,513	39,788	39,768	38,972	38,835	39,355	37,665	37,226	36,426
8 One year or less	13,144	13,353	13,258	13,244	13,424	12,705	12,143	11,745	11,824
9 Over one through five years	24,270	24,314	24,372	23,590	23,304	24,152	23,170	23,251	22,335
10 Over five years	2,098	2,120	2,137	2,138	2,107	2,499	2,351	2,230	2,267
11 Other securities	75,920	76,887	75,962	75,552	75,521	75,500	74,317	74,941	75,629
12 Trading account	5,848	6,754	5,970	5,695	5,667	6,073	4,740	5,219	5,252
13 Investment account	70,072	70,133	69,992	69,856	69,853	69,427	69,576	69,723	70,376
14 U S government agencies	15,159	15,128	14,998	14,958	14,867	14,838	14,808	14,719	14,791
15 States and political subdivisions, by maturity	51,842	51,929	51,970	51,849	51,915	51,527	51,676	51,819	52,460
16 One year or less	6,366	6,425	6,412	6,311	6,702	6,658	6,146	6,378	7,060
17 Over one year	45,476	45,504	45,558	45,538	45,213	44,869	45,530	45,442	45,399
18 Other bonds, corporate stocks and securities	3,071	3,075	3,024	3,050	3,071	3,062	3,092	3,184	3,126
Loans									
19 Federal funds sold[1]	38,585	35,852	38,370	36,213	36,024	46,280	40,963	40,260	39,858
20 To commercial banks	28,827	25,683	27,584	26,848	25,388	35,663	31,254	30,240	29,371
21 To nonbank brokers and dealers in securities	6,838	7,142	7,199	6,357	7,587	7,134	6,503	6,631	7,239
22 To others	2,920	3,027	3,587	3,008	3,049	3,482	3,206	3,389	3,249
23 Other loans, gross	471,731	467,608	469,441	467,518	470,810	473,249	469,858	469,620	468,762
24 Commercial and industrial	202,745	201,207	201,854	202,576	201,573	203,162	202,386	202,458	201,369
25 Bankers acceptances and commercial paper	3,527	3,554	3,702	4,132	4,116	4,248	4,184	3,754	3,470
26 All other	199,218	197,652	198,152	198,444	197,457	198,914	198,203	198,705	197,899
27 U.S. addressees	192,477	190,834	191,418	191,688	190,813	192,202	191,352	192,002	191,118
28 Non-U.S. addressees	6,740	6,818	6,733	6,756	6,644	6,712	6,851	6,703	6,781
29 Real estate	126,149	126,035	126,301	126,290	126,515	126,413	126,662	126,911	126,990
30 To individuals for personal expenditures	67,212	67,241	67,517	67,811	68,191	68,219	68,306	68,507	68,816
To financial institutions									
31 Commercial banks in the United States	7,603	7,026	7,014	6,512	6,678	7,142	6,873	6,528	6,413
32 Banks in foreign countries	8,349	7,852	7,798	7,808	7,924	7,920	7,592	7,908	7,832
33 Sales finance, personal finance companies, etc	9,543	9,027	9,335	8,894	9,323	9,322	9,354	8,826	8,916
34 Other financial institutions	15,652	15,654	15,393	14,958	15,205	15,285	15,259	15,148	15,009
35 To nonbank brokers and dealers in securities	9,123	9,189	9,154	8,257	9,725	9,386	8,539	8,492	8,580
36 To others for purchasing and carrying securities[2]	2,609	2,698	2,693	2,685	2,743	2,836	2,841	2,849	2,816
37 To finance agricultural production	6,748	6,768	6,801	6,844	6,845	6,802	6,799	6,846	6,856
38 All other	15,998	14,909	15,581	14,881	16,089	16,762	15,246	15,145	15,164
39 LESS: Unearned income	4,505	4,536	4,538	4,542	4,558	4,488	4,495	4,471	4,469
40 Loan loss reserve	7,884	7,973	7,940	7,923	7,882	7,830	7,805	7,835	7,885
41 Other loans, net	459,342	455,098	456,963	455,052	458,370	460,931	457,558	457,314	456,408
42 Lease financing receivables	10,635	10,622	10,628	10,592	10,648	10,466	10,533	10,466	10,470
43 All other assets	135,300	134,362	136,233	135,369	136,626	144,389	139,547	136,991	135,220
44 Total assets	**877,990**	**842,018**	**861,881**	**847,531**	**854,389**	**884,131**	**856,361**	**853,045**	**845,252**
Deposits									
45 Demand deposits	187,926	158,933	179,056	159,456	168,368	181,331	164,274	161,896	161,077
46 Mutual savings banks	790	605	749	595	562	791	613	715	584
47 Individuals, partnerships, and corporations	139,611	122,199	132,511	120,886	124,452	134,726	126,380	122,291	123,004
48 States and political subdivisions	4,888	3,981	5,172	4,468	4,949	4,743	4,165	4,156	4,430
49 U S government	1,012	1,998	7,611	2,002	1,827	3,048	823	2,550	1,876
50 Commercial banks in the United States	23,914	16,653	17,950	17,392	19,167	21,888	17,138	18,079	16,480
51 Banks in foreign countries	6,627	5,750	5,717	5,920	6,218	6,524	6,174	5,803	5,765
52 Foreign governments and official institutions	996	854	1,148	1,095	1,189	1,095	1,043	904	868
53 Certified and officers' checks	10,087	6,894	8,199	7,098	10,004	8,516	7,939	7,396	8,071
54 Time and savings deposits	381,818	383,910	382,830	383,120	384,240	385,682	384,588	384,457	383,789
55 Savings	161,877	162,659	162,648	160,851	160,630	163,033	161,826	161,328	160,409
56 Individuals and nonprofit organizations	145,021	145,738	145,661	143,833	143,433	146,303	145,013	144,563	143,578
57 Partnerships and corporations operated for profit	15,701	15,854	15,811	15,951	16,040	15,712	15,778	15,784	15,837
58 Domestic governmental units	1,061	978	1,095	1,007	1,082	972	983	926	924
59 All other	94	89	82	60	74	45	51	54	70
60 Time	219,941	221,251	220,182	222,269	223,610	222,649	222,762	223,130	223,379
61 Individuals, partnerships, and corporations	193,297	194,396	193,970	195,998	197,505	197,502	197,583	198,168	198,654
62 States and political subdivisions	16,459	16,401	15,842	15,770	15,636	15,024	15,059	15,008	14,924
63 U.S. government	249	244	237	289	293	223	228	226	228
64 Commercial banks in the United States	6,700	6,878	6,792	6,800	6,815	6,590	6,581	6,430	6,316
65 Foreign governments, official institutions, and banks	3,235	3,332	3,341	3,413	3,361	3,309	3,310	3,298	3,258
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,159	18	3,479	728	985	823	2,158	1,532	330
67 Treasury tax-and-loan notes	5,594	628	963	13,334	13,542	12,832	13,482	12,406	13,139
68 All other liabilities for borrowed money[3]	162,353	161,726	159,102	153,090	149,328	163,933	152,748	152,865	146,896
69 Other liabilities and subordinated notes and debentures	82,400	79,979	79,872	81,204	81,520	82,447	81,909	82,835	83,201
70 Total liabilities	**821,251**	**785,194**	**805,304**	**790,933**	**797,984**	**827,049**	**799,159**	**795,992**	**788,431**
71 Residual (total assets minus total liabilities)[4]	56,739	56,824	56,577	56,598	56,405	57,082	57,202	57,053	56,821

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 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								
	June 1	June 8	June 15	June 22	June 29p	July 6p	July 13p	July 20p	July 27p
1 Cash items in process of collection	24,749	14,670	21,142	15,756	20,426	18,333	17,270	15,348	17,454
2 Demand deposits due from banks in the United States	1,593	950	999	952	1,114	1,327	1,015	1,204	1,045
3 All other cash and due from depository institutions	6,131	6,631	6,295	7,195	5,778	5,679	8,965	7,594	5,212
4 **Total loans and securities**[1]	**148,649**	**143,459**	**144,793**	**142,005**	**144,238**	**147,043**	**143,658**	**142,440**	**141,740**
Securities									
5 U.S. Treasury securities[2]	...	...	...	...	...	...	...	...	...
6 Trading account[2]	...	...	...	...	...	...	...	...	...
7 Investment account, by maturity	9,529	9,476	9,488	9,088	9,094	9,109	8,265	8,268	7,601
8 One year or less	2,453	2,532	2,539	2,456	2,571	2,083	1,851	1,871	1,859
9 Over one through five years	6,569	6,478	6,508	6,182	6,080	6,362	5,800	5,829	5,178
10 Over five years	508	466	442	450	442	664	614	568	564
11 Other securities[2]	...	...	...	...	...	...	...	...	...
12 Trading account[2]	...	...	...	...	...	...	...	...	...
13 Investment account	14,151	14,179	14,213	14,166	14,252	14,210	14,317	14,498	14,844
14 U.S. government agencies	1,532	1,520	1,556	1,556	1,525	1,527	1,532	1,542	1,550
15 States and political subdivisions, by maturity	11,813	11,849	11,858	11,804	11,922	11,876	11,978	12,125	12,496
16 One year or less	1,517	1,509	1,519	1,473	1,506	1,548	1,530	1,607	1,942
17 Over one year	10,296	10,340	10,338	10,331	10,416	10,328	10,448	10,518	10,554
18 Other bonds, corporate stocks and securities	806	810	799	804	806	807	806	830	798
Loans									
19 Federal funds sold[3]	13,751	11,749	11,715	10,467	11,594	12,247	11,355	10,521	10,590
20 To commercial banks	8,687	6,758	6,048	5,759	6,238	6,740	6,378	5,506	5,354
21 To nonbank brokers and dealers in securities	3,820	3,660	4,004	3,352	4,110	3,942	3,445	3,241	3,745
22 To others	1,244	1,331	1,663	1,356	1,246	1,565	1,532	1,774	1,491
23 Other loans, gross	115,196	112,070	113,366	112,276	113,322	115,421	113,668	113,102	112,706
24 Commercial and industrial	58,094	57,088	57,730	58,258	57,242	58,458	58,760	58,494	58,670
25 Bankers' acceptances and commercial paper	1,111	1,076	916	1,189	1,024	1,076	1,324	1,026	942
26 All other	56,983	56,012	56,814	57,069	56,218	57,382	57,436	57,468	57,728
27 U.S. addressees	55,480	54,395	55,203	55,447	54,668	55,791	55,784	55,898	56,130
28 Non-U.S. addressees	1,503	1,617	1,610	1,622	1,550	1,591	1,653	1,570	1,598
29 Real estate	19,557	19,407	19,440	19,480	19,482	19,505	19,546	19,546	19,506
30 To individuals for personal expenditures	11,575	11,574	11,634	11,681	11,761	11,822	11,810	11,830	11,885
To financial institutions									
31 Commercial banks in the United States	2,314	1,862	1,739	1,470	1,496	2,235	1,752	1,320	1,509
32 Banks in foreign countries	3,153	2,735	2,790	2,914	2,868	2,906	2,528	2,715	2,541
33 Sales finance, personal finance companies, etc.	3,959	3,622	3,890	3,638	3,891	3,800	3,859	3,598	3,710
34 Other financial institutions	4,739	4,580	4,557	4,400	4,475	4,364	4,347	4,431	4,356
35 To nonbank brokers and dealers in securities	5,968	5,895	6,140	5,238	6,325	6,008	5,389	5,767	5,427
36 To others for purchasing and carrying securities[4]	543	620	617	626	661	735	708	695	642
37 To finance agricultural production	466	472	471	473	468	458	434	438	432
38 All other	4,827	4,215	4,356	4,098	4,652	5,130	4,535	4,267	4,027
39 LESS: Unearned income	1,392	1,400	1,403	1,415	1,428	1,408	1,420	1,426	1,430
40 Loan loss reserve	2,586	2,615	2,586	2,578	2,596	2,536	2,527	2,523	2,572
41 Other loans, net	111,217	108,055	109,376	108,284	109,298	111,477	109,721	109,153	108,704
42 Lease financing receivables	2,017	2,002	2,014	2,001	2,001	1,989	2,077	2,076	2,075
43 All other assets[5]	58,847	59,635	61,515	61,628	61,121	66,675	59,994	58,933	57,663
44 **Total assets**	**241,986**	**227,346**	**236,758**	**229,537**	**234,678**	**241,046**	**232,979**	**227,595**	**225,190**
Deposits									
45 Demand deposits	60,696	46,106	54,164	47,190	52,236	53,159	48,321	46,574	48,140
46 Mutual savings banks	374	282	419	300	255	395	278	396	289
47 Individuals, partnerships, and corporations	40,117	31,590	35,587	31,662	33,029	35,168	32,390	31,063	33,028
48 States and political subdivisions	833	811	1,185	927	908	883	815	832	757
49 U.S. government	210	562	2,603	506	457	859	171	625	554
50 Commercial banks in the United States	7,356	4,342	4,900	4,674	6,060	5,676	4,806	5,022	4,052
51 Banks in foreign countries	5,256	4,426	4,361	4,668	4,977	5,184	4,891	4,264	4,391
52 Foreign governments and official institutions	801	659	932	888	949	849	845	697	657
53 Certified and officers' checks	5,749	3,433	4,176	3,564	5,601	4,146	4,126	3,674	4,411
54 Time and savings deposits	73,003	73,018	72,560	72,194	72,436	72,886	73,124	73,223	72,640
55 Savings	29,333	29,606	29,834	29,591	29,684	29,682	29,511	29,466	29,232
56 Individuals and nonprofit organizations	26,395	26,663	26,798	26,572	26,651	27,042	26,860	26,790	26,607
57 Partnerships and corporations operated for profit	2,673	2,710	2,763	2,784	2,764	2,415	2,417	2,441	2,377
58 Domestic governmental units	196	177	217	201	231	199	205	203	197
59 All other	68	57	56	34	38	26	28	32	50
60 Time	43,669	43,412	42,727	42,603	42,752	43,204	43,613	43,758	43,408
61 Individuals, partnerships, and corporations	37,070	36,489	35,834	35,783	35,990	36,802	37,210	37,445	37,197
62 States and political subdivisions	2,121	2,131	2,094	2,018	2,028	1,903	1,962	2,047	2,059
63 U.S. government	39	39	41	83	90	15	22	21	23
64 Commercial banks in the United States	3,128	3,378	3,342	3,246	3,225	3,074	3,020	2,840	2,728
65 Foreign governments, official institutions, and banks	1,311	1,374	1,416	1,474	1,420	1,410	1,400	1,404	1,401
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	...		1,375	...	...	...	925	...	...
67 Treasury tax-and-loan notes	1,249	110	148	3,120	3,336	3,003	3,343	3,063	3,334
68 All other liabilities for borrowed money[6]	53,007	55,683	55,969	53,989	52,753	58,105	53,542	51,073	47,397
69 Other liabilities and subordinated notes and debentures	34,444	32,782	32,985	33,486	34,563	34,291	34,067	34,016	34,240
70 **Total liabilities**	**222,398**	**207,700**	**217,201**	**209,979**	**215,325**	**221,444**	**213,322**	**207,949**	**205,751**
71 Residual (total assets minus total liabilities)[7]	19,587	19,646	19,557	19,558	19,353	19,601	19,658	19,646	19,438

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								
	June 1	June 8	June 15	June 22	June 29p	July 6p	July 13p	July 20p	July 27p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	643,038	641,782	643,441	639,320	643,146	647,274	637,783	639,624	638,119
2 Total loans (gross) adjusted[1]	505,058	501,871	504,572	501,637	506,189	508,360	504,296	504,871	504,615
3 Demand deposits adjusted[2]	105,580	106,455	106,410	103,220	104,007	107,831	107,839	104,669	105,221
4 Time deposits in accounts of $100,000 or more	141,870	143,009	141,773	143,895	144,828	143,730	143,297	143,188	143,063
5 Negotiable CDs	94,270	94,942	93,840	95,700	96,692	95,739	94,537	93,956	93,756
6 Other time deposits	47,600	48,067	47,933	48,196	48,136	47,991	48,760	49,232	49,307
7 Loans sold outright to affiliates[3]	2,735	2,777	2,792	2,721	2,693	2,634	2,666	2,682	2,636
8 Commercial and industrial	2,130	2,173	2,161	2,149	2,120	2,066	2,080	2,098	2,033
9 Other	606	604	631	572	573	568	586	584	602
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	599,642	598,352	599,760	595,690	599,240	603,234	593,814	595,278	593,850
11 Total loans (gross) adjusted[1]	473,885	470,750	473,213	470,371	474,768	476,724	472,695	473,112	472,836
12 Demand deposits adjusted[2]	97,733	98,520	98,574	95,440	96,230	99,977	99,644	96,661	97,345
13 Time deposits in accounts of $100,000 or more	133,796	134,824	133,590	135,523	136,463	135,490	135,036	134,926	134,724
14 Negotiable CDs	89,834	90,399	89,308	91,012	91,984	91,101	89,910	89,338	89,086
15 Other time deposits	43,961	44,425	44,282	44,511	44,480	44,390	45,126	45,588	45,638
16 Loans sold outright to affiliates[3]	2,683	2,726	2,738	2,666	2,638	2,580	2,615	2,633	2,587
17 Commercial and industrial	2,089	2,132	2,117	2,105	2,076	2,023	2,037	2,057	1,991
18 Other	594	594	621	562	562	557	578	576	596
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	141,628	138,854	140,995	138,768	140,528	142,012	139,474	139,564	138,879
20 Total loans (gross) adjusted[1]	117,947	115,199	117,293	115,514	117,182	118,693	116,892	116,798	116,433
21 Demand deposits adjusted[2]	28,380	26,531	25,518	26,254	25,292	28,291	26,074	25,578	26,079
22 Time deposits in accounts of $100,000 or more	33,260	32,957	32,265	32,237	32,353	32,683	32,939	33,034	32,583
23 Negotiable CDs	23,098	22,751	22,061	22,083	22,165	22,356	22,207	22,095	21,785
24 Other time deposits	10,162	10,206	10,205	10,154	10,188	10,328	10,731	10,939	10,799

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								
	June 1	June 8	June 15	June 22	June 29p	July 6p	July 13p	July 20p	July 27p
1 Cash and due from depository institutions	7,114	7,161	7,006	7,287	7,530	7,536	7,517	7,340	7,399
2 Total loans and securities	41,550	41,889	40,880	41,272	42,019	41,422	40,350	41,797	40,668
3 U.S. Treasury securities	4,353	4,366	4,336	4,337	4,425	4,489	4,407	4,396	4,369
4 Other securities	875	858	850	855	860	865	858	858	927
5 Federal funds sold[1]	3,132	2,991	1,718	2,312	2,862	2,629	2,028	2,413	1,850
6 To commercial banks in United States	2,960	2,806	1,595	2,296	2,737	2,386	1,916	2,293	1,774
7 To others	172	185	123	16	126	243	113	120	76
8 Other loans, gross	33,190	33,674	33,976	33,767	33,871	33,439	33,057	34,130	33,522
9 Commercial and industrial	17,453	17,748	17,728	17,460	17,243	17,264	17,382	18,323	18,132
10 Bankers acceptances and commercial paper	2,521	2,611	2,571	2,659	2,849	2,817	2,856	2,981	3,020
11 All other	14,932	15,137	15,156	14,801	14,394	14,447	14,526	15,342	15,112
12 U.S. addressees	13,086	13,273	13,326	12,890	12,687	12,732	12,792	13,591	13,327
13 Non-U.S. addressees	1,846	1,864	1,830	1,911	1,706	1,715	1,734	1,751	1,785
14 To financial institutions	11,849	11,868	12,139	12,256	12,358	12,140	11,846	11,707	11,485
15 Commercial banks in United States	8,844	9,126	9,448	9,695	9,843	9,470	9,400	9,370	9,213
16 Banks in foreign countries	2,372	2,166	2,100	1,955	1,948	2,010	1,870	1,740	1,686
17 Nonbank financial institutions	632	576	590	605	567	660	576	597	586
18 For purchasing and carrying securities	221	444	328	362	449	249	220	342	185
19 All other	3,667	3,613	3,781	3,689	3,821	3,786	3,609	3,757	3,720
20 Other assets (claims on nonrelated parties)	9,768	10,007	10,234	10,085	10,309	10,111	10,237	11,009	10,803
21 Net due from related institutions	11,355	10,351	10,753	9,778	10,166	12,530	11,826	12,142	12,469
22 Total assets	69,787	69,409	68,872	68,422	70,024	71,599	69,930	72,289	71,339
23 Deposits or credit balances[2]	21,459	21,819	21,214	20,974	21,132	20,428	20,165	20,195	20,599
24 Credit balances	207	160	268	186	206	203	158	155	168
25 Demand deposits	2,010	1,820	1,912	1,981	2,038	2,034	1,875	1,934	1,864
26 Individuals, partnerships, and corporations	977	814	961	888	915	985	892	933	942
27 Other	1,033	1,006	951	1,092	1,123	1,049	983	1,001	922
28 Total time and savings	19,241	19,839	19,034	18,807	18,888	18,190	18,131	18,106	18,567
29 Individuals, partnerships, and corporations	16,582	16,834	16,148	15,810	16,190	15,431	15,382	15,088	15,752
30 Other	2,660	3,004	2,886	2,997	2,699	2,759	2,750	3,017	2,816
31 Borrowings[3]	29,582	28,564	28,914	28,285	28,928	32,293	30,256	32,947	32,826
32 Federal funds purchased[4]	9,585	8,685	8,685	8,146	7,692	12,194	9,793	11,018	11,018
33 From commercial banks in United States	8,035	7,274	7,276	6,717	6,310	10,520	7,954	9,239	9,100
34 From others	1,550	1,411	1,410	1,429	1,382	1,674	1,838	1,779	1,918
35 Other liabilities for borrowed money	19,997	19,879	20,228	20,139	21,236	20,099	20,463	21,929	21,808
36 To commercial banks in United States	17,104	16,887	17,271	17,300	18,373	17,211	17,696	18,137	17,750
37 To others	2,892	2,992	2,957	2,839	2,863	2,888	2,767	3,792	4,058
38 Other liabilities to nonrelated parties	10,996	11,199	11,121	11,003	11,245	11,203	11,180	11,400	11,447
39 Net due to related institutions	7,750	7,826	7,623	8,160	8,719	7,674	8,329	7,747	6,467
40 Total liabilities	69,787	69,409	68,872	68,422	70,024	71,599	69,930	72,289	71,339
MEMO									
41 Total loans (gross) and securities adjusted[5]	29,746	29,956	29,837	29,280	29,439	29,566	29,035	30,134	29,680
42 Total loans (gross) adjusted[5]	24,518	24,732	24,651	24,088	24,153	24,212	23,770	24,880	24,384

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	1978 Dec.	1979[2] Dec.	1980 Dec.	1981 June[3]	1981 Sept.	1981 Dec.	1982 Mar.	1982 June	1982 Sept.	1982 Dec.
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**294.6**	**302.2**	**315.5**	n.a.	**277.5**	**288.9**	**268.9**	**271.5**	**276.7**	**295.4**
2 Financial business	27.8	27.1	29.8	n.a.	28.2	28.0	27.8	28.6	31.9	35.5
3 Nonfinancial business	152.7	157.7	162.3	n.a.	148.6	154.8	138.7	141.4	142.9	151.7
4 Consumer	97.4	99.2	102.4	n.a.	82.1	86.6	84.6	83.7	83.3	88.1
5 Foreign	2.7	3.1	3.3	n.a.	3.1	2.9	3.1	2.9	2.9	3.0
6 Other	14.1	15.1	17.2	n.a.	15.5	16.7	14.6	15.0	15.7	17.1
	Weekly reporting banks									
	1978 Dec.	1979[4] Dec.	1980 Dec.	1981 June[3]	1981 Sept.	1981 Dec.	1982 Mar.	1982 June	1982 Sept.	1982 Dec.
7 **All holders—Individuals, partnerships, and corporations**	**147.0**	**139.3**	**147.4**	n.a.	**131.3**	**137.5**	**126.8**	**127.9**	**132.1**	**144.0**
8 Financial business	19.8	20.1	21.8	n.a.	20.7	21.0	20.2	20.2	23.4	26.7
9 Nonfinancial business	79.0	74.1	78.3	n.a.	71.2	75.2	67.1	67.7	68.7	74.2
10 Consumer	38.2	34.3	35.6	n.a.	28.7	30.4	29.2	29.7	29.6	31.9
11 Foreign	2.5	3.0	3.1	n.a.	2.9	2.8	2.9	2.8	2.7	2.9
12 Other	7.5	7.8	8.6	n.a.	7.9	8.0	7.3	7.5	7.7	8.4

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 Jan.	Feb.	Mar.	Apr.	May	June
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**83,438**	**112,803**	**124,374**	**165,455**	**166,208**	**165,257**	**168,562**	**167,665**	**170,659**	**169,503**	**170,716**
Financial companies[3]											
Dealer-placed paper[4]											
2 Total	12,181	17,359	19,599	29,904	34,067	35,444	37,593	36,255	37,481	38,645	39,850
3 Bank-related (not seasonally adjusted)	3,521	2,784	3,561	6,045	2,516	2,660	2,604	2,030	1,950	1,954	2,192
Directly placed paper[5]											
4 Total	51,647	64,757	67,854	81,715	84,183	82,948	84,932	85,773	87,831	87,238	87,749
5 Bank-related (not seasonally adjusted)	12,314	17,598	22,382	26,914	32,034	31,691	31,661	32,951	32,495	32,943	33,420
6 Nonfinancial companies[6]	19,610	30,687	36,921	53.836	47,958	46,865	46,037	45,637	45,347	43,620	43,117
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**33,700**	**45,321**	**54,744**	**69,226**	**79,543**	**77,529**	**73,706**	**70,843**	**70,389**	**68,797**	n.a
Holder											
8 Accepting banks	8,579	9,865	10,564	10,857	10,910	10,249	9,567	10,518	9,494	8,223	n.a
9 Own bills	7,653	8,327	8,963	9,743	9,471	9,067	8,258	9,083	7,951	7,497	n.a
10 Bills bought	927	1,538	1,601	1.115	1,439	1,182	1,308	1,435	1,543	726	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	965	1,003	758	778	788	n.a
13 Others	23,870	33,370	41,614	56,926	66,204	66,315	63,136	59,568	60,118	59,786	n.a
Basis											
14 Imports into United States	8,574	10,270	11,776	14,765	17,683	15,803	14,976	14,217	14,418	13,858	n.a
15 Exports from United States	7,586	9,640	12,712	15,400	16,328	17,931	17,633	16,826	17,124	16,074	n.a
16 All other	17,540	25,411	30,257	39,061	45,532	43,794	41,097	39,800	38,848	38,865	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	1982—Nov.	11.85
Dec. 1	15.75	Oct 7	13.00	Feb.	16.56	Dec.	11.50
		14	12.00	Mar	16.50		
1982—Feb. 18	17.00	Nov 22	11 50	Apr.	16.50	1983—Jan.	11.16
23	16.50			May	16.50	Feb.	10.98
July 20	16.00			June	16.50	Mar.	10.50
29	15 50			July	16.26	Apr.	10.50
Aug. 2	15.00	1983—Jan. 11	11.00	Aug.	14.39	May	10.50
16	14.50	Feb 28	10.50	Sept.	13.50	June	10.50
18	14 00	Aug 8	11.00	Oct.	12.52	July	10.50

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

Item	All sizes	1–99	100–499	500–999	1,000 and over
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS					
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

Item	All sizes	1–24	25–49	50–99	100–499	500 and over
CONSTRUCTION AND LAND DEVELOPMENT LOANS						
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

Item	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
LOANS TO FARMERS							
42 Amount of loans (thousands of dollars)	1,698,648	195,436	204,859	163,982	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 Apr.	1983 May	1983 June	1983 July	1983, week ending July 1	July 8	July 15	July 22	July 29
	MONEY MARKET RATES												
1	Federal funds[1,2]	13.36	16.38	12.26	8.80	8.63	8.98	9.37	8.90	9.39	9.21	9.43	9.46
	Commercial paper[3,4]												
2	1-month	12.76	15.69	11.83	8.58	8.36	8.97	9.15	9.14	9.13	9.15	9.18	9.17
3	3-month	12.66	15.32	11.89	8.53	8.33	9.00	9.25	9.11	9.21	9.26	9.28	9.30
4	6-month	12.29	14.76	11.89	8.48	8.31	9.03	9.36	9.11	9.27	9.37	9.41	9.46
	Finance paper, directly placed[3,4]												
5	1-month	12.44	15.30	11.64	8.52	8.28	8.86	9.13	8.80	9.10	9.20	9.07	9.16
6	3-month	11.49	14.08	11.23	8.41	8.19	8.81	9.11	9.02	9.01	9.11	9.16	9.16
7	6-month	11.28	13.73	11.20	8.41	8.15	8.80	9.10	9.02	9.03	9.09	9.15	9.15
	Bankers acceptances[4,5]												
8	3-month	12.72	15.32	11.89	8.49	8.36	9.04	9.33	9.08	9.28	9.39	9.34	9.39
9	6-month	12.25	14.66	11.83	8.43	8.33	9.06	9.47	9.12	9.35	9.53	9.46	9.60
	Certificates of deposit, secondary market[6]												
10	1-month	12.91	15.91	12.04	8.60	8.44	9.06	9.30	9.21	9.32	9.30	9.32	9.30
11	3-month	13.07	15.91	12.27	8.63	8.49	9.20	9.50	9.28	9.47	9.51	9.53	9.54
12	6-month	12.99	15.77	12.57	8.76	8.62	9.45	9.91	9.49	9.80	9.94	9.94	10.05
13	Eurodollar deposits, 3-month[2]	14.00	16.79	13.12	9.23	8.96	9.67	10.00	9.79	9.79	10.05	10.04	10.04
	U.S. Treasury bills[4]												
	Secondary market[7]												
14	3-month	11.43	14.03	10.61	8.21	8.19	8.79	9.08	8.88	9.07	9.10	9.10	9.13
15	6-month	11.37	13.80	11.07	8.30	8.22	8.89	9.26	8.97	9.24	9.30	9.24	9.33
16	1-year	10.89	13.14	11.07	8.29	8.23	8.87	9.34	8.98	9.27	9.39	9.33	9.44
	Auction average[8]												
17	3-month	11.506	14.029	10.686	8.252	8.19	8.82	9.12	9.09	9.10	9.07	9.19	9.13
18	6-month	11.374	13.776	11.084	8.343	8.20	8.89	9.29	9.14	9.20	9.26	9.37	9.31
19	1-year	10.748	13.159	11.099	8.275	8.05	8.80	9.36	...	...	9.36	...	...
	CAPITAL MARKET RATES												
	U.S. Treasury notes and bonds[9]												
	Constant maturities[10]												
20	1-year	12.05	14.78	12.27	8.98	8.90	9.66	10.20	9.78	10.12	10.27	10.18	10.31
21	1-½-year[11]	...	...	...	...	...	...	...	10.05	...	10.55	...	10.70
22	2-year	11.77	14.56	12.80	9.57	9.49	10.18	10.69	10.29	10.57	10.71	10.70	10.83
23	2-½-year[12]	...	...	...	...	...	...	...	10.40	...	10.85	...	11.00
24	3-year	11.55	14.44	12.92	9.76	9.66	10.32	10.90	10.47	10.77	10.92	10.93	11.06
25	5-year	11.48	14.24	13.01	10.02	10.03	10.63	11.21	10.80	11.07	11.22	11.22	11.39
26	7-year	11.43	14.06	13.06	10.29	10.30	10.83	11.35	10.96	11.24	11.37	11.32	11.53
27	10-year	11.46	13.91	13.00	10.40	10.38	10.85	11.38	11.01	11.25	11.40	11.36	11.57
28	20-year	11.39	13.72	12.92	10.63	10.67	11.12	11.59	11.26	11.49	11.60	11.55	11.78
29	30-year	11.30	13.44	12.76	10.48	10.53	10.93	11.40	11.07	11.29	11.41	11.36	11.59
	Composite[13]												
30	Over 10 years (long-term)	10.81	12.87	12.23	10.19	10.21	10.64	11.10	10.77	11.01	11.12	11.07	11.27
	State and local notes and bonds												
	Moody's series[14]												
31	Aaa	7.85	10.43	10.88	8.28	8.39	8.76	8.70	8.60	8.60	8.65	8.65	8.90
32	Baa	9.01	11.76	12.48	9.75	9.74	10.21	10.06	10.05	10.05	10.10	10.00	10.10
33	*Bond Buyer* series[15]	8.59	11.33	11.66	9.05	9.11	9.52	9.53	9.36	9.55	9.54	9.44	9.60
	Corporate bonds												
	Seasoned issues[16]												
34	All industries	12.75	15.06	14.94	12.44	12.30	12.54	12.73	12.58	12.67	12.73	12.74	12.81
35	Aaa	11.94	14.17	13.79	11.51	11.46	11.74	12.15	11.85	12.02	12.13	12.17	12.31
36	Aa	12.50	14.75	14.41	12.06	11.95	12.15	12.39	12.16	12.29	12.39	12.43	12.50
37	A	12.89	15.29	15.43	12.86	12.68	12.88	12.99	12.91	12.95	13.00	12.99	13.03
38	Baa	13.67	16.04	16.11	13.29	13.09	13.37	13.39	13.39	13.42	13.41	13.36	13.39
	Aaa utility bonds[17]												
39	New issue	12.74	15.56	14.41	11.41	11.32	11.87	12.32	...	12.13	...	12.50	...
40	Recently offered issues	12.70	15.56	14.45	11.50	11.37	11.81	12.39	12.00	12.25	12.30	12.37	12.62
	MEMO: Dividend/price ratio[18]												
41	Preferred stocks	10.60	12.36	12.53	10.80	10.65	10.81	11.06	11.00	11.09	11.13	11.02	10.99
42	Common stocks	5.26	5.20	5.81	4.44	4.27	4.26	4.21	4.24	4.20	4.27	4.17	4.21

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 Nov	1982 Dec	1983 Jan.	1983 Feb.	1983 Mar	1983 Apr	1983 May	1983 June	1983 July
	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	79.75	80.30	83.25	84.74	87.50	90.61	94.61	96.43	96.74
2 Industrial	78.64	85.44	78.18	90.76	92.00	95.37	97.26	100.61	104.46	109.43	112.52	113.21
3 Transportation	60.52	72.61	60.41	71.92	73.40	75.65	79.44	83.28	85.26	89.07	92.22	92.91
4 Utility	37.35	38.90	39.75	43.46	42.93	45.59	45.92	45.89	46.22	47.62	46.76	46.61
5 Finance	64.28	73.52	71.99	88.66	86.22	85.66	86.57	93.22	99.07	102.45	101.22	99.60
6 Standard & Poor's Corporation (1941–43 = 10)[1]	118.71	128.05	119.71	138.10	139.37	145.13	146.80	151.88	157.71	164.10	166.39	166.96
7 American Stock Exchange[2] (Aug. 31, 1973 = 100)	150.47r	171.79r	141.31r	166.77r	166.68r	180.47r	187.17r	191.88r	202.51r	223.97r	237.51r	244.03
Volume of trading (thousands of shares)												
8 New York Stock Exchange	44,867	46,967	64,617	88,431	76,463	88,463	85,026	82,694	89,627	93,016	89,729	79,508
9 American Stock Exchange	6,377	5,346	5,283	8,672	7,475	9,220	8,256	7,354	8,576	12,260	10,874	8,199
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Regulated margin credit at brokers–dealers[3]**	**14,721**	**14,411**	**13,325**	**12,459**	**13,325**	**13,370**	**13,985**	**14,483**	**15,590**	**16,713**	**18,292**	n.a.
11 Margin stock[4]	14,500	14,150	12,980	12,170	12,980	13,070	13,680	14,170	15,260	16,370	17,930	n.a.
12 Convertible bonds	219	259	344	288	344	299	304	312	329	342	361	n.a.
13 Subscription issues	2	2	1	1	1	1	1	1	1	1	1	n.a.
Free credit balances at brokers[5]												
14 Margin-account	2,105	3,515	5,735	5,600	5,735	6,257	6,195	6,370	6,090	6,090	6,150	n.a.
15 Cash-account	6,070	7,150	8,390	8,395	8,390	8,225	7,955	7,965r	7,970	8,310	8,590	n.a.
	Margin-account debt at brokers (percentage distribution, end of period)											
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	n.a.
By equity class (in percent)[6]												
17 Under 40	14.0	37.0	21.0	20.0	21.0	18.0	18.0	17.0	14.0	14.0	13.0	n.a.
18 40–49	30.0	24.0	24.0	21.0	24.0	23.0	20.0	21.0	19.0	19.0	21.0	n.a.
19 50–59	25.0	17.0	24.0	25.0	24.0	25.0	27.0	25.0	28.0	30.0	29.0	n.a.
20 60–69	14.0	10.0	14.0	15.0	14.0	16.0	16.0	18.0	19.0	16.0	16.0	n.a.
21 70–79	9.0	6.0	9.0	10.0	9.0	9.0	10.0	10.0	10.0	11.0	12.0	n.a.
22 80 or more	8.0	6.0	8.0	9.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	n.a.
	Special miscellaneous-account balances at brokers (end of period)											
23 **Total balances (millions of dollars)[7]**	**21,690**	**25,870**	**35,598**	**34,909**	**35,598**	**43,838**	**43,006**	**43,472**	**44,999**	**45,465**	**47,100**	n.a.
Distribution by equity status (percent)												
24 Net credit status	47.8	58.0	62.0	62.0	62.0	65.0	66.0	62.0	64.0	62.0	62.0	n.a.
Debt status, equity of												
25 60 percent or more	44.4	31.0	29.0	29.0	29.0	28.0	27.0	28.0	30.0	32.0	33.0	n.a.
26 Less than 60 percent	7.7	11.0	9.0	9.0	9.0	8.0	7.0	9.0	6.0	6.0	5.0	n.a.

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 Sept	1982 Oct	1982 Nov.	1982 Dec	1983 Jan	1983 Feb	1983 Mar	1983 Apr.	1983 May[r]	1983 June[p]
						Savings and loan associations						
1 **Assets**	**630,712**	**664,167**	**691,077**	**692,549**	**697,189**	**706,045**	**714,676**	**772,352**	**723,616**	**727,659**	**726,331**	**728,930**
2 Mortgages	503,192	518,547	493,899	489,923	488,614	482,234	481,470	481,090	475,688	473,813	470,999	471,639
3 Cash and investment securities[1]	57,928	63,123	74,692	75,638	78,122	84,767	90,662	94,080	96,649	98,933	103,050	101,183
4 Other	69,592	82,497	122,486	126,988	130,453	139,044	142,544	147,182	151,279	152,913	152,282	156,108
5 **Liabilities and net worth**	**630,712**	**664,167**	**691,077**	**692,549**	**697,189**	**706,045**	**714,676**	**772,352**	**723,616**	**727,659**	**726,331**	**728,930**
6 Savings capital	511,636	525,061	547,628	547,112	548,439	566,189	582,918	591,913	597,112	600,508	598,168	601,307
7 Borrowed money	64,586	88,782	99,771	100,881	102,948	97,979	88,925	86,544	84,884	83,552	82,548	84,000
8 FHLBB	47,045	62,794	65,567	65,015	64,202	63,861	60,415	58,841	56,859	55,845	54,274	54,047
9 Other	17,541	25,988	34,204	35,866	38,746	34,118	28,510	27,703	28,025	27,707	28,274	29,953
10 Loans in process	8,767	6,385	8,084	8,484	8,967	9,934	10,453	11,039	12,245	13,447	14,504	15,965
11 Other	12,394	15,544	19,202	20,018	21,048	15,720	16,658	17,524	14,767	16,181	18,276	15,558
12 Net worth[2]	33,329	28,395	24,476	24,538	24,754	26,157	26,175	26,371	26,853	27,418	27,339	28,065
13 MEMO Mortgage loan commitments outstanding[3]	16,102	15,225	17,256	18,407	19,682	18,054	19,453	22,051	24,885	27,912	30,060	30,378
						Mutual savings banks[4]						
14 **Assets**	**171,564**	**175,728**	**173,487**	**172,908**	**172,287**	**174,197**	**174,726**	**176,378**	**178,814**	**178,826**	**180,071**	n.a.
Loans												
15 Mortgage	99,865	99,997	94,382	94,261	94,017	94,091	93,944	93,607	93,822	93,311	93,587	n.a.
16 Other	11,733	14,753	17,458	17,035	16,702	16,957	17,420	18,211	17,837	18,353	17,893	n.a.
Securities												
17 U.S. government[5]	8,949	9,810	9,404	9,219	9,456	9,743	10,248	11,081	12,187	12,364	13,110	n.a.
18 State and local government	2,390	2,288	2,191	2,505	2,496	2,470	2,446	2,440	2,403	2,311	2,260	n.a.
19 Corporate and other[6]	39,282	37,791	35,845	35,599	35,753	36,161	36,430	36,905	37,827	38,342	39,142	n.a.
20 Cash	4,334	5,442	6,695	6,749	6,291	6,919	6,275	6,104	6,548	6,039	5,960	n.a.
21 Other assets	5,011	5,649	7,514	7,540	7,572	7,855	7,963	8,031	8,189	8,107	8,118	n.a.
22 **Liabilities**	**171,564**	**175,728**	**173,487**	**172,908**	**172,287**	**174,197**	**174,726**	**176,378**	**178,814**	**178,826**	**180,071**	n.a.
23 Deposits	154,805	155,110	153,089	152,210	151,304	155,196	157,113	159,162	161,489	161,262	162,287	n.a.
24 Regular[7]	151,416	153,003	150,795	149,928	149,167	152,777	154,876	156,915	159,088	158,760	159,840	n.a.
25 Ordinary savings	53,971	49,425	47,496	48,520	49,208	46,862	41,850	41,165	41,183	40,379	40,467	n.a.
26 Time	97,445	103,578	103,299	101,408	99,959	96,369	90,184	87,377	86,276	84,593	83,506	n.a.
27 Other	2,086	2,108	2,294	2,283	2,137	2,419	2,237	2,247	2,401	2,502	2,447	n.a.
28 Other liabilities	6,695	10,632	11,166	11,556	11,893	8,336	7,722	7,542	7,395	7,631	3,114	n.a.
29 General reserve accounts	11,368	9,986	9,232	9,141	9,089	9,235	9,196	9,197	9,342	9,352	9,377	n.a.
30 MEMO: Mortgage loan commitments outstanding[8]	1,476	1,293	1,217	1,281	1,400	1,285	1,253	1,295	1,639	1,860	1,860	n.a.
						Life insurance companies						
31 **Assets**	**479,210**	**525,803**	**563,321**	**571,902**	**578,200**	**584,311**	**589,490**	**595,959**	**602,770**	**609,298**	n.a.	n.a.
Securities												
32 Government	21,378	25,209	30,759	31,791	32,682	34,558	35,567	36,946	38,469	39,210	n.a.	n.a.
33 United States[9]	5,345	8,167	12,606	13,538	14,370	16,072	16,731	17,877	19,213	19,213	n.a.	n.a.
34 State and local	6,701	7,151	7,834	7,871	7,935	8,094	8,225	8,333	8,368	8,524	n.a.	n.a.
35 Foreign[10]	9,332	9,891	10,319	10,382	10,377	10,392	10,611	10,736	10,888	10,940	n.a.	n.a.
36 Business	238,113	255,769	273,539	279,918	283,650	283,799	290,178	293,427	296,223	300,558	n.a.	n.a.
37 Bonds	190,747	208,098	223,783	226,879	229,101	228,220	233,380	235,376	236,420	238,689	n.a.	n.a.
38 Stocks	47,366	47,670	49,756	53,039	54,549	55,579	56,798	58,051	59,803	61,869	n.a.	n.a.
39 Mortgages	131,030	137,747	140,404	140,678	140,956	141,919	142,277	142,683	143,031	143,011	n.a.	n.a.
40 Real estate	15,063	18,278	20,268	20,293	20,480	21,019	20,922	21,014	21,175	21,352	n.a.	n.a.
41 Policy loans	41,411	48,706	52,525	52,751	52,916	53,114	53,239	53,383	53,560	53,715	n.a.	n.a.
42 Other assets	31,702	40,094	45,826	46,471	47,516	49,902	47,307	48,506	50,322	51,452	n.a.	n.a.
						Credit unions[11]						
43 **Total assets/liabilities and capital**	**71,709**	**77,682**	**86,554**	**88,144**	**89,261**	**69,673**	**69,741**	**71,293**	**73,737**	**74,716**	**76,717**	n.a.
44 Federal	39,801	42,382	47,076	47,649	48,272	45,483	45,418	46,449	48,057	48,628	49,869	n.a.
45 State	31,908	35,300	39,478	40,495	40,989	24,190	23,323	24,844	25,680	26,088	26,848	n.a.
46 Loans outstanding	47,774	50,448	51,047	50,934	50,936	43,335	43,052	42,895	43,192	43,621	44,124	n.a.
47 Federal	25,627	27,458	27,862	27,789	27,824	29,941	27,724	27,592	27,733	27,995	28,357	n.a.
48 State	22,147	22,990	23,185	23,145	23,139	15,393	15,328	15,303	15,459	15,626	15,789	n.a.
49 Savings	64,399	68,871	76,874	78,529	79,799	63,071	63,321	64,684	67,266	68,510	70,186	n.a.
50 Federal (shares)	36,348	37,574	41,961	42,852	43,413	41,341	41,441	42,404	43,890	44,741	45,782	n.a.
51 State (shares and deposits)	28,051	31,297	34,913	35,677	36,386	21,730	21,880	22,280	23,376	23,769	24,405	n.a.

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	Apr	May	June
U.S. budget									
1 Receipts[1]	517,112	599,272	617,766	322,478	286,338	306,331	66,234	33,755	66,517
2 Outlays[1,2]	576,675	657,204	728,375	348,678	390,846	396,477	69,542	63,040	63,116
3 Surplus, or deficit (−)	−59,563	−57,932	−110,609	−26,200	−104,508	−90,146	−3,308	−29,285	3,401
4 Trust funds	8,801	6,817	5,456	−17,690	−6,576	22,680	403	24,923	3,722
5 Federal funds[3]	−68,364	−64,749	−116,065	43,889	97,934	−112,822	−3,711	−54,208	−318
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−14,549	−20,769	−14,142	−7,942	4,923	−5,418	1,290	1,433	1,128
7 Other[4]	303	−236	−3,190	227	−2,267	−528	151	242	−889
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	−4,447	−30,476	1,382
Source or financing									
9 Borrowing from the public	70,515	79,329	134,993	41,728	119,609	102,538	2,681	18,497	25,719
10 Cash and monetary assets (decrease, or increase (−))[5]	−355	−1,878	11,911	−408	9,057	−9,664	−8,156	19,189	23,605
11 Other[6]	3,648	1,485	4,858	−7,405	1,146	3,222	9,922	−7,209	−3,496
MEMO:									
12 Treasury operating balance (level, end of period)	20,990	18,670	29,164	10,999	19,773	100,243	24,053	5,233	27,997
13 Federal Reserve Banks	4,102	3,520	10,975	4,099	5,033	19,442	6,015	4,372	8,764
14 Tax and loan accounts	16,888	15,150	18,189	6,900	14,740	72,037	18,038	861	19,233

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 December 1982, National Credit Union Administration data no longer includes either federally chartered or state-chartered corporate credit unions

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 state-chartered credit unions that account for about 30 percent of credit union assets 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	Calendar year 1983 Apr.	Calendar year 1983 May	Calendar year 1983 June
RECEIPTS									
1 **All sources**[1]	**517,112**	**599,272**	**617,766**	**322,478**	**286,338**	**306,331**	**66,234**	**33,755**	**66,517**
2 Individual income taxes, net	244,069	285,917	297,744	150,565	145,676	144,550	35,040	6,384	32,773
3 Withheld	223,763	256,332	267,513	133,575	131,567	135,531	21,636	22,205	23,641
4 Presidential Election Campaign Fund	39	41	39	34	5	30	8	6	3
5 Nonwithheld	63,746	76,844	84,691	66,174	20,040	63,014	31,961	1,131	11,131
6 Refunds	43,479	47,299	54,498	49,217	5,938	54,024	18,564	16,958	2,003
Corporation income taxes									
7 Gross receipts	72,380	73,733	65,991	37,836	25,661	33,522	8,445	1,903	11,680
8 Refunds	7,780	12,596	16,784	8,028	11,467	13,809	3,650	2,205	1,724
9 Social insurance taxes and contributions, net	157,803	182,720	201,498	108,079	94,278	110,521	21,481	22,330	17,903
10 Payroll employment taxes and contributions[2]	133,025	156,932	172,744	88,795	85,063	90,912	14,567	15,680	16,366
11 Self-employment taxes and contributions[3]	5,723	6,041	7,941	7,357	177	6,427	4,232	418	901
12 Unemployment insurance	15,336	15,763	16,600	9,809	6,857	11,146	2,324	5,875	285
13 Other net receipts[1,4]	3,719	3,984	4,212	2,119	2,181	2,196	358	357	351
14 Excise taxes	24,329	40,839	36,311	17,525	16,556	16,904	2,557	2,991	3,099
15 Customs deposits	7,174	8,083	8,854	4,310	4,299	4,010	762	670	857
16 Estate and gift taxes	6,389	6,787	7,991	4,208	3,445	2,883	458	493	530
17 Miscellaneous receipts[5]	12,748	13,790	16,161	7,984	7,891	7,751	1,141	1,190	1,400
OUTLAYS									
18 **All types**[1]	**576,675**	**657,204**	**728,424**	**348,683**	**390,847**	**396,477**	**69,542**	**63,040**	**63,116**
19 National defense	135,856	159,765	187,418	93,154	100,419	105,072	17,524	17,309	18,337
20 International affairs	10,733	11,130	9,982	5,183	4,406	4,705	937	438	817
21 General science, space, and technology	5,722	6,359	7,070	3,370	3,903	3,486	607	589	667
22 Energy	6,313	10,277	4,674	2,946	2,059	2,073	212	375	372
23 Natural resources and environment	13,812	13,525	12,934	5,636	6,940	5,892	1,036	905	1,033
24 Agriculture	4,762	5,572	14,875	7,087	13,260	10,154	2,717	558	483
25 Commerce and housing credit	7,788	3,946	3,865	1,408	2,244	2,164	434	136	545
26 Transportation	21,120	23,381	20,560	9,915	10,686	9,918	1,581	1,531	1,755
27 Community and regional development	10,068	9,394	7,165	3,055	4,186	3,124	427	469	757
28 Education, training, employment, social services	30,767	31,402	26,300	12,607	12,187	12,801	1,985	2,113	2,171
29 Health[1]	55,220	65,982	74,017	37,219	39,073	41,206	7,120	6,966	7,020
30 Income security	193,100	225,101	248,343	112,782	133,779	143,001	24,654	22,304	25,381
31 Veterans benefits and services	21,183	22,988	23,955	10,865	13,241	11,334	3,357	882	1,903
32 Administration of justice	4,570	4,696	4,671	2,334	2,373	2,522	432	378	379
33 General government	4,505	4,614	4,726	2,400	2,322	2,434	163	1,002	160
34 General-purpose fiscal assistance	8,584	6,856	6,393	3,325	3,152	3,124	1,162	287	277
35 Net interest[6]	52,458	68,726	84,697	41,883	44,948	50,383	6,343	8,215	12,939
36 Undistributed offsetting receipts[7]	−9,887	−16,509	−13,270	−6,490	−8,333	−16,912	−1,148	−1,414	−11,881

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	n.a.
4 Held by agencies	199.9	208.1	203.2	202.4	211.7	216.4	209.4	201.2	n.a.
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	n.a.
7 Held by agencies	1.5	1.5	1.4	1.2	1.1	1.3	1.1	1.1	n.a.
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				
					Mar	Apr	May	June	July
1 **Total gross public debt**	**845.1**	**930.2**	**1,028.7**	**1,197.1**	**1,244.5**	**1,247.9**	**1,291.4**	**1,319.6**	**1,326.9**
By type									
2 Interest-bearing debt	844.0	928.9	1,027.3	1,195.5	1,243.0	1,242.1	1,289.9	1,318.1	1,320.1
3 Marketable	530.7	623.2	720.3	881.5	937.8	935.5	957.3	978.9	985.7
4 Bills	172.6	216.1	245.0	311.8	331.9	325.9	325.2	334.3	337.6
5 Notes	283.4	321.6	375.3	465.0	494.1	494.9	513.6	527.1	527.2
6 Bonds	74.7	85.4	99.9	104.6	111.4	114.6	118.5	117.5	120.9
7 Nonmarketable[1]	313.2	305.7	307.0	314.0	305.2	306.6	332.6	339.2	335.0
8 Convertible bonds[2]	2.2		...	...	...	...		...	...
9 State and local government series	24.6	23.8	23.0	25.7	27.1	29.6	29.6	33.1	33.2
10 Foreign issues[3]	28.8	24.0	19.0	14.7	12.4	12.0	11.1	11.4	11.2
11 Government	23.6	17.6	14.9	13.0	11.1	10.7	10.5	10.8	11.2
12 Public	5.3	6.4	4.1	1.7	1.3	1.3	0.6	0.6	0.0
13 Savings bonds and notes	79.9	72.5	68.1	68.0	68.5	68.8	69.2	69.4	69.7
14 Government account series[4]	177.5	185.1	196.7	205.4	197.0	197.6	222.4	225.0	220.6
15 Non-interest-bearing debt	1.2	1.3	1.4	1.6	1.5	5.9	1.5	1.5	6.2
By holder[5]									
16 U.S. government agencies and trust funds	187.1	192.5	203.3	209.4	201.2				
17 Federal Reserve Banks	117.5	121.3	131.0	139.3	136.7				
18 Private investors	540.5	616.4	694.5	848.4	906.6				
19 Commercial banks	96.4	116.0	109.4	131.4	153.2				
20 Mutual savings banks	4.7	5.4	5.2	n.a.	n.a.				
21 Insurance companies	16.7	20.1	19.1	38.7	40.0				
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	n.a.				
Individuals									
24 Savings bonds	79.9	72.5	68.0	68.3	68.3				
25 Other securities	36.2	56.7	75.6	48.2	48.4				
26 Foreign and international[6]	124.4	127.7	141.4	149.4	156.3				
27 Other miscellaneous investors[7]	90.1	106.9	152.3	233.2	n.a.				

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds

2. These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category (line 5)

3 Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners

4. Held almost entirely by U.S. government agencies and trust funds

5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings, data for other groups are Treasury estimates.

6. Consists of investments of foreign balances and international accounts in the United States

7 Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies

NOTE. Gross public debt excludes guaranteed agency securities.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department), data by holder from *Treasury Bulletin*.

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

	Item	1980	1981	1982	1983			1983, week ending Wednesday					
					Apr.r	Mayr	June	June 22r	June 29	July 6	July 13	July 20	July 27
	Immediate delivery[1]												
1	U.S. government securities	18,331	24,728	32,271	38,468	41,584	41,718	42,959	45,430	36,201	38,456	41,422	35,501
	By maturity												
2	Bills	11,413	14,768	18,398	22,142	21,878	22,191	21,357	23,560	22,713	23,294	23,894	18,578
3	Other within 1 year	421	621	810	611	448	606	467	640	575	607	611	595
4	1–5 years	3,330	4,360	6,272	7,385	8,908	8,051	11,314	8,251	5,856	6,455	7,372	8,229
5	5–10 years	1,464	2,451	3,557	4,136	4,415	6,071	4,943	7,092	3,426	4,280	4,909	3,951
6	Over 10 years	1,704	2,528	3,234	4,194	5,813	4,799	4,878	5,887	3,631	3,820	4,637	4,147
	By type of customer												
7	U.S. government securities dealers	1,484	1,640	1,769	2,418	2,361	2,298	2,264	3,032	1,955	2,067	2,227	2,111
8	U.S. government securities brokers	7,610	11,750	15,659	18,535	19,460	21,744	23,089	23,425r	17,648	20,320	20,608	17,165
9	All others[2]	9,237	11,337	15,344	17,515	18,550	17,676	17,606	18,973	16,598	16,070	18,587	16,224
10	Federal agency securities	3,258	3,306	4,142	5,584	5,457	4,675	4,134	5,021	3,880	4,710	6,242	5,062
11	Certificates of deposit	2,472	4,477	5,001	4,541	3,879	4,090	4,270	3,342	5,032	3,982	5,016	4,630
12	Bankers acceptances		1,807	2,502	3,063	2,480	2,376	2,187	2,505	3,376	2,690	2,791	2,359
13	Commercial paper		6,128	7,595	8,603	8,145	8,329	9,285	7,626	9,291	8,866	8,044	7,157
	Futures transactions[3]												
14	Treasury bills		3,523	5,031	6,057	6,526	7,527	8,138	6,447	5,451	6,613	7,021	6,421
15	Treasury coupons	n.a.	1,330	1,490	1,779	2,313	2,583	3,175	2,835r	2,199	1,662	2,631	2,984
16	Federal agency securities		234	259	194	317	356	290	373	345	509	398	615
	Forward transactions[4]												
17	U.S. government securities		365	835	1,322	1,458	1,383	2,307	995	979	632	1,919	1,561
18	Federal agency securities		1,370	982	1,493	1,521	1,573	1,526	904	1,197	1,676	2,253	1,125

1. Before 1981, data for immediate transactions include forward transactions.
2. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.
3. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.
4. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

NOTE. Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

	Item	1980	1981	1982	1983			1983, week ending Wednesday				
					Apr	Mayr	June	June 8	June 15	June 22	June 29	July 6
		Positions										
	Net immediate[1]											
1	U.S. government securities	4,306	9,033	9,328	9,014	5,878	3,847	4,273	4,344	3,278	3,543	857
2	Bills	4,103	6,485	4,837	7,775	4,270	3,679	4,420	5,527	2,767	1,897	500
3	Other within 1 year	−1,062	−1,526	−199	−371	16	65	146	25	7	48	133
4	1–5 years	434	1,488	2,932	733	485	−237	−778	−1,517	1,194	177	−165
5	5–10 years	166	292	−341	−57	−183	550	513	316	−162	1,687	1,066
6	Over 10 years	665	2,294	2,001	934	1,290	−210	−28	−7	−527	−265	−676
7	Federal agency securities	797	2,277	3,712	5,278	5,651	5,631	5,559	6,132	5,424	5,531	5,583
8	Certificates of deposit	3,115	3,435	5,531	5,475r	4,836	4,488	4,534	4,228	4,565	4,435	4,804
9	Bankers acceptances		1,746	2,832	3,051	2,931	2,405	2,294	2,244	2,409	2,669	3,201
10	Commercial paper		2,658	3,317	3,228	3,014	2,894	2,963	2,710	3,145	2,839	2,468
	Futures positions											
11	Treasury bills		−8,934	−2,508	−7,149r	−5,771	−1,104	−569	−744	−1,441	−1,202	−1,989
12	Treasury coupons	n.a.	−2,733	−2,361	−1,966	−1,386	−1	−114r	−208	−122	161	107
13	Federal agency securities		522	−224	112	51	197	178	−55	181	392	351
	Forward positions											
14	U.S. government securities		−603	−788	−887	−2,034	−636	−1,245	−561	−189	−398	−124
15	Federal agency securities		−451	−1,190	−1,570	−1,712	−1,790	−1,891	−2,281	−1,781	−1,400	−1,123
		Financing[2]										
	Reverse repurchase agreements[3]											
16	Overnight and continuing		14,568	26,754	22,351	23,679	29,613	26,658	27,873	30,665	31,515	32,759
17	Term agreements		32,048	48,247	49,414	49,308	49,145	49,294	51,191	48,363	47,792	44,700
	Repurchase agreements[4]	n.a.										
18	Overnight and continuing		35,919	49,695	51,702	52,378	56,459	53,590	55,663	59,173	56,431	59,400
19	Term agreements		29,449	43,410	41,890	42,350	39,423	40,178	40,257	38,851	38,396	34,617

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 Jan	1983 Feb	1983 Mar	1983 Apr	1983 May	1983 June
1 **Federal and federally sponsored agencies**	**188,665**	**221,946**	**237,085**	**237,394**	**235,607**	**234,412**	**234,852**	**234,289**	**235,041**
2 Federal agencies	28,606	31,806	33,055	33,018	33,045	33,083	33,120	33,065	33,353
3 Defense Department[1]	610	484	354	346	336	335	318	308	298
4 Export-Import Bank[2,3]	11,250	13,339	14,218	14,267	14,255	14,304	14,304	14,303	14,563
5 Federal Housing Administration[4]	477	413	288	282	281	271	255	243	228
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	1,471	1,404	1,404
8 Tennessee Valley Authority	11,190	13,115	14,365	14,365	14,415	14,415	14,485	14,520	14,570
9 United States Railway Association[6]	492	202	194	122	122	122	122	122	125
10 Federally sponsored agencies[7]	160,059	190,140	204,030	204,376	202,562	201,329	201,732	201,224	201,688
11 Federal Home Loan Banks	37,268	54,131	55,967	54,489	53,071	51,899	50,297	49,756	48,871
12 Federal Home Loan Mortgage Corporation	4,686	5,480	4,524	3,956	4,026	4,475	5,160	5,777	6,500
13 Federal National Mortgage Association	55,182	58,749	70,052	72,247	72,221	71,366	72,058	70,769	71,303
14 Farm Credit Banks	62,923	71,359	71,896	72,280	71,987	72,047	72,227	72,548	72,652
15 Student Loan Marketing Association	(8)	421	1,591	1,404	1,257	1,542	1,990	2,374	2,362
MEMO.									
16 **Federal Financing Bank debt[9]**	**87,460**	**110,698**	**126,424**	**126,587**	**126,623**	**127,717**	**129,125**	**130,528**	**131,987**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	10,654	12,741	14,177	14,177	14,177	14,232	14,232	14,232	14,493
18 Postal Service[6]	1,520	1,288	1,221	1,221	1,221	1,221	1,221	1,154	1,154
19 Tennessee Valley Authority	9,465	11,390	12,640	12,640	12,690	12,675	12,760	12,795	12,845
20 United States Railway Association[6]	492	202	194	122	122	122	122	122	125
Other Lending[10]									
21 Farmers Home Administration	39,431	48,821	53,261	53,056	52,431	52,686	53,541	54,586	54,946
22 Rural Electrification Administration	9,196	13,516	17,157	17,330	17,502	17,817r	17,970	18,076	18,378
23 Other	13,982	18,140	27,774	28,041	28,480	28,964r	29,279	29,563	30,046

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 prior to 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 non-contingent liabilities Notes, bonds, and debentures.

8 Prior to 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, i e., matched agreements

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

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

1.45 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1980	1981	1982	1982			1983				
				Oct	Nov.	Dec.	Jan.r	Feb.r	Mar.r	Apr.r	May
1 **All issues, new and refunding**[1]	**48,367**	**47,732**	**78,950**	**8,466**	**10,287**	**9,761**	**3,750**	**6,133**	**8,408**	**10,388**	**9,228**
Type of issue											
2 General obligation	14,100	12,394	21,088	2,331	3,392	1,623	862	1,274	2,247	3,341	3,591
3 U.S. government loans[2]	38	34	225	30	34	37	0	3	3	2	6
4 Revenue	34,267	35,338	57,862	6,135	6,895	8,138	2,888	4,859	6,161	7,047	5,637
5 U.S. government loans[2]	57	55	461	57	57	62	0	2	5	9	14
Type of issuer											
6 State	5,304	5,288	8,406	1,010	1,091	220	237	275	724	1,745	830
7 Special district and statutory authority	26,972	27,499	45,000	5,160	5,489	6,171	2,187	4,214	5,241	5,417	4,381
8 Municipalities, counties, townships, school districts	16,090	14,945	25,544	2,296	3,243	3,370	1,326	1,644	2,443	3,226	4,017
9 **Issues for new capital, total**	**46,736**	**46,530**	**74,612**	**7,275**	**9,496**	**9,531**	**3,251**	**5,042**	**7,218**	**8,464**	**6,627**
Use of proceeds											
10 Education	4,572	4,547	6,444	546	765	895	355	1,089	821	613	800
11 Transportation	2,621	3,447	6,256	636	1,291	1,342	49	540	815	559	400
12 Utilities and conservation	8,149	10,037	14,254	1,338	1,969	1,891	967	1,047	1,723	2,528	1,479
13 Social welfare	19,958	12,729	26,605	2,918	2,336	3,121	904	1,497	2,576	2,845	1,952
14 Industrial aid	3,974	7,651	8,256	621	877	1,308	316	174	365	353	596
15 Other purposes	7,462	8,119	12,797	1,212	2,258	974	660	695	918	1,566	1,400

1. Par amounts of long-term issues based on date of sale
2. Consists of tax-exempt issues guaranteed by the Farmers Home Administration.

SOURCE. Public Securities Association.

1.46 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1980	1981	1982	1982				1983			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr
1 **All issues**[1,2]	**73,694**	**69,991**	**83,788**	**8,247**	**9,989**	**8,802**	**9,830**	**7,598**	**8,481**	**11,608**	**10,323**
2 **Bonds**	**53,206**	**44,642**	**53,226**	**5,762**	**7,121**	**5,412**	**5,636**	**4,470**	3,819	5,267	6,015
Type of offering											
3 Public	41,587	37,653	43,428	5,308	6,426	4,927	4,264	4,470	3,819	5,267	6,015
4 Private placement	11,619	6,989	9,798	454	695	485	1,372	n.a.	n.a.	n a.	n.a.
Industry group											
5 Manufacturing	15,409	12,325	13,307	1,730	2,044	2,138	1,204	849	635	962	1,449
6 Commercial and miscellaneous	6,693	5,229	5,681	481	417	523	565	702	361	511	1,109
7 Transportation	3,329	2,052	1,474	64	285	88	120	31	250	.....	175
8 Public utility	9,557	8,963	12,155	1,021	1,663	1,246	944	313	813	950	755
9 Communication	6,683	4,280	2,265	311	208	115	372	.....	.....	650	725
10 Real estate and financial	11,534	11,793	18,344	2,156	2,504	1,302	2,431	2,575	1,760	2,194	1,802
11 **Stocks**[3]	**20,489**	**25,349**	**30,562**	**2,485**	**2,868**	**3,390**	**4,194**	**3,128**	**4,662**	**6,341**	**4,308**
Type											
12 Preferred	3,631	1,797	5,113	522	611	573	421	594	1,962	893	440
13 Common	16,858	23,552	25,449	1,963	2,257	2,817	3,773	2,534	2,700	5,448	3,868
Industry group											
14 Manufacturing	4,839	5,074	5,649	345	666	481	921	876	1,048	1,584	1,280
15 Commercial and miscellaneous	5,245	7,557	7,770	742	640	1,024	693	994	646	1,225	1,494
16 Transportation	549	779	709	84	80	225	22	355	283	91	113
17 Public utility	6,230	5,577	7,517	1,003	620	752	742	350	534	674	639
18 Communication	567	1,778	2,227	4	33	14	1,361	187	2	1,133	37
19 Real estate and financial	3,059	4,584	6,690	307	829	894	455	366	2,149	1,634	745

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					
			Nov.	Dec	Jan	Feb.	Mar	Apr	May[r]	June
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	20,596	45,675	5,815	5,291	8,095	6,115	7,871	8,418	7,577	8,081
2 Redemptions of own shares[3]	15,866	30,078	3,493	4,835	4,233	3,510	5,066	6,482	4,486	5,402
3 Net sales	4,730	15,597	2,322	456	3,862	2,605	2,805	1,936	3,091	2,679
4 Assets[4]	55,207	76,741	74,864	76,841	80,384	84,981	90,075	98,669	101,423	106,449
5 Cash position[5]	5,277	5,999	5,838	6,040	6,943	7,404	7,904	8,496	8,771	9,111
6 Other	49,930	70,742	69,026	70,801	73,441	77,577	82,171	90,173	92,652	97,338

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[r]	1981[r]	1982[r]	1981[r]			1982[r]				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	1976	1977	1978	1979	1980	1981	1982			
						Q4	Q1	Q2	Q3	Q4
1 **Current assets**	**827.4**	**912.7**	**1,043.7**	**1,218.2**	**1,333.5**	**1,426.8**	**1,424.6**	**1,422.6**	**1,446.9**	**1,430.9**
2 Cash	88.2	97.2	105.5	118.0	127.1	131.9	122.0	124.4	126.9	143.7
3 U.S. government securities	23.5	18.2	17.3	17.0	19.3	18.0	16.9	17.1	19.6	23.1
4 Notes and accounts receivable	292.9	330.3	388.0	461.1	510.6	536.2	539.2	536.8	539.7	517.0
5 Inventories	342.5	376.9	431.6	505.5	543.7	587.1	592.7	588.4	598.0	577.5
6 Other	80.3	90.1	101.3	116.7	132.7	153.6	153.7	155.8	162.7	169.6
7 **Current liabilities**	**495.1**	**557.1**	**669.3**	**807.8**	**890.9**	**979.5**	**988.0**	**987.5**	**1,005.2**	**976.5**
8 Notes and accounts payable	282.1	317.6	382.9	461.2	515.2	562.4	555.5	555.1	559.7	548.7
9 Other	213.0	239.6	286.4	346.6	375.7	417.1	432.5	432.4	445.5	427.8
10 **Net working capital**	**332.4**	**355.5**	**374.4**	**410.5**	**442.6**	**447.3**	**436.6**	**435.1**	**441.7**	**454.4**
11 MEMO: Current ratio[1]	1.671	1.638	1.559	1.508	1.497	1.457	1.442	1.441	1.439	1.465

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[1]	Q3[1]	Q4[1]
1 **Total nonfarm business**	**321.49**	**316.43**	**305.53**	**323.22**	**315.79**	**302.77**	**293.03**	**302.23**	**306.83**	**320.02**
Manufacturing										
2 Durable goods industries	61.84	56.44	51.95	59.03	57.14	50.50	50.74	49.64	53.34	54.09
3 Nondurable goods industries	64.95	63.23	60.84	64.74	62.32	59.59	59.12	61.34	60.75	62.15
Nonmanufacturing										
4 Mining	16.86	15.45	13.24	16.56	14.63	13.31	12.03	13.69	13.54	13.70
Transportation										
5 Railroad	4.24	4.38	3.96	4.73	3.94	4.31	3.35	4.00	4.09	4.41
6 Air	3.81	3.93	3.42	3.54	4.11	4.85	4.09	3.25	2.68	3.66
7 Other	4.00	3.64	3.42	4.06	3.24	3.25	3.60	3.40	3.17	3.51
Public utilities										
8 Electric	29.74	33.40	33.84	32.26	34.98	35.12	33.97	34.16	32.97	34.24
9 Gas and other	8.65	8.55	7.76	9.14	8.40	7.77	7.64	8.03	7.48	7.87
10 Trade and services	86.33	86.95	87.13	88.85	87.31	84.00	82.38	85.33	87.41	93.37
11 Communication and other[2]	41.06	40.46	39.97	40.33	39.73	40.06	36.11	39.40	41.39	43.00

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				1983
						Q1	Q2	Q3	Q4	Q1
ASSETS										
Accounts receivable, gross										
1 Consumer	44.0	52.6	65.7	73.6	85.5	85.1	88.0	88.3	89.5	89.9
2 Business	55.2	63.3	70.3	72.3	80.6	80.9	82.6	82.2	81.0	82.2
3 Total	99.2	116.0	136.0	145.9	166.1	166.0	170.6	170.5	170.4	172.1
4 LESS: Reserves for unearned income and losses	12.7	15.6	20.0	23.3	28.9	29.1	30.2	30.4	30.5	29.7
5 Accounts receivable, net	86.5	100.4	116.0	122.6	137.2	136.9	140.4	140.1	139.8	142.4
6 Cash and bank deposits	2.6	3.5								
7 Securities	.9	1.3	24.9[1]	27.5	34.2	35.0	37.3	39.1	39.7	42.8
8 All other	14.3	17.3								
9 **Total assets**	**104.3**	**122.4**	**140.9**	**150.1**	**171.4**	**171.9**	**177.8**	**179.2**	**179.5**	**185.2**
LIABILITIES										
10 Bank loans	5.9	6.5	8.5	13.2	15.4	15.4	14.5	16.8	18.6	16.6
11 Commercial paper	29.6	34.5	43.3	43.4	51.2	46.2	50.3	46.7	45.8	45.2
Debt										
12 Short-term, n.e.c.	6.2	8.1	8.2	7.5	9.6	9.0	9.3	9.9	8.7	9.8
13 Long-term, n.e.c.	36.0	43.6	46.7	52.4	54.8	59.0	60.3	60.9	63.5	64.7
14 Other	11.5	12.6	14.2	14.3	17.8	19.0	18.9	20.5	18.7	22.8
15 Capital, surplus, and undivided profits	15.1	17.2	19.9	19.4	22.8	23.3	24.5	24.5	24.2	26.0
16 **Total liabilities and capital**	**104.3**	**122.4**	**140.9**	**150.1**	**171.4**	**171.9**	**177.8**	**179.2**	**179.5**	**185.2**

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 May 31, 1983[1]	Changes in accounts receivable			Extensions			Repayments		
		1983			1983			1983		
		Mar	Apr	May	Mar	Apr.	May	Mar.	Apr	May
1 **Total**	**83,445**	**−80**	**887**	**428**	**23,924**	**22,927**	**25,322**	**24,004**	**22,040**	**24,894**
2 Retail automotive (commercial vehicles)	15,372	645	830	580	1,604	1,810	1,615	959	980	1,035
3 Wholesale automotive	12,796	−590	226	239	6,058	6,494	6,971	6,648	6,268	6,732
4 Retail paper on business, industrial, and farm equipment	27,619	283	−116	−167	1,252	1,180	1,344	969	1,296	1,511
5 Loans on commercial accounts receivable and factored commercial accounts receivable	8,981	102	73	−137	13,327	11,897	13,457	13,225	11,824	13,594
6 All other business credit	18,677	−520	−126	−87	1,683	1,546	1,935	2,203	1,672	2,022

1. Not seasonally adjusted

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1980	1981	1982	1982	1983					
				Dec.	Jan	Feb	Mar	Apr	May	June
	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	91 8	88.9	88.4	80.1	89.6	92.1	93 0
2 Amount of loan (thousands of dollars)	59.2	65.3	69.8	67.6	65 4	66.6	60.5	66.5	67.8	69 2
3 Loan/price ratio (percent)	73.2	74.8	76.6	75.2	75.2	77 9	76.8	74.2	77 5	76.9
4 Maturity (years)	28 2	27.7	27.6	26.9	26 5	27.2	24.2	26 9	26 8	27.3
5 Fees and charges (percent of loan amount)[2]	2.09	2 67	2.95	2 98	2.46	2.78	2.21	2 09	2.44	2.43
6 Contract rate (percent per annum)	12.25	14 16	14.47	13 09	13.00	12.62	12 97	12 02	12.21	11.90
Yield (percent per annum)										
7 FHLBB series[3]	12 65	14 74	15.12	13.69	13 49	13.16	13.41	12 42	12.67	12.36
8 HUD series[4]	13.95	16 52	15.79	13 62	13 44	13.18	13 17	13 02	13.09	13.37
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	13.44	16.31	15.31	12 80	12.87	12.65	12 68	12.50	12.41	12.96
10 GNMA securities[6]	12 55	15.29	14.68	12 60	12.06	11 94	11.87	11.76	11 72	12.09
FNMA auctions[7]										
11 Government-underwritten loans	14 11	16.70	.	.....	.	n.a.	n.a.	n a	n.a	n.a.
12 Conventional loans	14 43	16.64	15.95	13.72	....	n.a.	n.a	n.a.	n.a.	n a.
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13 Total	55,104	58,675	66,031	71,814	73,106	73,555	73,666	73,554	74,116	74,669
14 FHA/VA-insured	37,365	39,341	39,718	39,057	38,924	38,768	38,409	37,901	37,669	37,376
15 Conventional	17,725	19,334	26,312	32,757	34,182	34,788	35,257	35,653	36,446	37,293
Mortgage transactions (during period)										
16 Purchases	8,099	6,112	15,116	2,495	2,045	1,594	1,433	1,004	1,579	1,333
17 Sales	0	2	2	1	0	1	777	586	204	83
Mortgage commitments[8]										
18 Contracted (during period)	8,083	9,331	22,105	3,055	2,006	785	1,184	1,023	1,534	2,506
19 Outstanding (end of period)	3,278	3,717	7,606	7,606	7,487	6,475	6,187	5,811	5,726	5,887
Auction of 4-month commitments to buy										
Government-underwritten loans										
20 Offered	8,605.4	2,487.2	307.4	4.6	2 0	0	n.a.	n a.	n.a	n.a.
21 Accepted	4,002.0	1,478.0	104.3	0	0	0	n a.	n.a	n.a.	n.a.
Conventional loans										
22 Offered	3,639.2	2,524 7	445.3	23 2	7.8	1.8	n a	n.a	n.a	n.a.
23 Accepted	1,748 5	1,392.3	237 6	15.3	0	0	n.a.	n.a.	n a	n.a
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[9]										
24 Total	4,362	5,245	5,153	4,733	4,560	4,450	4,795	4,997	6,026	n.a
25 FHA/VA	2,116	2,236	1,921	1,009	1,004	1,000	995	990	984	n.a.
26 Conventional	2,246	3,010	3,224	3,724	3,556	3,450	3,800	4,008	5,042	n.a.
Mortgage transactions (during period)										
27 Purchases	3,723	3,789	23,671	3,916	1,479	1,688	2,849	1,807	2,439	n a
28 Sales	2,527	3,531	24,164	3,798	1,641	1,756	2,469	1,525	1,408	n.a.
Mortgage commitments[10]										
29 Contracted (during period)	3,859	6,974	28,187	1,068	2,059	868	1,438	3,079	2,334	n a
30 Outstanding (end of period)	447	3,518	7,549	7,549	8,098	7,238	5,845	7,253	6,889	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation

2 Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.

3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points, from Department of Housing and Urban Development.

5 Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate Monthly figures are unweighted averages of Monday quotations for the month.

7 Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month FNMA's commitment auctions were discontinued in March 1983

8. 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.

9. Includes participation as well as whole loans

10 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**	**1,723,628**
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	1,163,274
3 Multifamily	137,134	136,354	136,725r	138,332	136,508	136,725r	137,938r	140,428
4 Commercial	255,655	279,889	298,708r	290,951	291,740	298,708r	303,130r	310,598
5 Farm	92,018	101,727	106,891r	105,474	106,406	106,891r	107,028r	109,328
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	143,235
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	2,252
31 1- to 4-family	916	914	783	491	302	783	707	732
32 Multifamily	610	473	218	179	46	218	380	405
33 Commercial	411	506	377	256	164	377	337	362
34 Farm	1,555	342	408	409	435	408	653	753
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	51,310
42 1- to 4-family	2,099	2,788	3,068	2,954	3,029	3,068	3,059	3,100
43 Farm	36,032	43,658	47,282	46,316	46,954	47,282	47,485	48,210
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	250,973
48 Government National Mortgage Association	93,874	105,790	118,940	111,459	114,776	118,940	127,939	137,961
49 1- to 4-family	91,602	103,007	115,831	108,487	111,728	115,831	124,482	134,313
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	41,492
57 1- to 4-family	16,683	18,378	20,005	19,357	20,079	20,005	20,263	20,463
58 Multifamily	2,612	3,426	4,344	4,044	4,344	4,344	4,344	4,444
59 Commercial	5,271	6,161	7,011	6,762	7,056	7,011	7,115	7,215
60 Farm	6,964	8,675	8,940	8,776	8,856	8,940	8,770	9,370
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 Nov.	1982 Dec	1983 Jan.	1983 Feb	1983 Mar	1983 Apr.	1983 May	1983 June
	Amounts outstanding (end of period)										
1 **Total**	**313,472**	**331,697**	**344,798**	**338,372**	**344,798**	**343,151**	**340,343**	**342,568**	**344,748**	**347,189**	**353,012**
By major holder											
2 Commercial banks	147,013	147,622	152,069	149,651	152,069	150,906	150,257	151,319	152,408	153,471	156,603
3 Finance companies	76,756	89,818	94,322	93,462	94,322	95,080	93,859	94,817	94,675	95,364	96,349
4 Credit unions	44,041	45,954	47,253	46,832	47,253	46,946	46,757	47,081	47,505	47,838	48,652
5 Retailers[2]	28,448	29,551	30,202	27,639	30,202	28,859	27,734	27,472	27,455	27,541	27,804
6 Savings and loans	9,911	11,598	13,891	13,672	13,891	14,209	14,860	15,083	15,551	15,842	16,207
7 Gasoline companies	4,468	4,403	4,063	4,141	4,063	4,102	3,780	3,669	3,980	3,943	4,159
8 Mutual savings banks	2,835	2,751	2,998	2,975	2,998	3,049	3,096	3,127	3,174	3,190	3,238
By major type of credit											
9 Automobile	116,838	125,331	130,227	129,299	130,227	129,482	129,055	130,959	131,976	133,640	136,183
10 Commercial banks	61,536	58,081	58,851	58,701	58,851	57,740	57,971	58,567	59,291	60,384	61,870
11 Indirect paper	35,233	34,375	35,178	34,884	35,178	(3)	(3)	(3)	(3)	(3)	(3)
12 Direct loans	26,303	23,706	23,673	23,817	23,673	(3)	(3)	(3)	(3)	(3)	(3)
13 Credit unions	21,060	21,975	22,596	22,395	22,596	22,458	22,360	22,518	22,721	22,880	23,269
14 Finance companies	34,242	45,275	48,780	48,203	48,780	49,284	48,724	49,874	49,964	50,376	51,044
15 Revolving	58,352	62,819	67,184	62,362	67,184	65,562	63,372	63,091	63,521	63,459	64,899
16 Commercial banks	29,765	32,880	36,688	34,233	36,688	36,282	35,481	35,533	35,651	35,536	36,515
17 Retailers	24,119	25,536	26,433	23,988	26,433	25,178	24,111	23,889	23,890	23,980	24,225
18 Gasoline companies	4,468	4,403	4,063	4,141	4,063	4,102	3,780	3,669	3,980	3,943	4,159
19 Mobile home	17,322	18,373	18,988	19,049	18,988	19,291	19,374	19,379	19,400	19,448	19,647
20 Commercial banks	10,371	10,187	9,684	9,806	9,684	9,828	9,806	9,739	9,624	9,581	9,651
21 Finance companies	3,745	4,494	4,965	4,970	4,965	4,981	4,960	4,967	4,970	4,976	4,995
22 Savings and loans	2,737	3,203	3,836	3,775	3,836	3,984	4,112	4,174	4,303	4,384	4,485
23 Credit unions	469	489	503	498	503	498	496	499	503	507	516
24 Other	120,960	125,174	128,399	127,662	128,399	128,816	128,542	129,139	129,851	130,642	132,283
25 Commercial banks	45,341	46,474	46,846	46,911	46,846	47,056	46,999	47,480	47,842	47,970	48,567
26 Finance companies	38,769	40,049	40,577	40,289	40,577	40,815	40,175	39,976	39,741	40,012	40,310
27 Credit unions	22,512	23,490	24,154	23,939	24,154	23,990	23,901	24,064	24,281	24,451	24,867
28 Retailers	4,329	4,015	3,769	3,651	3,769	3,681	3,623	3,583	3,565	3,561	3,579
29 Savings and loans	7,174	8,395	10,055	9,897	10,055	10,225	10,748	10,909	11,248	11,458	11,722
30 Mutual savings banks	2,835	2,751	2,998	2,975	2,998	3,049	3,096	3,127	3,174	3,190	3,238
	Net change (during period)[4]										
31 **Total**	**1,448**	**18,217**	**13,096**	**2,015**	**2,418**	**2,725**	**735**	**2,582**	**2,271**	**2,696**	**4,406**
By major holder											
32 Commercial banks	−7,163	607	4,442	457	1,111	410	788	1,354	1,186	1,540	2,422
33 Finance companies	8,438	13,062	4,504	1,051	1,024	1,881	−658	487	−520	362	470
34 Credit unions	−2,475	1,913	1,298	412	197	20	43	143	708	288	573
35 Retailers[2]	329	1,103	651	−51	−91	−14	36	422	147	169	368
36 Savings and loans	1,485	1,682	2,290	181	201	412	677	187	394	374	456
37 Gasoline companies	739	−65	−340	−35	−51	−78	−200	−35	299	−51	77
38 Mutual savings banks	95	−85	251	0	27	94	49	24	57	14	40
By major type of credit											
39 Automobile	477	8,495	4,898	1,534	1,491	625	−233	1,221	689	1,313	1,973
40 Commercial banks	−5,830	−3,455	770	336	527	−581	321	240	612	1,066	1,284
41 Indirect paper	−3,104	−858	803	134	429	(3)	(3)	(3)	(3)	(3)	(3)
42 Direct loans	−2,726	−2,597	−33	202	98	(3)	(3)	(3)	(3)	(3)	(3)
43 Credit unions	−1,184	914	622	211	89	20	15	68	341	137	275
44 Finance companies	7,491	11,033	3,505	987	875	1,186	−569	913	−264	110	414
45 Revolving	1,415	4,467	4,365	39	501	68	−135	1,177	917	514	1,210
46 Commercial banks	−97	3,115	3,808	74	650	130	61	786	468	373	806
47 Retailers	773	1,417	897	0	−98	16	4	426	150	192	327
48 Gasoline companies	739	−65	−340	−35	−51	−78	−200	−35	299	−51	77
49 Mobile home	483	1,049	609	23	−37	420	204	−61	22	17	151
50 Commercial banks	−276	−186	−508	−47	−74	193	26	−95	−99	−86	28
51 Finance companies	355	749	471	5	−15	53	59	−23	8	1	−6
52 Savings and loans	430	466	633	61	49	175	120	54	107	98	123
53 Credit unions	−25	20	14	4	3	−1	−1	3	6	4	6
54 Other	−927	4,206	3,224	419	463	1,612	899	245	643	852	1,072
55 Commercial banks	−960	1,133	372	94	8	668	380	423	205	187	304
56 Finance companies	592	1,280	528	59	164	642	−148	−403	−264	251	62
57 Credit unions	−1,266	975	662	197	105	1	29	72	361	147	292
58 Retailers	−444	−314	−246	−51	7	−30	32	−4	−3	−23	41
59 Savings and loans	1,056	1,217	1,657	120	152	237	557	133	287	276	333
60 Mutual savings banks	95	−85	251	0	27	94	49	24	57	14	40

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	1982	1983					
				Dec	Jan.	Feb	Mar.	Apr	May	June
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	14.30	16.54	16.83	...	...	14.81	...	...	13.90	...
2 24-month personal	15.47	18.09	18.65	...	...	17.47	...	...	16.57	...
3 120-month mobile home[2]	14.99	17.45	18.05	...	...	16.73	...	...	15.84	...
4 Credit card	17.31	17.78	18.51	...	...	18.82	...	...	18.79	...
Auto finance companies										
5 New car	14.82	16.17	16.15	12.57	12.25	12.05	12.07	11.90	11.94	11.57
6 Used car	19.10	20.00	20.75	20.63	20.20	19.91	19.38	18.91	18.76	18.58
OTHER TERMS[3]										
Maturity (months)										
7 New car	45.0	45.4	46.0	46.4	46.0	45.9	45.9	45.8	45.4	45.6
8 Used car	34.8	35.8	34.0	36.9	38.2	37.7	37.7	37.7	37.9	38.0
Loan-to-value ratio										
9 New car	87.6	86.1	85.3	87.0	86.0	86.0	84.0	86.0	86.0	87
10 Used car	94.2	91.8	90.3	90.0	90.0	90.0	91.0	91.0	92.0	92
Amount financed (dollars)										
11 New car	6,322	7,339	8,178	8,468	8,683	8,755	8,829	8,662	8,572	8,512
12 Used car	3,810	4,343	4,746	4,846	4,742	4,731	4,802	4,869	4,984	5,039

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 H1	1980 H2	1981 H1	1981 H2	1982 H1	1982 H2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**317.7**	**368.6**	**388.8**	**355.0**	**391.1**	**412.7**	**325.1**	**384.9**	**402.7**	**379.6**	**365.9**	**459.6**
By sector and instrument												
2 U.S. government	56.8	53.7	37.4	79.2	87.4	161.3	63.3	95.1	81.9	92.9	100.2	222.4
3 Treasury securities	57.6	55.1	38.8	79.8	87.8	162.1	63.9	95.7	82.4	93.2	101.5	222.7
4 Agency issues and mortgages	−.9	−1.4	−1.4	−.6	−.5	−.9	−.6	−.6	−.5	−.4	−1.4	−.4
5 Private domestic nonfinancial sectors	260.9	314.9	351.5	275.8	303.7	251.5	261.9	289.7	320.8	286.7	265.7	237.2
6 Debt capital instruments	169.8	198.7	216.0	204.1	175.0	168.4	203.8	204.4	196.5	153.5	157.1	179.7
7 Tax-exempt obligations	21.9	28.4	29.8	35.9	32.9	59.5	30.7	41.0	35.1	30.6	52.7	66.3
8 Corporate bonds	21.0	20.1	22.5	33.2	23.9	25.5	37.3	29.0	24.7	23.0	13.4	37.7
9 Mortgages	126.9	150.2	163.7	135.1	118.3	83.3	135.8	134.3	136.7	99.9	91.1	75.6
10 Home mortgages	94.3	112.1	120.1	96.7	78.6	58.8	96.5	96.9	95.2	62.0	58.6	59.0
11 Multifamily residential	7.1	9.2	7.8	8.8	4.6	1.3	8.1	9.5	5.1	4.1	4.2	−1.6
12 Commercial	18.4	21.7	23.9	20.2	25.3	18.0	20.3	20.1	27.4	23.2	22.8	13.3
13 Farm	7.1	7.2	11.8	9.3	9.8	5.2	10.9	7.8	9.0	10.5	5.4	4.9
14 Other debt instruments	91.1	116.2	135.5	71.7	128.8	83.0	58.1	85.4	124.3	133.2	108.6	57.5
15 Consumer credit	40.2	48.8	45.4	4.9	25.3	14.4	−3.3	13.0	29.4	21.2	14.4	14.4
16 Bank loans n.e.c.	26.7	37.1	49.2	35.4	51.1	57.4	18.0	52.7	47.7	54.6	77.4	37.5
17 Open market paper	2.9	5.2	11.1	6.6	19.2	−2.8	20.3	−7.1	10.7	27.6	4.4	−9.9
18 Other	21.3	25.1	29.7	24.9	33.1	14.0	23.0	26.7	36.5	29.8	12.4	15.6
19 By borrowing sector	260.9	314.9	351.5	275.8	303.7	251.5	261.9	289.7	320.8	286.7	265.7	237.2
20 State and local governments	15.4	19.1	20.2	27.3	22.3	45.8	21.8	32.8	25.1	19.5	41.1	50.4
21 Households	137.3	169.3	176.5	117.5	120.4	88.5	115.2	119.8	141.0	99.9	88.1	89.0
22 Farm	12.3	14.6	21.4	14.4	16.4	9.0	15.7	13.0	19.9	12.8	8.4	9.6
23 Nonfarm noncorporate	28.3	32.4	34.4	33.8	40.5	24.7	27.5	40.2	41.8	39.3	32.4	16.9
24 Corporate	67.6	79.4	99.0	82.8	104.1	83.5	81.7	83.9	93.0	115.2	95.7	71.2
25 Foreign net borrowing in United States	13.5	33.8	20.2	27.2	27.3	15.3	29.0	25.3	34.0	20.6	17.5	13.2
26 Bonds	5.1	4.2	3.9	.8	5.5	6.4	2.0	−.4	3.3	7.6	2.2	10.7
27 Bank loans n.e.c.	3.1	19.1	2.3	11.5	3.7	−6.2	5.9	17.2	5.0	2.3	−.4	−12.1
28 Open market paper	2.4	6.6	11.2	10.1	13.9	10.7	15.7	4.5	20.6	7.1	12.5	9.0
29 U.S. government loans	3.0	3.9	2.9	4.7	4.3	4.4	5.4	4.0	5.0	3.6	3.2	5.7
30 **Total domestic plus foreign**	**331.2**	**402.3**	**409.1**	**382.2**	**418.4**	**428.0**	**354.2**	**410.2**	**436.7**	**400.2**	**383.3**	**472.8**
	Financial sectors											
31 ***Total net borrowing by financial sectors***	***48.8***	***75.0***	***80.7***	***61.3***	***80.7***	***68.8***	***57.6***	***65.0***	***85.8***	***75.5***	***93.5***	***44.2***
By instrument												
32 U.S. government related	21.9	36.7	47.3	43.6	45.1	62.6	47.3	39.8	42.5	47.8	59.3	65.9
33 Sponsored credit agency securities	7.0	23.1	24.3	24.4	30.1	13.1	27.1	21.7	26.9	33.3	21.4	4.7
34 Mortgage pool securities	16.1	13.6	23.1	19.2	15.0	49.5	20.2	18.1	15.6	14.5	37.9	61.2
35 Loans from U.S. government	−1.2	....	....	....	....	....	....	....	....	....	....	....
36 Private financial sectors	26.9	38.3	33.4	17.7	35.6	6.2	10.3	25.2	43.4	27.8	34.2	−21.8
37 Corporate bonds	10.1	7.5	7.8	7.1	−.8	2.3	9.9	4.4	−2.1	.4	−3.3	7.9
38 Mortgages	3.1	.9	−1.2	−.9	−2.9	1.8	−5.3	3.5	−2.3	−3.5	1.9	1.6
39 Bank loans n.e.c.	−.3	2.8	−.4	−.4	2.2	3.2	.1	−.9	3.7	.7	6.0	.5
40 Open market paper	9.6	14.6	18.0	4.8	20.9	−1.8	−.1	9.7	24.8	17.0	16.0	−19.6
41 Loans from Federal Home Loan Banks	4.3	12.5	9.2	7.1	16.2	.8	5.8	8.5	19.3	13.2	13.8	−12.1
By sector												
42 Sponsored credit agencies	5.8	23.1	24.3	24.4	30.1	13.1	27.1	21.7	26.9	33.3	21.4	4.7
43 Mortgage pools	16.1	13.6	23.1	19.2	15.0	49.5	20.2	18.1	15.6	14.5	37.9	61.2
44 Private financial sectors	26.9	38.3	33.4	17.7	35.6	6.2	10.3	25.2	43.4	27.8	34.2	−21.8
45 Commercial banks	1.1	1.3	1.6	.5	.4	1.2	.8	.3	.2	.5	.7	1.7
46 Bank affiliates	2.0	7.2	6.5	6.9	8.3	1.9	5.8	8.0	6.9	9.7	9.7	−5.8
47 Savings and loan associations	9.9	14.3	11.4	6.6	13.1	−1.7	.1	13.2	19.2	6.9	16.6	−19.9
48 Finance companies	16.9	18.1	16.6	6.3	14.1	5.3	6.0	6.5	17.3	11.0	7.7	2.9
49 REITs	−2.5	−1.4	−1.3	−2.2	.2	.1	−2.0	−2.5	.2	.2	.1	.1
	All sectors											
50 **Total net borrowing**	**379.9**	**477.4**	**489.7**	**443.5**	**499.1**	**496.9**	**411.8**	**475.2**	**522.5**	**475.7**	**476.8**	**516.9**
51 U.S. government securities	79.9	90.5	84.8	122.9	132.6	224.0	110.7	135.1	124.5	140.7	159.6	288.4
52 State and local obligations	21.9	28.4	29.8	35.9	32.9	59.5	30.7	41.0	35.1	30.6	52.7	66.3
53 Corporate and foreign bonds	36.1	31.8	34.2	41.1	28.5	34.2	49.3	33.0	26.0	30.9	12.2	56.3
54 Mortgages	129.9	151.0	162.4	134.0	115.2	85.0	130.4	137.7	134.3	96.2	92.8	77.1
55 Consumer credit	40.2	48.8	45.4	4.9	25.3	14.4	−3.3	13.0	29.4	21.2	14.4	14.4
56 Bank loans n.e.c.	29.5	59.0	51.0	46.5	57.0	54.4	24.0	69.0	56.4	57.6	82.9	26.0
57 Open market paper	15.0	26.4	40.3	21.6	54.0	6.1	35.9	7.2	56.2	51.8	32.8	−20.6
58 Other loans	27.4	41.5	41.8	36.6	53.7	19.2	34.1	39.2	60.7	46.6	29.3	9.1
	External corporate equity funds raised in United States											
59 **Total new share issues**	**6.5**	**1.9**	**−3.8**	**22.1**	**−2.9**	**34.5**	**16.3**	**27.9**	**11.2**	**−17.0**	**23.5**	**45.6**
60 Mutual funds	.9	−.1	.1	5.0	7.7	19.6	5.5	4.5	8.9	6.5	14.5	24.7
61 All other	5.6	1.9	−3.9	17.1	−10.6	14.9	10.8	23.4	2.3	−23.5	9.0	20.8
62 Nonfinancial corporations	2.7	−.1	−7.8	12.9	−11.5	11.4	6.9	18.8	.9	−23.8	7.0	15.8
63 Financial corporations	2.5	2.5	3.2	2.1	.9	2.2	1.9	2.3	.8	1.0	2.2	2.2
64 Foreign shares purchased in United States	.4	−.5	.8	2.1	*	1.3	1.9	2.2	.7	−.7	−.2	2.9

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

	Transaction category, or sector	1977	1978	1979	1980	1981	1982	1980		1981		1982	
								H1	H2	H1	H2	H1	H2
1	**Total funds advanced in credit markets to domestic nonfinancial sectors**	**317.7**	**368.6**	**388.8**	**355.0**	**391.1**	**412.7**	**325.1**	**384.9**	**402.7**	**379.6**	**365.9**	**459.6**
	By public agencies and foreign												
2	Total net advances	79.2	101.9	74.6	95.8	95.9	110.9	104.6	87.0	98.7	93.2	92.2	129.6
3	U.S. government securities	34.9	36.1	−6.3	15.7	17.2	17.7	20.5	10.9	15.9	18.5	.2	35.2
4	Residential mortgages	20.0	25.7	35.8	31.7	23.4	61.1	34.9	28.5	21.4	25.5	47.4	74.7
5	FHLB advances to savings and loans	4.3	12.5	9.2	7.1	16.2	.8	5.8	8.5	19.3	13.2	13.8	−12.1
6	Other loans and securities	20.1	27.6	35.9	41.3	39.1	31.4	43.4	39.1	42.1	36.0	30.9	31.8
	Total advanced, by sector												
7	U.S. government	10.0	17.1	19.0	23.7	24.2	19.4	24.6	22.8	27.1	21.2	14.0	24.9
8	Sponsored credit agencies	22.4	39.9	52.4	44.4	46.0	63.5	45.2	43.7	44.3	47.7	60.4	66.6
9	Monetary authorities	7.1	7.0	7.7	4.5	9.2	9.8	14.9	−5.9	−3.7	22.1	−6.3	25.9
10	Foreign	39.6	38.0	−4.6	23.2	16.6	18.2	19.9	26.5	30.9	2.2	24.1	12.3
	Agency and foreign borrowing not in line 1												
11	Sponsored credit agencies and mortgage pools	21.9	36.7	47.3	43.6	45.1	62.6	47.3	39.8	42.5	47.8	59.3	65.9
12	Foreign	13.5	33.8	20.2	27.2	27.3	15.3	29.0	25.3	34.0	20.6	17.5	13.2
	Private domestic funds advanced												
13	Total net advances	273.9	337.1	381.8	329.9	367.6	379.7	296.9	362.9	380.5	354.7	350.4	409.1
14	U.S. government securities	45.1	54.3	91.1	107.2	115.4	206.3	90.2	124.2	108.5	122.3	159.4	253.2
15	State and local obligations	21.9	28.4	29.8	35.9	32.9	59.5	30.7	41.0	35.1	30.6	52.7	66.3
16	Corporate and foreign bonds	22.2	22.4	23.7	25.8	20.6	21.2	31.6	20.1	18.6	22.7	*	42.4
17	Residential mortgages	81.4	95.5	92.0	73.7	59.7	−1.1	69.6	77.8	78.8	40.5	15.3	−17.5
18	Other mortgages and loans	107.6	149.1	154.3	94.4	155.3	94.6	80.6	108.3	158.7	151.8	136.7	52.4
19	LESS: Federal Home Loan Bank advances	4.3	12.5	9.2	7.1	16.2	.8	5.8	8.5	19.3	13.2	13.8	−12.1
	Private financial intermediation												
20	Credit market funds advanced by private financial institutions	261.7	302.9	292.2	257.9	301.3	262.5	245.4	270.4	326.3	276.3	278.7	246.3
21	Commercial banking	87.6	128.7	121.1	99.7	103.5	107.8	64.7	134.8	107.8	99.2	122.5	93.1
22	Savings institutions	81.6	73.6	55.5	54.1	24.6	24.0	34.9	73.2	43.9	5.3	29.8	18.2
23	Insurance and pension funds	69.0	75.0	66.4	74.4	75.8	88.6	84.3	64.4	75.8	75.8	87.2	90.0
24	Other finance	23.5	25.6	49.2	29.8	97.4	42.1	61.5	−1.9	98.8	95.9	39.2	44.9
25	Sources of funds	261.7	302.9	292.2	257.9	301.3	262.5	245.4	270.4	326.3	276.3	278.7	246.3
26	Private domestic deposits and RP's	138.9	141.1	142.5	167.8	211.2	170.4	162.5	173.1	212.0	210.3	161.1	179.6
27	Credit market borrowing	26.9	38.3	33.4	17.7	35.6	6.2	10.3	25.2	43.4	27.8	34.2	−21.8
28	Other sources	96.0	123.5	116.4	72.4	54.6	85.9	72.7	72.1	70.9	38.2	83.4	88.4
29	Foreign funds	1.2	6.3	25.6	−23.0	−8.8	−28.6	−20.0	−26.0	−.7	−16.8	−18.3	−39.0
30	Treasury balances	4.3	6.8	.4	−2.6	−1.1	6.1	−6.1	1.0	6.0	−8.2	−5.1	17.2
31	Insurance and pension reserves	51.4	62.2	49.1	65.4	70.8	78.1	70.3	60.5	66.0	75.6	77.3	78.8
32	Other, net	39.1	48.3	41.3	32.6	−6.4	30.4	28.6	36.6	−.4	−12.3	29.4	31.4
	Private domestic nonfinancial investors												
33	Direct lending in credit markets	39.0	72.5	122.9	89.7	101.9	123.5	61.7	117.7	97.5	106.2	105.9	141.0
34	U.S. government securities	24.6	36.3	61.4	38.3	50.4	70.6	23.3	53.3	43.0	57.7	59.4	81.8
35	State and local obligations	−.8	3.6	9.4	12.6	20.3	41.3	6.2	18.9	22.8	17.8	40.8	41.7
36	Corporate and foreign bonds	−5.1	−2.9	10.2	9.3	−7.9	−8.3	7.8	10.8	−9.2	−6.6	−26.6	10.0
37	Open market paper	9.6	15.6	12.1	−3.4	3.5	−2.3	8.1	1.4	−1.4	8.4	7.8	−12.5
38	Other	10.7	19.9	29.8	32.9	35.6	22.3	32.5	33.3	42.3	29.0	24.5	20.0
39	Deposits and currency	148.5	152.3	151.9	179.2	221.0	176.5	172.4	186.1	218.6	223.4	161.1	191.8
40	Currency	8.3	9.3	7.9	10.3	9.5	8.4	9.3	11.3	5.8	13.2	2.0	14.8
41	Checkable deposits	17.2	16.3	19.2	4.2	18.3	17.0	−2.5	11.0	26.5	10.1	9.2	24.8
42	Small time and savings accounts	93.5	63.7	61.0	79.5	46.6	122.7	73.4	85.7	26.9	66.3	77.7	167.6
43	Money market fund shares	.2	6.9	34.4	29.2	107.5	24.7	61.9	−3.4	104.1	110.8	39.4	10.1
44	Large time deposits	25.8	46.6	21.2	48.3	36.3	2.1	24.4	72.1	46.8	25.7	33.7	−29.5
45	Security RPs	2.2	7.5	6.6	6.5	2.5	3.8	5.3	7.8	7.7	−2.6	1.1	6.6
46	Deposits in foreign countries	1.3	2.0	1.5	1.1	.3	−2.3	.6	1.7	.8	−.2	−2.0	−2.6
47	**Total of credit market instruments, deposits and currency**	**187.5**	**224.9**	**274.8**	**269.0**	**322.8**	**300.0**	**234.1**	**303.8**	**316.1**	**329.6**	**267.0**	**332.9**
48	Public holdings as percent of total	23.9	25.3	18.2	25.1	22.9	25.9	29.5	21.2	22.6	23.3	24.1	27.4
49	Private financial intermediation (in percent)	95.6	89.9	76.5	78.2	82.0	69.1	82.7	74.5	85.8	77.9	79.5	60.2
50	Total foreign funds	40.8	44.3	21.0	.2	7.8	−10.4	*	.5	30.3	−14.6	5.9	−26.7
	MEMO: Corporate equities not included above												
51	**Total net issues**	**6.5**	**1.9**	**−3.8**	**22.1**	**−2.9**	34.5	**16.3**	**27.9**	**11.2**	**−17.0**	23.5	45.6
52	Mutual fund shares	.9	−.1	.1	5.0	7.7	19.6	5.5	4.5	8.9	6.5	14.5	24.7
53	Other equities	5.6	1.9	−3.9	17.1	−10.6	14.9	10.8	23.4	2.3	−23.5	9.0	20.8
54	Acquisitions by financial institutions	7.4	4.6	10.4	14.6	22.9	31.4	8.6	20.7	25.3	20.5	21.1	41.6
55	Other net purchases	−.8	−2.7	−14.2	7.5	−25.8	3.2	7.7	7.2	−14.1	−37.5	2.4	4.0

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 Nov	1982 Dec	1983 Jan	1983 Feb	1983 Mar	1983 Apr	1983 May	1983 June	1983 July
1 **Industrial production**[1]	**147.0**	**151.0**	**138.6**	**134.9**	**135.2**	**137.4**	**138.1**	**140.0**	**142.6**	**144.4**	**146.0**	**148.6**
Market groupings												
2 Products, total	146.7	150.6	141.8	139.0	139.9	140.9	140.3	141.6	144.5	146.1	147.6	149.7
3 Final, total	145.3	149.5	141.5	138.3	139.5	140.1	138.9	139.9	142.8	144.5	146.0	148.0
4 Consumer goods	145.4	147.9	142.6	141.3	142.0	143.6	143.4	144.3	147.7	149.9	151.4	154.0
5 Equipment	145.2	151.5	139.8	134.2	136.1	135.3	132.7	133.8	136.2	137.0	138.5	139.8
6 Intermediate	151.9	154.4	143.3	141.8	141.5	143.7	145.3	147.8	150.8	152.1	153.7	156.1
7 Materials	147.6	151.6	133.7	128.4	127.8	132.0	134.9	137.6	139.7	141.8	143.6	146.8
Industry groupings												
8 Manufacturing	146.7	150.4	137.6	134.0	134.5	136.7	138.2	140.4	143.1	145.0	146.8	149.4
Capacity utilization (percent)[1,2]												
9 Manufacturing	79.6	79.4	71.1	68.8	68.9	70.0	70.6	71.6	72.9	73.7	74.6	75.8
10 Industrial materials industries	80.4	80.7	70.1	67.0	66.6	68.7	70.1	71.5	72.5	73.5	74.4	76.0
11 Construction contracts (1977 = 100)[3]	107.0	111.0	111.0	122.0	131.0	127.0	119.0	131.0	129.0	148.0	151.0	n.a.
12 Nonagricultural employment, total[4]	137.4	138.5	136.2	134.9	134.7	135.1	134.9	135.0	135.4	135.9	136.5r	137.3
13 Goods-producing, total	110.1	109.4	102.6	99.2	98.9	99.5	98.9	98.8	99.4	100.2	101.0r	101.9
14 Manufacturing, total	104.3	103.7	96.9	93.7	93.6	93.8	93.8	93.9	94.5	95.1	95.6r	96.4
15 Manufacturing, production-worker	99.3	98.0	89.4	85.6	85.6	85.9	86.0	86.1	86.9	87.6	88.2r	89.4
16 Service-producing	152.4	154.4	154.7	154.5	154.4	154.6	154.6	154.8	155.2	155.5r	156.0r	156.7
17 *Personal income, total*	343.7r	386.5r	409.3r	418.0r	419.8r	421.0r	420.7r	423.8r	427.1r	431.8r	434.0r	n.a.
18 Wages and salary disbursements	317.7r	349.7r	367.2r	370.7r	372.8r	376.8r	376.2r	378.6r	382.2r	387.2r	389.6r	n.a.
19 Manufacturing	264.4r	287.3r	286.2r	281.3r	280.9r	286.2r	286.9r	289.3r	293.4r	296.0r	298.4r	n.a.
20 Disposable personal income[5]	333.8	373.7	397.3	406.9	408.7	411.2	410.3	413.7	417.7	420.8	422.4	n.a.
21 Retail sales[6]	303.8	330.6	326.0	353.4	353.3	352.7	348.3	356.4	364.7	376.1	377.1	377.0
Prices[7]												
22 Consumer	246.8	272.4	289.1	293.6	292.4	293.1	293.2	293.4	295.5	297.1	298.1	n.a.
23 Producer finished goods	247.0	269.8	280.7	284.9	285.5	283.9	284.1r	283.4	283.0	284.3	285.0	n.a.

1. The capacity utilization series has been revised back to January 1967.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce).
6. Based on Bureau of Census data published in *Survey of Current Business*.
7. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE. Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business*.

Figures for industrial production for the last two months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	Output (1967 = 100) 1982 Q3	1982 Q4	1983 Q1	1983 Q2	Capacity (percent of 1967 output) 1982 Q3	1982 Q4	1983 Q1	1983 Q2	Utilization rate (percent) 1982 Q3	1982 Q4	1983 Q1	1983 Q2
1 **Total industry**	**138.2**	**135.3**	**138.5**	**144.3**	**192.8**	**193.7**	**194.6**	**195.5**	**71.7**	**69.8**	**71.2**	**73.8**
2 Mining	117.2	117.0	116.7	112.9	164.8	165.1	165.2	165.3	71.1	70.9	70.6	68.3
3 Utilities	167.9	166.2	163.6	169.8	206.5	207.4	208.5	209.8	81.3	80.1	78.5	80.9
4 **Manufacturing**	**137.7**	**134.5**	**138.4**	**145.0**	**193.9**	**194.8**	**195.7**	**196.6**	**71.0**	**69.0**	**70.7**	**73.7**
5 Primary processing	132.4	129.3	137.0	144.9	193.0	193.7	194.3	194.8	68.6	66.8	70.5	74.4
6 Advanced processing	140.5	137.3	139.7	144.9	194.3	195.4	196.5	197.6	72.3	70.2	71.1	73.3
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	85.4	140.6	140.3	140.2	139.9	51.9	47.4	56.1	61.0
10 Nondurable goods	155.1	157.0	163.7	171.4	215.6	216.9	217.8	218.8	71.9	72.4	75.2	78.3
11 Textile, paper, and chemical	158.4	160.8	169.3	179.0	226.8	228.3	229.4	230.7	69.8	70.5	73.8	77.6
12 Paper	145.9	147.6	149.9	152.7	163.6	164.4	165.3	166.1	89.1	89.7	90.7	91.9
13 Chemical	188.5	191.9	204.7	218.5	290.6	292.8	294.8	296.6	64.9	65.5	69.4	73.7
14 Energy materials	123.8	121.5	122.2	121.6	152.8	153.3	153.9	154.3	81.0	79.2	79.5	78.8

2.11 Continued

Series	Previous cycle[1] High	Previous cycle[1] Low	Latest cycle[2] High	Latest cycle[2] Low	1982 July	1982 Nov.	1982 Dec.	1983 Jan	1983 Feb	1983 Mar.	1983 Apr	1983 May	1983 June	1983 July
	Capacity utilization rate (percent)													
15 **Total industry**	**88.4**	**71.1**	**87.3**	**76.5**	**72.1**	**69.6**	**69.7**	**70.7**	**71.0**	**71.8**	**73.1**	**73.9**	**74.6**	**75.8**
16 Mining	91.8	86.0	88.5	84.0	72.9	70.8	71.7	73.8	69.9	68.1	67.5	68.4	68.8	70.1
17 Utilities	94.9	82.0	86.7	83.8	81.3	80.4	79.0	78.4	77.7	79.4	80.9	81.0	81.0	82.0
18 **Manufacturing**	**87.9**	**69.0**	**87.5**	**75.5**	**71.4**	**68.8**	**68.9**	**70.0**	**70.6**	**71.6**	**72.9**	**73.7**	**74.6**	**75.8**
19 Primary processing	93.7	68.2	91.4	72.6	68.2	66.4	66.2	68.6	70.8	72.1	73.4	74.6	75.4	76.8
20 Advanced processing	85.5	69.4	85.9	77.0	73.0	70.0	70.4	70.9	70.8	71.5	72.5	73.3	74.1	75.2
21 **Materials**	**92.6**	**69.3**	**88.9**	**74.2**	**69.7**	**67.0**	**66.6**	**68.7**	**70.1**	**71.5**	**72.5**	**73.5**	**74.4**	**76.0**
22 Durable goods	91.4	63.5	88.4	68.4	64.9	59.8	59.8	62.3	64.2	66.0	67.7	68.9	70.1	71.9
23 Metal materials	97.8	68.0	95.4	59.4	51.3	46.2	46.8	53.3	56.1	58.8	59.9	60.8	62.4	64.6
24 Nondurable goods	94.4	67.4	91.7	77.5	70.7	72.5	71.6	73.4	75.3	76.8	77.2	78.7	79.1	80.3
25 Textile, paper, and chemical	95.1	65.4	92.3	75.5	68.6	70.5	70.0	71.4	74.1	75.8	76.4	78.1	78.5	79.6
26 Paper	99.4	72.4	97.9	89.8	87.0	91.1	87.4	90.9	90.8	90.3	91.0	93.0	91.8	93.8
27 Chemical	95.5	64.2	91.3	70.7	64.0	65.4	65.4	66.4	69.9	71.9	72.6	74.1	74.4	75.2
28 Energy materials	94.5	84.4	88.7	84.4	82.5	79.2	78.5	80.1	79.2	79.2	78.9	78.7	78.9	80.9

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 Jan.	1983 Feb.	1983 Mar.	1983 Apr.	1983 May	1983 June	1983 July
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population**[1]	**169,847**	**172,272**	**174,451**	**175,543**	**175,693**	**175,850**	**175,996**	**176,151**	**176,320**	**176,498**
2 Labor force (including Armed Forces)[1]	109,042	110,812	112,384	112,737	112,741	112,678	112,988	112,947	114,127	114,067
3 Civilian labor force	106,940	108,670	110,204	110,548	110,553	110,484	110,786	110,749	111,932	111,875
Employment										
4 Nonagricultural industries[2]	95,938	97,030	96,125	95,691	95,670	95,729	96,088	96,190	97,264	97,758
5 Agriculture	3,364	3,368	3,401	3,412	3,393	3,375	3,371	3,367	3,522	3,527
Unemployment										
6 Number	7,637	8,273	10,678	11,446	11,490	11,381	11,328	11,192	11,146	10,590
7 Rate (percent of civilian labor force)	7.1	7.6	9.7	10.4	10.4	10.3	10.2	10.1	10.0	9.5
8 Not in labor force	60,805	61,460	62,067	62,806	62,952	63,172	63,008	63,204	62,193	62,431
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment**[3]	**90,406**	**91,156r**	**89,596r**	**88,886**	**88,746r**	**88,814**	**89,101r**	**89,421r**	**89,832r**	**90,319**
10 Manufacturing	20,285	20,170r	18,853r	18,244	18,245	18,267	18,376r	18,493r	18,587r	18,749
11 Mining	1,027r	1,132	1,122	1,037	1,014	1,006	997	994r	1,006r	1,016
12 Contract construction	4,346r	4,176	3,912	3,905	3,790	3,757	3,786r	3,860r	3,941r	3,984
13 Transportation and public utilities	5,146r	5,157	5,057	4,980	4,965	4,963	4,988	4,993r	4,991r	4,977
14 Trade	20,310r	20,551	20,547	20,355	20,343	20,350	20,329r	20,356r	20,485r	20,498
15 Finance	5,160r	5,301	5,350	5,374	5,384	5,391	5,423r	5,435r	5,451	5,471
16 Service	17,890r	20,547r	20,401r	19,238	19,262	19,356	19,478r	19,546r	19,660r	19,802
17 Government	16,241r	16,024	15,784	15,753	15,742	15,724	15,724r	15,744r	15,711r	15,822

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 July	1982 Aug.	1982 Sept.	1982 Oct	1982 Nov	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr r	1983 May	1983 June p	1983 July e
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**138.6**	**138.8**	**138.4**	**137.3**	**135.7**	**134.9**	**135.2**	**137.4**	**138.1**	**140.0**	**142.6**	**144.4**	**146.0**	**148.6**
2 Products	60.71	141.8	142.6	142.0	140.8	139.3	139.0	139.9	140.9	140.3	141.6	144.5	146.1	147.6	149.7
3 Final products	47.82	141.5	142.5	141.2	140.0	138.7	138.3	139.5	140.1	138.9	139.9	142.8	144.5	146.0	148.0
4 Consumer goods	27.68	142.6	145.8	144.1	143.4	142.2	141.3	142.0	143.6	143.4	144.3	147.7	149.9	151.4	154.0
5 Equipment	20.14	139.8	138.0	137.3	135.2	134.0	134.2	136.1	135.3	132.7	133.8	136.2	137.0	138.5	139.8
6 Intermediate products	12.89	143.3	142.8	144.7	143.7	141.6	141.8	141.5	143.7	145.3	147.8	150.8	152.1	153.7	156.1
7 Materials	39.29	133.7	133.0	132.8	132.0	130.0	128.4	127.8	132.0	134.9	137.6	139.7	141.8	143.6	146.8
Consumer goods															
8 Durable consumer goods	7.89	129.2	137.3	132.9	131.3	126.5	124.6	125.9	131.6	134.4	136.3	140.5	145.0	149.2	154.2
9 Automotive products	2.83	129.5	149.7	135.5	135.5	123.6	120.7	128.7	136.2	144.3	142.6	144.9	152.2	160.3	167.9
10 Autos and utility vehicles	2.03	99.0	127.7	107.1	105.8	89.6	86.9	99.0	107.0	120.8	116.4	117.8	124.9	135.4	145.6
11 Autos	1.90	86.6	114.6	93.3	94.3	79.5	77.7	87.9	97.1	107.3	99.9	102.7	107.4	118.3	129.8
12 Auto parts and allied goods	.80	206.9	205.4	207.6	210.7	210.0	206.6	204.0	210.2	203.9	209.3	213.6	221.5	223.6	224.4
13 Home goods	5.06	129.1	130.4	131.4	128.9	128.1	126.8	124.3	129.1	128.8	132.8	138.1	141.0	143.0	146.5
14 Appliances, A/C, and TV	1.40	102.6	102.7	104.5	99.4	106.1	104.8	94.2	109.5	105.8	105.0	106.1	112.8	114.2	119.0
15 Appliances and TV	1.33	104.6	106.1	108.6	104.1	110.5	108.4	98.3	112.9	108.8	108.5	109.7	116.1	118.2	..
16 Carpeting and furniture	1.07	149.7	151.4	152.5	153.3	151.9	151.4	150.8	149.0	156.7	168.3	180.5	181.9	187.5	...
17 Miscellaneous home goods	2.59	135.0	136.7	137.2	134.9	130.1	128.6	129.8	131.4	129.7	133.3	137.9	139.4	140.3	142.9
18 Nondurable consumer goods	19.79	148.0	149.1	148.6	148.2	148.5	147.9	148.4	148.3	147.0	147.5	150.5	151.9	152.3	153.9
19 Clothing	4.29		..	.....	.	.	..	.....	.....	...			..	.....
20 Consumer staples	15.50	159.0	159.7	159.4	158.8	159.1	158.1	158.8	158.6	157.4	158.1	161.1	162.2	162.5	163.7
21 Consumer foods and tobacco	8.33	149.7	149.9	149.6	148.6	150.2	149.0	149.5	150.9	149.5	148.4	150.9	152.2	.....	.....
22 Nonfood staples	7.17	169.7	171.2	170.8	170.7	169.5	168.7	169.6	167.6	166.5	169.4	172.9	174.0	173.4	175.5
23 Consumer chemical products	2.63	219.9	222.3	222.4	221.7	220.0	218.9	220.9	222.6	220.9	225.6	225.5	227.8	227.0	..
24 Consumer paper products	1.92	127.7	128.1	129.4	128.2	125.3	125.1	128.3	127.1	127.9	128.1	129.2	128.6	128.7	.....
25 Consumer energy products	2.62	150.2	151.4	149.3	150.6	151.1	150.2	148.4	142.2	140.2	143.3	152.2	153.3	152.5	.
26 Residential utilities	1.45	170.8	167.7	169.7	169.5	169.1	171.5	169.3	164.1	162.9	166.1	175.5	174.1		
Equipment															
27 Business	12.63	157.9	154.9	153.9	150.5	147.1	146.4	148.1	146.6	142.7	143.7	146.9	148.0	149.8	151.3
28 Industrial	6.77	134.9	131.3	128.4	123.8	118.3	117.2	117.9	118.4	113.7	113.1	113.5	114.6	116.1	117.5
29 Building and mining	1.44	214.2	200.4	190.8	182.1	169.3	165.7	171.9	173.8	153.6	145.3	141.8	146.2	148.0	151.8
30 Manufacturing	3.85	107.2	106.0	104.4	101.6	98.0	97.5	97.0	97.6	97.9	99.7	101.7	102.2	104.4	105.7
31 Power	1.47	129.9	129.6	130.1	124.7	121.0	121.0	119.7	118.3	116.0	116.2	116.6	115.9	115.5	114.6
32 Commercial transit, farm	5.86	184.4	182.2	183.3	181.4	180.5	180.2	183.0	179.2	176.1	179.2	185.4	186.6	188.7	190.3
33 Commercial	3.26	253.5	248.8	253.5	254.0	253.5	254.8	258.6	254.9	251.2	255.7	264.3	265.9	269.7	272.0
34 Transit	1.93	103.9	106.3	102.0	95.5	93.2	92.3	96.2	90.8	88.2	90.1	92.0	92.7	93.1	93.7
35 Farm	.67	80.5	76.9	75.8	76.1	76.8	70.7	65.1	66.0	63.4	63.4	70.2	71.3	70.0	...
36 Defense and space	7.51	109.4	109.5	109.5	109.5	111.9	113.6	115.9	116.4	116.1	117.0	118.2	118.6	119.5	120.5
Intermediate products															
37 Construction supplies	6.42	124.3	124.1	127.1	125.5	122.5	123.4	123.0	127.0	129.7	133.1	136.4	138.6	140.2	143.4
38 Business supplies	6.47	162.1	161.4	162.1	161.8	160.5	160.1	159.8	160.3	160.9	162.3	165.2	165.4	167.1	
39 Commercial energy products	1.14	181.1	179.8	178.1	179.2	180.4	182.4	182.4	180.6	178.6	180.3	183.3	181.7	181.5	..
Materials															
40 Durable goods materials	20.35	125.0	126.0	125.1	123.0	118.5	116.4	116.5	121.5	125.3	128.7	132.4	134.8	137.3	140.7
41 Durable consumer parts	4.58	95.3	103.8	101.0	97.1	91.4	90.0	91.1	96.2	101.6	104.0	106.5	108.7	110.1	113.8
42 Equipment parts	5.44	166.8	166.1	164.1	158.3	155.4	155.1	155.3	157.5	158.8	162.5	167.2	170.6	174.6	178.3
43 Durable materials n.e.c	10.34	116.2	114.8	115.4	115.8	111.1	107.7	107.4	113.8	118.2	121.9	125.4	127.5	129.8	132.8
44 Basic metal materials	5.57	79.9	75.7	76.1	77.7	73.0	69.1	68.7	78.1	82.4	86.0	87.8	89.1	91.5	.
45 Nondurable goods materials	10.47	157.5	152.3	154.5	158.5	158.2	157.3	155.6	159.7	164.0	167.5	168.7	172.1	173.3	176.1
46 Textile, paper, and chemical materials	7.62	161.1	155.3	157.7	162.2	161.5	161.0	160.0	163.7	170.0	174.3	175.9	180.1	181.1	184.3
47 Textile materials	1.85	102.2	99.6	103.2	103.3	104.4	102.5	102.1	104.7	106.4	110.6	110.6	114.1	117.0	
48 Paper materials	1.62	145.6	142.1	146.6	148.9	148.9	149.7	144.1	150.1	150.1	149.5	150.8	154.4	152.8	.....
49 Chemical materials	4.15	193.5	185.4	186.5	193.7	192.0	191.6	192.0	195.4	206.2	212.5	214.9	219.7	220.9	.....
50 Containers, nondurable	1.70	161.4	158.1	162.8	167.3	164.9	160.8	155.2	162.1	159.6	163.8	163.2	164.3	166.1	
51 Nondurable materials n.e.c.	1.14	127.9	123.4	120.1	121.1	125.5	127.4	127.2	129.6	130.5	127.7	129.1	129.9	131.5	.. ..
52 Energy materials	8.48	125.1	126.0	124.5	121.0	122.6	121.4	120.4	123.0	121.8	121.9	121.6	121.4	121.9	125.1
53 Primary energy	4.65	116.0	117.2	113.8	111.1	114.4	113.7	113.5	116.5	115.4	114.4	113.9	114.1	113.4	.....
54 Converted fuel materials	3.82	136.3	136.7	137.4	133.0	132.6	130.8	128.9	130.8	129.6	131.1	131.0	130.3	132.3	.....
Supplementary groups															
55 Home goods and clothing	9.35	119.6	121.4	121.3	120.1	119.9	119.6	118.2	120.8	119.9	122.0	126.3	128.8	130.4	133.6
56 Energy, total	12.23	135.7	136.4	134.8	132.7	134.1	133.3	132.2	132.4	131.0	131.9	133.9	133.8	134.0	137.1
57 Products	3.76	159.6	160.0	158.0	159.3	160.0	160.0	158.7	153.8	151.9	154.5	161.7	161.9	161.3	. .
58 Materials	8.48	125.1	126.0	124.5	121.0	122.6	121.4	120.4	123.0	121.8	121.9	121.6	121.4	121.9	125.1

2.13 Continued

Grouping	SIC code	1967 pro-por-tion	1982 avg.	1982 July	1982 Aug	1982 Sept	1982 Oct	1982 Nov	1982 Dec	1983 Jan	1983 Feb	1983 Mar.	1983 Apr ʳ	1983 May	1983 June ᵖ	1983 July ᵉ
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities		12.05	146.3	142.6	141.3	139.7	140.4	140.4	140.1	141.3	141.7	137.7	138.9	139.9	140.5	142.8
2 Mining	....	6.36	126.1	120.1	116.9	114.7	115.9	116.8	118.4	121.9	114.5	112.6	111.6	113.2	113.8	115.9
3 Utilities	....	5.69	168.7	167.7	168.5	167.5	167.8	166.7	164.2	163.1	171.9	165.8	169.3	169.9	170.3	172.8
4 Electric		3.88	190.5	189.2	189.9	188.2	188.4	188.3	185.6	184.4	191.6	188.2	192.7	193.2	193.5	196.7
5 Manufacturing		87.95	137.6	138.1	138.0	137.1	135.0	134.0	134.5	136.7	138.0	140.4	143.1	145.0	146.8	149.4
6 Nondurable		35.97	156.2	155.7	156.9	156.7	156.2	155.3	155.6	157.4	157.5	160.7	163.3	165.1	166.9	168.6
7 Durable	.	51.98	124.7	125.9	124.9	123.5	120.3	119.3	119.9	122.5	124.5	126.3	129.1	131.0	133.0	136.1
Mining																
8 Metal	10	.51	82.4	58.1	53.4	55.4	63.1	70.4	74.9	81.7	71.2	75.2	79.8	84.2	83.3	.
9 Coal	11, 12	.69	142.7	140.3	135.8	127.9	143.2	134.1	129.7	144.8	135.0	127.3	125.3	125.6	124.6	139.9
10 Oil and gas extraction	13	4.40	131.1	127.0	123.3	121.0	119.1	120.3	122.9	124.6	117.5	114.4	112.2	112.8	113.6	114.4
11 Stone and earth minerals	14	.75	112.1	103.8	105.7	106.3	108.5	111.9	111.7	112.8	108.1	114.0	117.7	123.4	125.8	.
Nondurable manufactures																
12 Foods	20	8.75	151.1	151.0	150.7	149.0	151.5	152.0	152.8	154.4	147.0	152.0	153.7	154.7	...	...
13 Tobacco products	21	.67	118.0	121.4	120.6	113.3	110.6	113.0	109.9	104.7	115.9	113.4	114.8	110.6	...	...
14 Textile mill products	22	2.68	124.5	124.3	125.9	126.1	125.9	123.1	122.2	125.8	128.7	131.9	136.6	139.6	142.0	.
15 Apparel products	23	3.31	...	...	...				...	...	...	...	...	...	...	
16 Paper and products	26	3.21	150.8	147.0	152.5	154.3	155.0	154.5	151.1	158.8	160.9	156.3	157.0	161.3	161.5	164.3
17 Printing and publishing	27	4.72	144.1	143.9	145.3	144.3	142.0	141.7	142.8	141.3	135.8	145.9	145.7	145.2	147.5	148.5
18 Chemicals and products	28	7.74	196.1	194.1	195.6	196.4	194.1	192.8	195.9	197.6	200.0	205.7	208.5	210.9	212.7	
19 Petroleum products	29	1.79	121.8	124.7	121.4	122.6	123.8	120.0	118.7	113.5	108.6	114.8	120.6	122.9	123.1	124.5
20 Rubber and plastic products	30	2.24	254.7	256.8	261.1	262.0	256.3	250.2	249.7	256.2	275.2	272.0	283.0	289.1	292.8	..
21 Leather and products	31	.86	60.9	62.9	60.8	60.9	59.5	57.7	56.0	59.5	64.1	59.4	58.7	59.9	61.0	
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	86.9	87.1	86.5	86.9	89.5	91.9	92.5	93.5	93.4	91.9	93.2	92.6	93.4	94.8
23 Lumber and products	24	1.64	112.6	116.9	120.3	119.9	117.2	119.1	121.4	130.0	130.5	128.7	132.1	135.8	138.0	
24 Furniture and fixtures	25	1.37	151.9	154.5	156.7	155.7	154.3	152.4	153.7	150.0	162.5	161.0	167.7	169.6	172.4	
25 Clay, glass, stone products	32	2.74	128.2	126.9	128.8	130.4	128.1	127.3	125.4	128.0	124.8	135.6	138.3	139.3	139.9	.
26 Primary metals	33	6.57	75.3	72.9	72.9	73.2	69.6	63.6	63.5	73.1	79.4	81.2	83.1	84.9	85.8	88.6
27 Iron and steel	331.2	4.21	61.7	58.1	57.4	56.4	54.1	47.5	46.6	59.0	64.3	66.9	68.5	69.5	70.3	...
28 Fabricated metal products	34	5.93	114.8	115.5	114.3	112.3	107.6	107.0	107.3	107.6	112.3	113.9	115.3	115.5	117.6	120.0
29 Nonelectrical machinery	35	9.15	149.0	147.1	147.2	144.9	140.4	139.6	139.2	138.0	137.1	138.6	143.1	145.9	149.0	152.7
30 Electrical machinery	36	8.05	169.3	170.3	169.7	167.0	165.4	165.5	165.5	169.5	170.1	173.8	177.2	180.1	182.1	186.6
31 Transportation equipment	37	9.27	104.9	112.7	107.0	105.3	100.8	100.2	103.7	106.3	110.5	110.1	111.4	113.8	116.5	120.0
32 Motor vehicles and parts	371	4.50	109.8	127.2	116.7	113.5	103.0	101.7	108.8	113.9	124.8	123.2	125.5	130.4	136.2	142.3
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	100.4	99.0	97.8	97.6	98.6	98.7	98.9	99.1	97.0	97.7	98.1	98.1	98.0	99.0
34 Instruments	38	2.11	161.9	165.2	165.5	161.9	157.4	155.8	155.2	154.5	151.6	154.0	155.1	156.0	155.3	156.4
35 Miscellaneous manufactures	39	1.51	137.0	134.7	133.9	132.9	129.6	129.5	128.2	131.3	130.6	136.9	145.0	149.0	150.6	152.0
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
36 **Products, total**		**507.4**	**579.6**	**585.8**	**578.5**	**575.3**	**570.0**	**568.4**	**572.9**	**578.1**	**578.4**	**584.1**	**592.6**	**600.6**	**607.6**	**617.3**
37 Final	....	390.9	451.1	457.2	449.2	446.3	442.8	441.3	445.8	448.3	447.3	451.3	457.7	464.7	469.8	477.3
38 Consumer goods		277.5	308.0	314.9	309.1	309.3	306.6	305.6	306.8	310.9	312.0	313.8	318.8	324.6	328.6	335.5
39 Equipment		113.4	143.1	142.3	140.1	137.0	136.2	135.7	138.9	137.4	135.3	137.5	138.9	140.1	141.2	141.9
40 Intermediate	....	116.6	128.5	128.7	129.3	129.0	127.2	127.1	127.1	129.8	131.1	132.8	134.9	135.9	137.8	140.0

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			1983					
				Oct	Nov	Dec	Jan	Feb	Mar.	Apr.[r]	May[r]	June
	Private residential real estate activity (thousands of units)											
NEW UNITS												
1 Permits authorized	1,191	986	1,001	1,154	1,227	1,326	1,447	1,479	1,467	1,536	1,635	1,745
2 1-family	710	564	546	657	738	753	866	835	859	841	940	1,003
3 2-or-more-family	480	421	454	497	489	573	581	644	608	695	695	742
4 Started	1,292	1,084	1,062	1,142	1,361	1,280	1,694	1,784	1,605	1,506	1,799	1,747
5 1-family	852	705	663	716	868	842	1,126	1,103	1,008	1,001	1,187	1,103
6 2-or-more-family	440	379	400	426	493	438	568	681	597	505	612	644
7 Under construction, end of period[1]	896	682	720	691	712	730	756	796	828[r]	860	898	
8 1-family	515	382	400	383	395	411	428	455	472	490	517	
9 2-or-more-family	382	301	320	307	317	319	329	341	356[r]	370	381	
10 Completed	1,502	1,266	1,006	1,077	1,053	1,035	1,195	1,138	1,147[r]	1,158	1,370	n.a.
11 1-family	957	818	631	679	679	647	782	709	788[r]	801	856	
12 2-or-more-family	545	447	374	398	374	388	413	429	359[r]	357	514	
13 Mobile homes shipped	222	241	239	224	251	243	284	283	276	291	298	
Merchant builder activity in 1-family units												
14 Number sold	545	436	413	481	545	529	611	593	611[r]	637	657	638
15 Number for sale, end of period[1]	342	278	255	245	246	251	259	262	262	267	280	289
Price (thousands of dollars)[2]												
Median												
16 Units sold	64.7	68.8	69.3	69.7	73.5	71.7	73.5	73.8	72.5[r]	74.5	75.4	77.2
Average												
17 Units sold	76.4	83.1	83.8	79.9	87.8	86.7	87.2	86.8	86.2[r]	87.6	89.5	93.0
EXISTING UNITS (1-family)												
18 Number sold	2,974	2,418	1,991	1,990	2,150	2,260	2,580	2,460	2,710	2,730	2,900	2,930
Price of units sold (thousands of dollars)[2]												
19 Median	62.1	66.1	67.7	66.9	67.7	67.8	68.1	68.2	68.9	68.8	69.2	72.3
20 Average	72.7	78.0	80.4	79.3	80.4	80.6	80.0	80.3	81.1	81.3	81.7	85.5
	Value of new construction[3] (millions of dollars)											
CONSTRUCTION												
21 Total put in place	**230,712**	**239,418**	**232,048**	**234,067**	**243,714**	**240,207**	**247,914**	**243,032**	**241,908**	**245,548**	**253,169**	**259,734**
22 Private	175,700	186,069	180,979	181,899	190,520	190,768	195,032	194,331	194,865	197,998	204,679	211,862
23 Residential	87,262	86,567	74,809	76,432	81,245	86,018	89,701	93,568	96,127	101,987	107,565	112,358
24 Nonresidential, total	88,438	99,502	106,170	105,467	109,275	104,750	105,331	100,763	98,738	96,011	97,114	99,504
Buildings												
25 Industrial	13,839	17,031	17,346	17,117	16,716	15,631	15,182	14,315	14,263	13,223	13,047	13,662
26 Commercial	29,940	34,243	37,281	36,996	37,861	36,934	38,167	36,675	35,469	33,619	33,291	35,214
27 Other	8,654	9,543	10,507	10,863	11,517	11,784	11,983	11,664	11,598	10,770	11,237	10,961
28 Public utilities and other	36,005	38,685	41,036	40,491	43,181	40,401	39,999	38,109	37,408	38,399	39,539	39,667
29 Public	55,011	53,346	51,068	52,168	53,194	49,439	52,882	48,701	47,043	47,549	48,490	47,872
30 Military	1,880	1,966	2,205	2,364	2,572	2,432	2,341	2,421	2,541	2,782	2,273	2,173
31 Highway	13,770	13,599	13,521	14,447	14,409	13,048	13,966	12,509	11,866[r]	12,900	13,044	12,375
32 Conservation and development	5,089	5,300	5,029	4,752	4,708	4,625	4,756	4,532	4,894	4,706	4,240	4,555
33 Other	34,272	32,481	30,313	30,605	31,505	29,334	31,819	29,239	27,742	27,161	28,933	28,769

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 June 1983 (1967 = 100)[1]
	1982 June	1983 June	1982		1983		1983					
			Sept	Dec.	Mar	June	Feb	Mar	Apr	May	June	
CONSUMER PRICES[2]												
1 **All items**	**7.1**	**2.6**	**4.1**	**.5**	**.4**	**5.4**	**−.2**	**.1**	**.6**	**.5**	**.2**	**298.1**
2 Food	5.2	1.5	6	8	2.8	1.7	0	6	4	3	3	292.0
3 Energy items	1.1	2.1	8.1	10.2	−25.1	21.0	−3.7	9	2.0	2.5	3	427.3
4 All items less food and energy	8.5	3.0	4.7	−3	4.4	3.9	4	2	4	.3	3	285.5
5 Commodities	6.7	4.0	2.4	5.4	5.7	2.9	.5	4	1	2	4	241.5
6 Services	10.0	2.0	4.6	−4.8	3.7	4.6	3	.1	5	.3	3	336.8
PRODUCER PRICES												
7 Finished goods	3.5	1.8	4.2	5.2	4.7	2.9	2r	3r	−1	3	5	285.0
8 Consumer foods	3.8	−0.9	−7.7	8	3.6	2	1.0r	.1r	1.2	−5	−6	261.0
9 Consumer energy	7.9	0.3	30.9	7.0	−34.3	10.1	3.4r	−2.7r	−2.8	2.2	3.2	792.2
10 Other consumer goods	5.6	3.1	4.2	7.9	2.3	2.9	7r	0r	2	1	5	239.2
11 Capital equipment	5.8	2.8	3.5	3.6	3.3	8	4r	6r	3	2	2	286.9
12 Intermediate materials[3]	1.1	0.7	2.3	1.5	5.1	4.0	2r	−5r	4	4	9	316.8
13 Excluding energy	2.4	1.4	1.0	1.0	1.1	2.5	4r	0r	−2	4	4	294.2
Crude materials												
14 Foods	−1.7	−3.0	−26.4	1.3	18.1	8	2.4r	7r	3.0	−1.2	1.6	252.1
15 Energy	0.2	0.0	8.7	6.4	−7.6	−6.5	1.5r	7r	−1.4	−3	0	791.8
16 Other	−12.4	6.1	2.9	−8.0	−15.7	58.5	−3.0r	1.8r	2.0	5.2	4.6	248.7

1 Not seasonally adjusted

2 Figures for consumer prices are those for all urban consumers and reflect a rental-equivalence measure of homeownership after 1982

3 Excludes intermediate materials for food manufacturing and manufactured animal feeds

SOURCE Bureau of Labor Statistics

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1980[r]	1981[r]	1982[r]	1982[r] Q2	1982[r] Q3	1982[r] Q4	1983[r] Q1[r]	1983[r] Q2
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**	**3,273.7**
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	2,151.3
3 Durable goods	214.7	236.1	244.5	242.9	243.4	252.1	258.5	278.1
4 Nondurable goods	668.8	733.9	761.0	754.7	766.6	773.0	777.1	799.8
5 Services	784.5	887.1	986.4	975.2	998.9	1,021.8	1,037.4	1,073.4
6 Gross private domestic investment	401.9	474.9	414.5	432.5	425.3	377.4	404.1	451.5
7 Fixed investment	411.7	456.5	439.1	443.7	430.2	433.8	443.5	462.1
8 Nonresidential	308.8	352.2	348.3	352.7	342.3	337.0	332.1	335.3
9 Structures	110.9	133.4	141.9	144.2	140.0	138.6	132.9	127.7
10 Producers' durable equipment	197.9	218.9	206.4	208.5	202.2	198.4	199.3	207.6
11 Residential structures	102.9	104.3	90.8	91.0	87.9	96.8	111.3	126.8
12 Nonfarm	98.1	99.8	86.0	86.1	83.4	91.2	106.7	121.8
13 Change in business inventories	−9.8	18.5	−24.5	−11.2	−4.9	−56.4	−39.4	−10.6
14 Nonfarm	−4.5	10.9	−23.1	−8.8	−2.3	−53.7	−39.0	−8.6
15 Net exports of goods and services	24.0	26.3	17.4	33.3	.9	5.6	17.0	−12.5
16 Exports	338.8	368.8	347.6	364.5	346.0	321.6	326.9	321.7
17 Imports	314.8	342.5	330.2	331.2	345.0	316.1	309.9	334.3
18 Government purchases of goods and services	537.8	595.7	649.2	631.6	655.7	679.7	677.4	683.3
19 Federal	197.1	229.2	258.7	244.1	261.7	279.2	273.5	274.8
20 State and local	340.8	366.5	390.5	387.5	394.0	400.5	404.0	408.6
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	3,284.2
22 Goods	1,140.6	1,291.9	1,280.9	1,290.8	1,286.7	1,264.8	1,292.2	1,347.7
23 Durable	477.9	528.0	500.8	514.3	518.4	474.0	482.7	535.1
24 Nondurable	662.7	763.9	780.1	776.5	768.3	790.8	809.5	812.6
25 Services	1,225.2	1,374.2	1,511.2	1,496.4	1,527.2	1,560.5	1,588.4	1,626.7
26 Structures	266.0	288.0	281.0	283.0	276.9	284.3	290.9	299.2
27 Change in business inventories	−9.8	18.5	−24.5	−11.2	−4.9	−56.4	−39.4	−10.6
28 Durable goods	−4.1	3.6	−15.5	−2.5	6.4	−45.0	−38.2	−9.9
29 Nondurable goods	−5.7	14.9	−9.1	−8.7	−11.3	−11.4	−1.2	−0.7
30 MEMO. **Total GNP in 1972 dollars**	**1,475.0**	**1,513.8**	**1,485.4**	**1,489.3**	**1,485.7**	**1,480.7**	**1,490.1**	**1,521.4**
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**	**n.a.**
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	1,969.9
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	1,648.3
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	1,325.0
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	130.1
40 Business and professional[1]	95.6	89.7	87.5	88.1	87.8	90.2	98.4	106.0
41 Farm[1]	21.8	30.5	21.5	16.8	15.8	26.0	22.2	24.1
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	n.a.
44 Profits before tax[3]	234.6	227.0	174.2	178.8	177.3	167.5	169.7	n.a.
45 Inventory valuation adjustment	−42.9	−23.6	−8.4	−8.5	−9.0	−10.3	−1.7	−8.5
46 Capital consumption adjustment	−16.3	−11.0	−1.1	−3.5	.1	4.7	13.9	23.0
47 Net interest	192.6	249.9	261.1	268.3	256.4	254.7	248.3	244.4

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	1980r	1981r	1982r	1982r Q2	1982r Q3	1982r Q4	1983r Q1	1983r Q2
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**	**2,715.0**
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	1,649.6
3 Commodity-producing industries	468.1	509.5	509.2	513.7	508.9	499.5	508.6	522.6
4 Manufacturing	354.6	385.3	383.8	386.8	384.8	377.4	385.4	396.9
5 Distributive industries	330.7	361.6	378.8	378.1	381.9	383.5	386.4	394.9
6 Service industries	297.6	337.7	374.1	369.1	381.2	388.5	396.4	407.5
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	130.1
10 Business and professional[1]	95.6	89.7	87.5	88.1	87.8	90.2	98.4	106.0
11 Farm[1]	21.8	30.5	21.5	16.8	15.8	26.0	22.2	24.1
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	403.0
16 Old-age survivors, disability, and health insurance benefits	154.2	182.0	204.5	197.3	209.3	216.5	217.4	220.8
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	2,715.0
19 LESS: Personal tax and nontax payments	336.5	387.4	402.1	404.2	399.8	404.1	401.8	412.2
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	2,302.8
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	2,213.5
22 EQUALS: Personal saving	110.2	135.3	125.4	127.1	123.0	120.8	121.7	89.4
MEMO.								
Per capita (1972 dollars)								
23 Gross national product	6,478	6,584	6,399	6,425	6,393	6,355	6,382	6,502
24 Personal consumption expenditures	4,092	4,161	4,179	4,180	4,178	4,205	4,226	4,319
25 Disposable personal income	4,487	4,587	4,567	4,574	4,558	4,576	4,599	4,623
26 Saving rate (percent)	6.0	6.6	5.8	5.9	5.6	5.4	5.4	3.9
GROSS SAVING								
27 **Gross saving**	**405.9**	**483.8**	**405.8**	**439.5**	**397.9**	**351.3**	**398.5**	**n.a.**
28 Gross private saving	435.4	509.6	521.6	520.7	524.9	526.6	541.5	n.a.
29 Personal saving	110.2	135.3	125.4	127.1	123.0	120.8	121.7	89.4
30 Undistributed corporate profits[1]	32.1	44.8	37.0	37.5	38.9	37.5	48.9	n.a.
31 Corporate inventory valuation adjustment	-42.9	-23.6	-8.4	-8.5	-9.0	-10.3	-1.7	-8.5
Capital consumption allowances								
32 Corporate	179.3	202.9	222.0	220.2	224.5	227.7	228.3	230.1
33 Noncorporate	113.8	126.6	137.2	135.9	138.5	140.5	142.6	144.3
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	n.a.
36 Federal	-61.3	-62.2	-147.1	-113.2	-158.3	-208.2	-183.3	n.a.
37 State and local	30.6	35.3	31.3	32.0	31.3	32.9	40.4	n.a.
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**	**415.4**
40 Gross private domestic	401.9	474.9	414.5	432.5	425.3	377.4	404.1	451.5
41 Net foreign	6.3	4.0	-8.3	8.7	-24.8	-21.9	-6.7	-36.1
42 **Statistical discrepancy**	**2.3**	**-4.9**	**.5**	**1.7**	**2.5**	**4.2**	**-1.2**	**-1.2**

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 Q1p
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	1982	1983					
				Dec	Jan	Feb	Mar	Apr	May	June
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	220,626	233,677	212,193	16,347	17,393	16,326	16,752	16,074	15,566	17,008
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	244,871	261,305	243,952	19,154	20,021	19,015	19,525	19,771	21,514	21,024
3 **Trade balance**	**−24,245**	**−27,628**	**−31,759**	**−2,808**	**−2,628**	**−2,689**	**−2,774**	**−3,697**	**−5,948**	**−4,016**

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						
				Jan	Feb	Mar.	Apr	May	June	July
1 **Total**	**26,756**	**30,075**	**33,958**	**33,936**	**34,233**	**34,261**	**34,173**	**33,931**	**33,876**	**33,373**
2 Gold stock, including Exchange Stabilization Fund[1]	11,160	11,151	11,148	11,144	11,139	11,138	11,132	11,132	11,131	11,131
3 Special drawing rights[2,3]	2,610	4,095	5,250	5,267	5,284	5,229	5,192	5,525	5,478	5,496
4 Reserve position in International Monetary Fund[2]	2,852	5,055	7,348	8,035	8,594	9,293	9,284	9,424	9,413	9,475
5 Foreign currencies[4,5]	10,134	9,774	10,212	9,490	9,216	8,601	8,565	7,850	7,854	7,271

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						
				Jan.	Feb.	Mar	Apr	May	June	July
1 Deposits	411	505	328	366	352	424	322	445	279	369
Assets held in custody										
2 U.S. Treasury securities[1]	102,417	104,680	112,544	115,872	116,428	114,999	114,880	115,401	114,499	118,105
3 Earmarked gold[2]	14,965	14,804	14,716	14,717	14,752	14,726	14,723	14,727	14,724	14,727

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				
				Nov	Dec	Jan	Feb	Mar r	Apr	May p
	All foreign countries									
1 **Total, all currencies**	**364,409**	**401,135**	**462,847**	**468,735r**	**469,365r**	**462,112r**	**458,201r**	**465,130**	**453,243**	**452,173**
2 Claims on United States	32,302	28,460	63,743	90,849	91,767	89,695	87,525	93,718	87,404	91,888
3 Parent bank	25,929	20,202	43,267	62,476	61,629	59,694	58,500	63,312	57,934	62,576
4 Other	6,373	8,258	20,476	28,373	30,138	30,001	29,025	30,406	29,470	29,312
5 Claims on foreigners	317,330	354,960	378,954	357,451r	358,195r	352,906r	351,407r	352,416	347,876	342,240
6 Other branches of parent bank	79,662	77,019	87,821	91,948r	91,143r	89,488r	89,772r	89,083	88,693	86,488
7 Banks	123,420	146,448	150,763	133,360r	133,577r	131,028	129,169	132,108	127,290	123,945
8 Public borrowers	26,097	28,033	28,197	23,437r	24,090r	24,602r	24,734r	24,742	25,119	25,547
9 Nonbank foreigners	88,151	103,460	112,173	108,706	109,385	107,788	107,732	106,483	106,774	106,260
10 Other assets	14,777	17,715	20,150	20,435r	19,403r	19,511r	19,269r	18,996	17,963	18,045
11 **Total payable in U.S. dollars**	**267,713**	**291,798**	**350,735**	**363,684r**	**361,645r**	**354,749r**	**350,562r**	**356,474**	**344,124**	**343,771**
12 Claims on United States	31,171	27,191	62,142	88,976	90,047	88,001	85,901	91,281	85,127	89,532
13 Parent bank	25,632	19,896	42,721	61,662	60,973	58,926	57,799	62,379	57,298	61,777
14 Other	5,539	7,295	19,421	27,314	29,074	29,075	28,102	28,902	27,829	27,755
15 Claims on foreigners	229,120	255,391	276,937	261,893r	259,583r	254,926r	253,037r	253,585	248,465	243,838
16 Other branches of parent bank	61,525	58,541	69,398	74,785r	73,512	71,188	71,937r	70,768	69,788	67,839
17 Banks	96,261	117,342	122,110	106,681	106,275	103,596	100,797	103,472	98,603	95,961
18 Public borrowers	21,629	23,491	22,877	18,255r	18,374r	18,785r	18,962r	18,795	18,905	19,001
19 Nonbank foreigners	49,705	56,017	62,552	62,172	61,422	61,357	61,341	60,550	61,169	61,037
20 Other assets	7,422	9,216	11,656	12,815	12,015	11,822	11,624	11,608	10,532	10,401
	United Kingdom									
21 **Total, all currencies**	**130,873**	**144,717**	**157,229**	**165,687**	**161,067**	**157,464**	**156,577**	**156,022**	**152,408**	**151,821**
22 Claims on United States	11,117	7,509	11,823	28,677	27,354	27,175	26,423	26,259	25,139	24,847
23 Parent bank	9,338	5,275	7,885	24,278	23,017	22,539	21,962	21,912	20,657	20,456
24 Other	1,779	2,234	3,938	4,399	4,337	4,636	4,461	4,347	4,482	4,391
25 Claims on foreigners	115,123	131,142	138,888	130,666	127,734	124,354	124,214	123,993	121,727	121,187
26 Other branches of parent bank	34,291	34,760	41,367	38,319	37,000	34,959	35,437	36,171	32,973	33,361
27 Banks	51,343	58,741	56,315	51,414	50,767	49,497	48,580	48,976	48,301	47,623
28 Public borrowers	4,919	6,688	7,490	6,170	6,240	6,421	6,592	6,337	6,567	6,599
29 Nonbank foreigners	24,570	30,953	33,716	34,763	33,727	33,477	33,605	32,509	33,886	33,604
30 Other assets	4,633	6,066	6,518	6,344	5,979	5,935	5,940	5,770	5,542	5,787
31 **Total payable in U.S. dollars**	**94,287**	**99,699**	**115,188**	**128,863**	**123,740**	**120,233**	**119,273**	**118,891**	**113,170**	**112,585**
32 Claims on United States	10,746	7,116	11,246	28,093	26,761	26,581	25,829	25,597	24,374	24,044
33 Parent bank	9,297	5,229	7,721	24,035	22,756	22,250	21,700	21,626	20,354	20,092
34 Other	1,449	1,887	3,525	4,058	4,005	4,331	4,129	3,971	4,020	3,952
35 Claims on foreigners	81,294	89,723	99,850	95,870	92,228	89,137	88,973	88,797	84,981	84,779
36 Other branches of parent bank	28,928	28,268	35,439	33,154	31,648	29,380	29,918	30,589	27,131	27,579
37 Banks	36,760	42,073	40,703	38,310	36,717	35,616	34,499	34,442	33,228	32,801
38 Public borrowers	3,319	4,911	5,595	4,281	4,329	4,600	4,789	4,413	4,504	4,497
39 Nonbank foreigners	12,287	14,471	18,113	20,125	19,534	19,541	19,767	19,353	20,118	19,902
40 Other assets	2,247	2,860	4,092	4,900	4,751	4,515	4,471	4,497	3,815	3,762
	Bahamas and Caymans									
41 **Total, all currencies**	**108,977**	**123,837**	**149,108**	**140,990**	**145,089**	**142,115**	**138,730**	**145,663**	**142,049**	**140,941**
42 Claims on United States	19,124	17,751	46,546	57,081	59,402	57,302	56,225	62,576	57,559	62,526
43 Parent bank	15,196	12,631	31,643	34,022	34,653	32,958	32,839	37,937	34,113	39,011
44 Other	3,928	5,120	14,903	23,059	24,749	24,344	23,386	24,639	23,446	23,515
45 Claims on foreigners	86,718	101,926	98,057	79,230	81,387	80,722	78,527	79,150	80,817	74,759
46 Other branches of parent bank	9,689	13,342	12,951	18,066	18,720	20,091	19,730	17,512	22,153	18,537
47 Banks	43,189	54,861	55,151	41,070	42,636	40,770	39,101	42,347	39,607	37,531
48 Public borrowers	12,905	12,577	10,010	6,310	6,413	6,434	6,494	6,540	6,388	6,170
49 Nonbank foreigners	20,935	21,146	19,945	13,784	13,618	13,427	13,202	12,751	12,669	12,521
50 Other assets	3,135	4,160	4,505	4,679	4,300	4,091	3,978	3,937	3,673	3,656
51 **Total payable in U.S. dollars**	**102,368**	**117,654**	**143,743**	**135,699**	**139,538**	**136,278**	**132,884**	**139,549**	**135,711**	**135,112**

3.14 Continued

Liability account	1979	1980	1981	1982 Nov	1982 Dec	1983 Jan	1983 Feb	1983 Mar.[r]	1983 Apr.	1983 May[p]
					All foreign countries					
52 **Total, all currencies**	**364,409**	**401,135**	**462,847**	**468,735[r]**	**469,365[r]**	**462,112[r]**	**458,201[r]**	**465,130**	**453,243**	**452,173**
53 To United States	66,689	91,079	137,767	171,920[r]	178,877[r]	178,390[r]	176,243[r]	188,828	180,057	183,793
54 Parent bank	24,533	39,286	56,344	66,412[r]	75,520[r]	79,893[r]	77,446[r]	84,966	77,090	80,786
55 Other banks in United States	13,968	14,473	19,197	31,764	33,368[r]	32,797[r]	32,650	34,006	32,687	31,881
56 Nonbanks	28,188	37,275	62,226	73,744	69,989	65,700	66,147	69,856	70,280	71,126
57 To foreigners	283,510	295,411	305,630	276,454[r]	270,653[r]	265,278[r]	263,673[r]	258,524	255,229	250,791
58 Other branches of parent bank	77,640	75,773	86,396	91,364[r]	90,148[r]	88,993[r]	90,556[r]	86,900	88,304	85,313
59 Banks	122,922	132,116	124,906	98,249[r]	96,739[r]	92,875[r]	90,244[r]	91,746	86,949	84,436
60 Official institutions	35,668	32,473	25,997	21,095	19,614	20,246	19,739	17,808	18,384	17,189
61 Nonbank foreigners	47,280	55,049	68,331	65,746[r]	64,152[r]	63,164[r]	63,134[r]	62,070	61,592	63,853
62 Other liabilities	14,210	14,690	19,450	20,361[r]	19,835[r]	18,444[r]	18,285[r]	17,778	17,957	17,589
63 **Total payable in U.S. dollars**	**273,857**	**303,281**	**364,447**	**379,386[r]**	**378,936[r]**	**370,202[r]**	**367,606[r]**	**374,432**	**363,151**	**363,251**
64 To United States	64,530	88,157	134,700	168,447	175,390[r]	174,765[r]	172,570[r]	185,330	176,638	180,017
65 Parent bank	23,403	37,528	54,492	64,119[r]	73,194	77,621[r]	75,113[r]	82,655	75,009	78,520
66 Other banks in United States	13,771	14,203	18,883	31,428	33,003[r]	32,273[r]	32,223	33,566	32,226	31,288
67 Nonbanks	27,356	36,426	61,325	72,900	69,193	64,871	65,234	69,109	69,403	70,209
68 To foreigners	201,514	206,883	217,602	199,025[r]	192,323[r]	185,298[r]	185,657[r]	179,704	177,088	174,154
69 Other branches of parent bank	60,551	58,172	69,299	74,686[r]	72,878[r]	71,100[r]	72,888[r]	68,999	69,937	66,972
70 Banks	80,691	87,497	79,594	58,829	57,355	52,225	51,234	52,156	48,428	47,325
71 Official institutions	29,048	24,697	20,288	16,774	15,055	15,940	15,381	13,536	13,801	12,631
72 Nonbank foreigners	31,224	36,517	48,421	48,736[r]	47,035[r]	46,033[r]	46,154[r]	45,013	44,922	47,226
73 Other liabilities	7,813	8,241	12,145	11,914	11,223	10,139	9,379	9,398	9,425	9,080
					United Kingdom					
74 **Total, all currencies**	**130,873**	**144,717**	**157,229**	**165,687**	**161,067**	**157,464**	**156,577**	**156,022**	**152,408**	**151,821**
75 To United States	20,986	21,785	38,022	54,003	53,954	52,650	51,927	55,309	52,883	53,603
76 Parent bank	3,104	4,225	5,444	10,597	13,091	14,287	14,080	14,616	14,343	13,907
77 Other banks in United States	7,693	5,716	7,502	12,374	12,205	12,343	12,198	13,172	12,119	12,773
78 Nonbanks	10,189	11,844	25,076	31,032	28,658	26,020	25,649	27,521	26,421	26,923
79 To foreigners	104,032	117,438	112,255	103,927	99,567	97,827	97,515	93,835	92,460	91,071
80 Other branches of parent bank	12,567	15,384	16,545	19,372	18,361	19,343	21,008	19,653	19,470	20,235
81 Banks	47,620	56,262	51,336	44,266	44,020	41,073	39,892	40,867	38,960	37,594
82 Official institutions	24,202	21,412	16,517	12,940	11,504	12,377	12,025	10,252	10,520	9,413
83 Nonbank foreigners	19,643	24,380	27,857	27,349	25,682	25,034	24,590	23,063	23,510	23,829
84 Other liabilities	5,855	5,494	6,952	7,757	7,546	6,987	7,135	6,878	7,065	7,147
85 **Total payable in U.S. dollars**	**95,449**	**103,440**	**120,277**	**135,188**	**130,261**	**126,286**	**126,007**	**126,088**	**120,683**	**120,301**
86 To United States	20,552	21,080	37,332	53,056	53,029	51,808	50,977	54,520	51,993	52,473
87 Parent bank	3,054	4,078	5,350	10,306	12,814	14,105	13,859	14,476	14,212	13,696
88 Other banks in United States	7,651	5,626	7,249	12,188	12,026	12,128	12,041	12,987	11,929	12,439
89 Nonbanks	9,847	11,376	24,733	30,562	28,189	25,575	25,077	27,057	25,852	26,338
90 To foreigners	72,397	79,636	79,034	77,982	73,477	71,000	71,994	68,309	65,485	64,621
91 Other branches of parent bank	8,446	10,474	12,048	15,310	14,300	15,081	16,709	14,918	14,815	15,636
92 Banks	29,424	35,388	32,298	29,092	28,810	25,177	25,563	26,395	23,821	22,960
93 Official institutions	20,192	17,024	13,612	11,198	9,668	10,657	10,121	8,419	8,474	7,306
94 Nonbank foreigners	14,335	16,750	21,076	22,382	20,699	20,085	19,601	18,577	18,375	18,719
95 Other liabilities	2,500	2,724	3,911	4,150	3,755	3,478	3,036	3,259	3,205	3,207
					Bahamas and Caymans					
96 **Total, all currencies**	**108,977**	**123,837**	**149,108**	**140,990**	**145,089**	**142,115**	**138,730**	**145,663**	**142,049**	**140,941**
97 To United States	37,719	59,666	85,759	98,525	104,384	104,398	102,519	111,424	105,685	108,789
98 Parent bank	15,267	28,181	39,451	41,950	47,040	50,441	47,633	55,620	48,050	51,087
99 Other banks in United States	5,204	7,379	10,474	16,805	18,466	17,561	17,328	17,328	17,451	16,143
100 Nonbanks	17,248	24,106	35,834	39,770	38,878	36,396	37,558	38,476	40,184	41,559
101 To foreigners	68,598	61,218	60,012	39,603	38,249	35,470	33,859	32,030	34,146	29,976
102 Other branches of parent bank	20,875	17,040	20,641	17,566	15,796	14,258	13,809	11,536	14,474	10,272
103 Banks	33,631	29,895	23,202	10,413	10,166	9,279	8,451	8,999	8,126	7,618
104 Official institutions	4,866	4,361	3,498	1,846	1,967	1,849	1,720	1,678	1,710	1,734
105 Nonbank foreigners	9,226	9,922	12,671	9,778	10,320	10,084	9,879	9,817	9,836	10,352
106 Other liabilities	2,660	2,953	3,337	2,862	2,456	2,247	2,352	2,209	2,218	2,176
107 **Total payable in U.S. dollars**	**103,460**	**119,657**	**145,284**	**137,879**	**141,841**	**138,702**	**135,377**	**142,465**	**138,502**	**137,845**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1980	1981	1982	1983					
			Dec	Jan.	Feb.	Mar	Apr.p	Mayp	Junep
1 **Total**[1]	**164,578**	**170,109**	**172,780**	**175,163**	**172,915**	**173,166**	**173,586**	**175,289**	**175,311**
By type									
2 Liabilities reported by banks in the United States[2]	30,381	26,928	24,873	23,842	21,422	22,980	22,827	24,109	24,104
3 U.S Treasury bills and certificates[3]	56,243	52,389	46,658	50,432	49,954	47,917	48,399	49,281	49,089
U S Treasury bonds and notes									
4 Marketable	41,455	53,186	67,715	67,735	69,303	70,246	70,586	70,602	71,104
5 Nonmarketable[4]	14,654	11,791	8,750	8,750	7,950	7,950	7,950	7,950	7,950
6 U S securities other than U S. Treasury securities[5]	21,845	25,815	24,784	24,404	24,286	24,055	23,824	23,347	23,064
By area									
7 Western Europe[1]	81,592	65,891	61,501	62,525	62,103	61,734	62,178	63,235	63,733
8 Canada	1,562	2,403	2,070	2,430	2,754	2,942	2,770	3,613	3,741
9 Latin America and Caribbean	5,688	6,954	6,028	7,138	6,100	5,578	6,281	5,918	6,507
10 Asia	70,784	91,790	95,922	95,278	95,677	96,789	95,373	95,577	94,761
11 Africa	4,123	1,829	1,350	1,716	1,327	1,162	1,208	1,203	1,076
12 Other countries[6]	829	1,242	5,909	6,076	4,954	4,914	5,776	5,743	5,493

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
				June	Sept.	Dec.	Mar p
1 Banks' own liabilities	1,918	3,748	3,523	4,513	4,575	4,751	5,072
2 Banks' own claims	2,419	4,206	4,980	5,895	6,337	7,689	8,101
3 Deposits	994	2,507	3,398	3,565	3,429	4,241	3,725
4 Other claims	1,425	1,699	1,582	2,329	2,908	3,448	4,376
5 Claims of banks' domestic customers[1]	580	962	971	921	506	676	637

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	1979	1980	1981▲	1982	1983					
				Dec	Jan	Feb	Mar	Apr[r]	May	June[p]
1 **All foreigners**	**187,521**	**205,297**	**244,043**	**305,320**	**304,779**	**304,653**	**316,118[r]**	**308,359**	**316,413**	**319,196**
2 Banks' own liabilities	117,196	124,791	163,738	225,379	219,361	219,666	234,318[r]	225,721	232,598	235,098
3 Demand deposits	23,303	23,462	19,628	16,017	16,089	17,423	16,495	15,606	16,981	17,291
4 Time deposits[1]	13,623	15,076	28,992	67,072	64,347	65,273	68,491	67,495	69,453	73,120
5 Other[2]	16,453	17,583	17,617	23,791	22,918	20,295	24,566	21,877	24,002	25,010
6 Own foreign offices[3]	63,817	68,670	97,500	118,499	116,006	116,676	124,765	120,743	122,163	119,677
7 Banks' custody liabilities[4]	70,325	80,506	80,305	79,941	85,419	84,987	81,800	82,638	83,815	84,098
8 U.S. Treasury bills and certificates[5]	48,573	57,595	55,316	55,614	62,137	61,904	58,748[r]	60,087	60,483	61,218
9 Other negotiable and readily transferable instruments[6]	19,396	20,079	19,019	20,625	19,352	19,205	18,830[r]	18,823	19,187	18,721
10 Other	2,356	2,832	5,970	3,702	3,930	3,877	4,222	3,728	4,146	4,159
11 **Nonmonetary international and regional organizations**[7]	**2,356**	**2,344**	**2,721**	**4,597**	**6,611**	**5,969**	**3,945[r]**	**5,917**	**5,260**	**5,456**
12 Banks' own liabilities	714	444	638	1,584	1,787	1,695	1,300[r]	2,542	2,925	3,048
13 Demand deposits	260	146	262	106	284	195	221	252	267	165
14 Time deposits[1]	151	85	58	1,339	1,333	1,367	913[r]	2,031	2,447	2,483
15 Other[2]	303	212	318	139	170	134	166	259	211	400
16 Banks' custody liabilities[4]	1,643	1,900	2,083	3,013	4,824	4,275	2,645	3,375	2,335	2,408
17 U.S. Treasury bills and certificates	102	254	541	1,621	3,603	3,153	1,501	2,230	1,280	1,538
18 Other negotiable and readily transferable instruments[6]	1,538	1,646	1,542	1,392	1,221	1,122	1,144	1,145	1,055	870
19 Other	2	0	0	0	0	0	0	0	0	0
20 **Official institutions**[8]	**78,206**	**86,624**	**79,318**	**71,531**	**74,274**	**71,377**	**70,897**	**71,220**	**73,389**	**73,193**
21 Banks' own liabilities	18,292	17,826	17,094	16,526	16,411	14,620	16,443	16,188	17,363	17,161
22 Demand deposits	4,671	3,771	2,564	1,981	2,168	2,063	2,287	2,322	2,104	2,198
23 Time deposits[1]	3,050	3,612	4,230	5,489	4,907	5,481	5,331	6,039	6,326	6,308
24 Other[2]	10,571	10,443	10,300	9,057	9,336	7,076	8,825	7,826	8,933	8,655
25 Banks' custody liabilities[4]	59,914	68,798	62,224	55,006	57,864	56,756	54,454	55,032	56,026	56,032
26 U.S. Treasury bills and certificates[5]	47,666	56,243	52,389	46,658	50,432	49,954	47,917	48,399	49,281	49,089
27 Other negotiable and readily transferable instruments[6]	12,196	12,501	9,787	8,319	7,396	6,769	6,512	6,618	6,724	6,926
28 Other	52	54	47	28	35	33	25	15	22	17
29 **Banks**[9]	**88,316**	**96,415**	**136,030**	**185,097**	**178,460**	**180,891**	**192,702[r]**	**183,100**	**188,590**	**190,413**
30 Banks' own liabilities	83,299	90,456	124,312	168,679	161,637	162,878	174,325[r]	164,647	169,152	170,978
31 Unaffiliated foreign banks	19,482	21,786	26,812	50,179	45,631	46,202	49,560[r]	43,904	46,989	51,301
32 Demand deposits	13,285	14,188	11,614	8,733	8,186	9,627	8,264	7,601	8,832	9,107
33 Time deposits[1]	1,667	1,703	8,735	28,267	25,556	25,297	27,617[r]	24,329	25,118	27,751
34 Other[2]	4,530	5,895	6,462	13,179	11,889	11,278	13,679	11,974	13,039	14,443
35 Own foreign offices[3]	63,817	68,670	97,500	118,499	116,006	116,676	124,765	120,743	122,163	119,677
36 Banks' custody liabilities[4]	5,017	5,959	11,718	16,419	16,822	18,012	18,377	18,453	19,438	19,435
37 U.S. Treasury bills and certificates	422	623	1,687	5,809	6,292	6,791	7,122	7,475	7,824	8,392
38 Other negotiable and readily transferable instruments[6]	2,415	2,748	4,421	7,844	7,698	8,345	8,265[r]	8,041	8,333	7,758
39 Other	2,179	2,588	5,611	2,766	2,833	2,876	2,990	2,937	3,282	3,286
40 **Other foreigners**	**18,642**	**19,914**	**25,974**	**44,095**	**45,434**	**46,416**	**48,573**	**48,122**	**49,173**	**50,134**
41 Banks' own liabilities	14,891	16,065	21,694	38,591	39,526	40,473	42,250[r]	42,344	43,158	43,910
42 Demand deposits	5,087	5,356	5,189	5,197	5,452	5,539	5,724	5,430	5,777	5,820
43 Time deposits	8,755	9,676	15,969	31,977	32,551	33,128	34,631[r]	35,095	35,562	36,578
44 Other[2]	1,048	1,033	537	1,416	1,524	1,807	1,896	1,819	1,819	1,512
45 Banks' custody liabilities[4]	3,751	3,849	4,279	5,504	5,908	5,943	6,323	5,778	6,016	6,224
46 U.S. Treasury bills and certificates	382	474	699	1,525	1,810	2,006	2,207	1,983	2,098	2,200
47 Other negotiable and readily transferable instruments[6]	3,247	3,185	3,268	3,070	3,037	2,970	2,909	3,018	3,076	3,168
48 Other	123	190	312	908	1,062	968	1,207	776	842	856
49 MEMO Negotiable time certificates of deposit in custody for foreigners	10,984	10,745	10,747	14,296	13,367	11,611	11,383	11,604	11,555	11,587

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	1979	1980	1981▲	1982 Dec.	1983 Jan.	Feb.	Mar.	Apr[r]	May	June[p]
1	**Total**	**187,521**	**205,297**	**244,043**	**305,320**	**304,779**	**304,653**	**316,118[r]**	**308,359**	**316,413**	**319,196**
2	**Foreign countries**	**185,164**	**202,953**	**241,321**	**300,723**	**298,168**	**298,683**	**312,173[r]**	**302,442**	**311,153**	**313,740**
3	Europe	90,952	90,897	91,309	117,695	118,764	116,019	116,457[r]	111,233	115,896	117,914
4	Austria	413	523	596	512	467	513	604	576	574	634
5	Belgium-Luxembourg	2,375	4,019	4,117	2,517	2,270	2,295	2,726	2,800	2,605	2,830
6	Denmark	1,092	497	333	509	996	1,197	765	849	732	616
7	Finland	398	455	296	748	473	369	408	437	280	447
8	France	10,433	12,125	8,486	8,169	8,462	7,723	6,780	7,091	6,646	6,751
9	Germany	12,935	9,973	7,665	5,375	5,807	6,227	6,458	3,437	3,971	3,395
10	Greece	635	670	463	537	589	595	597	670	648	567
11	Italy	7,782	7,572	7,290	5,674	4,938	4,514	4,312	5,021	5,570	6,619
12	Netherlands	2,337	2,441	2,823	3,362	3,770	3,196	3,704	3,968	3,543	3,239
13	Norway	1,267	1,344	1,457	1,567	1,476	1,407	1,061	1,565	2,227	1,719
14	Portugal	557	374	354	388	398	370	363	346	426	350
15	Spain	1,259	1,500	916	1,405	1,316	1,524	1,640	1,484	1,621	1,613
16	Sweden	2,005	1,737	1,545	1,380	1,315	1,645	1,379	1,210	1,356	1,493
17	Switzerland	17,954	16,689	18,720	28,999	28,996	30,263	30,433	29,390	29,745	29,965
18	Turkey	120	242	518	296	190	251	254	231	248	194
19	United Kingdom	24,700	22,680	28,287	48,169	50,339	47,202	47,703	44,980	48,752	49,913
20	Yugoslavia	266	681	375	499	470	452	491	504	549	501
21	Other Western Europe[1]	4,070	6,939	6,526	6,965	6,033	5,898	6,365	6,215	6,023	6,521
22	U.S.S.R.	52	68	49	50	47	41	40	44	53	71
23	Other Eastern Europe[2]	302	370	493	573	412	335	374	413	327	476
24	Canada	7,379	10,031	10,250	12,217	10,990	13,618	15,159	14,492	16,259	16,275
25	Latin America and Caribbean	49,686	53,170	85,159	112,916	110,576	111,105	119,895	117,708	118,046	119,369
26	Argentina	1,582	2,132	2,445	3,577	4,833	4,891	4,684	4,603	4,886	4,762
27	Bahamas	15,255	16,381	34,856	44,026	42,911	45,029	48,832	49,086	49,517	49,076
28	Bermuda	430	670	765	1,572	1,989	1,903	2,124	2,128	1,821	2,031
29	Brazil	1,005	1,216	1,568	2,010	1,916	2,010	1,948	2,474	2,443	2,723
30	British West Indies	11,138	12,766	17,794	26,372	24,630	23,963	27,520	23,889	22,938	23,764
31	Chile	468	460	664	1,626	1,341	1,280	1,084	1,196	1,311	1,356
32	Colombia	2,617	3,077	2,993	2,593	2,384	2,336	1,887	1,820	1,866	1,724
33	Cuba	13	6	9	9	10	10	9	12	8	13
34	Ecuador	425	371	434	453	472	499	575	534	657	580
35	Guatemala	414	367	479	670	682	669	675	666	704	705
36	Jamaica	76	97	87	126	115	103	134	107	108	130
37	Mexico	4,185	4,547	7,170	7,967	7,930	7,380	8,118	8,351	8,513	9,022
38	Netherlands Antilles	499	413	3,182	3,597	3,762	3,474	3,416	3,426	3,622	3,494
39	Panama	4,483	4,718	4,857	4,738	4,923	4,983	5,617	5,620	5,728	5,647
40	Peru	383	403	694	1,147	1,052	903	927	966	1,004	1,148
41	Uruguay	202	254	367	759	726	817	818	852	912	954
42	Venezuela	4,192	3,170	4,245	8,382	7,649	7,671	8,146	8,585	8,534	8,625
43	Other Latin America and Caribbean	2,318	2,123	2,548	3,291	3,251	3,185	3,381	3,394	3,473	3,614
44	Asia	33,005	42,420	50,005	48,679	48,193	49,614	52,528[r]	50,181	52,106	51,928
	China										
45	Mainland	49	49	158	203	220	196	208	187	158	208
46	Taiwan	1,393	1,662	2,082	2,716	3,139	3,515	3,535	3,600	3,764	3,722
47	Hong Kong	1,672	2,548	3,950	4,465	4,542	4,988	5,725	5,127	5,195	5,585
48	India	527	416	385	433	514	962	521	669	719	668
49	Indonesia	504	730	640	849	1,156	614	855	1,028	765	554
50	Israel	707	883	592	606	608	515	985	761	785	835
51	Japan	8,907	16,281	20,750	16,098	15,836	16,613	17,022	17,052	17,403	17,001
52	Korea	993	1,528	2,013	1,692	1,473	1,458	1,418	1,147	1,459	1,322
53	Philippines	795	919	874	770	680	787	718	712	783	818
54	Thailand	277	464	534	629	482	529	488	528	566	695
55	Middle-East oil-exporting countries[3]	15,300	14,453	13,174	13,433	12,332	11,672	13,159[r]	11,756	12,608	11,832
56	Other Asia	1,879	2,487	4,854	6,784	7,210	7,764	7,893	7,614	7,902	8,688
57	Africa	3,239	5,187	3,180	3,070	3,331	3,087	2,910	2,829	2,872	2,689
58	Egypt	475	485	360	398	500	416	533	466	513	461
59	Morocco	33	33	32	75	51	51	57	48	50	54
60	South Africa	184	288	420	277	276	317	281	299	358	355
61	Zaire	110	57	26	23	25	31	33	28	32	59
62	Oil-exporting countries[4]	1,635	3,540	1,395	1,280	1,603	1,333	975	1,071	866	745
63	Other Africa	804	783	946	1,016	877	939	1,031	916	1,054	1,015
64	Other countries	904	1,247	1,419	6,146	6,314	5,241	5,224	5,999	5,974	5,564
65	Australia	684	950	1,223	5,904	6,080	5,052	4,933	5,804	5,778	5,406
66	All other	220	297	196	243	235	190	291	195	196	158
67	Nonmonetary international and regional organizations	2,356	2,344	2,721	4,597	6,611	5,969	3,945[r]	5,917	5,260	5,456
68	International	1,238	1,157	1,661	3,705	5,769	5,186	3,182	5,194	4,540	4,747
69	Latin American regional	806	890	710	517	527	487	478	494	453	443
70	Other regional[5]	313	296	350	375	316	296	285[r]	229	267	266

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	1979	1980	1981▲	1982	1983					
				Dec.	Jan.	Feb.	Mar	Apr.r	May	Junep
1 **Total**	**133,943**	**172,592**	**251,082**	**353,733**	**357,333**	**358,695**	**372,603r**	**361,187**	**363,188**	**365,712**
2 **Foreign countries**	**133,906**	**172,514**	**251,026**	**353,665**	**357,260**	**358,618**	**372,534r**	**361,095**	**363,112**	**365,615**
3 Europe	28,388	32,108	49,067	84,005	83,503	84,289	88,058r	84,325	83,388	84,340
4 Austria	284	236	121	216	232	226	255	307	284	306
5 Belgium-Luxembourg	1,339	1,621	2,851	5,115	4,730	5,363	5,700	5,350	5,478	5,652
6 Denmark	147	127	187	554	609	648	1,134	1,124	1,061	1,075
7 Finland	202	460	546	990	984	957	961	844	766	860
8 France	3,322	2,958	4,124	6,863	7,204	7,367	7,216	7,342	7,829	7,843
9 Germany	1,179	948	938	1,860	1,407	1,740	1,810	1,273	1,187	1,409
10 Greece	154	256	333	452	576	632	652	628	607	572
11 Italy	1,631	3,364	5,240	7,498	7,544	7,005	7,139r	7,403	6,985	7,168
12 Netherlands	514	575	682	1,428	1,470	1,356	1,629	1,250	1,262	1,147
13 Norway	276	227	384	572	625	587	544	628	683	648
14 Portugal	330	331	529	943	843	834	820	797	815	755
15 Spain	1,051	993	2,100	3,730	3,699	3,223	3,120	3,004	3,059	3,158
16 Sweden	542	783	1,205	3,030	3,113	2,693	2,414	2,289	2,298	2,843
17 Switzerland	1,165	1,446	2,213	1,639	1,568	1,496	1,668	1,653	1,085	1,596
18 Turkey	149	145	424	560	527	567	595	608	578	570
19 United Kingdom	13,795	14,917	23,654	44,754	44,703	45,916	48,688r	46,072	45,652	44,859
20 Yugoslavia	611	853	1,224	1,418	1,382	1,399	1,393	1,432	1,481	1,458
21 Other Western Europe[1]	175	179	209	378	310	319	322	232	236	338
22 U.S.S.R	268	281	377	263	233	250	310	392	355	358
23 Other Eastern Europe[2]	1,254	1,410	1,725	1,741	1,745	1,709	1,690	1,697	1,684	1,726
24 Canada	4,143	4,810	9,164	14,216	14,865	15,583	16,477	15,087	16,540	16,344
25 Latin America and Caribbean	67,993	92,992	138,138	187,379	192,024	192,002	198,523r	195,821	197,834	195,087
26 Argentina	4,389	5,689	7,522	10,960	11,231	11,431	11,264	11,228	11,550	11,097
27 Bahamas	18,918	29,419	43,446	56,300	58,003	56,654	59,385r	57,177	58,900	58,551
28 Bermuda	496	218	346	603	582	536	500r	385	628	2,080
29 Brazil	7,713	10,496	16,914	23,204	23,036	23,377	23,551r	23,715	23,528	23,230
30 British West Indies	9,818	15,663	21,930	29,162	32,790	33,376	35,215r	34,985	33,163	31,408
31 Chile	1,441	1,951	3,690	5,560	5,229	5,302	5,209	5,131	5,568	5,130
32 Colombia	1,614	1,752	2,018	3,185	3,221	3,159	3,166r	3,155	3,484	3,575
33 Cuba	4	3	3	3	11	2	2	0	0	0
34 Ecuador	1,025	1,190	1,531	2,053	2,038	2,054	2,054	2,093	2,040	1,991
35 Guatemala[3]	134	137	124	124	129	119	84	77	90	90
36 Jamaica[3]	47	36	62	181	206	197	216	196	198	203
37 Mexico	9,099	12,595	22,409	29,449	29,422	30,234	31,251	31,726	31,906	32,222
38 Netherlands Antilles	248	821	1,076	814	815	906	970	1,036	885	495
39 Panama	6,041	4,974	6,779	10,133	10,040	9,296	9,797	8,956	9,633	8,647
40 Peru	652	890	1,218	2,332	2,299	2,273	2,301	2,330	2,414	2,592
41 Uruguay	105	137	157	681	687	684	707	859	824	818
42 Venezuela	4,657	5,438	7,069	10,682	10,225	10,283	10,615	10,559	10,749	10,790
43 Other Latin America and Caribbean	1,593	1,583	1,844	1,953	2,057	2,117	2,236	2,213	2,275	2,169
44 Asia	30,730	39,078	49,780	60,629	59,032	58,966	61,476	57,689	57,398	61,871
China										
45 Mainland	35	195	107	210	198	195	195	239	219	167
46 Taiwan	1,821	2,469	2,461	2,285	2,223	1,975	1,860	1,786	1,613	1,747
47 Hong Kong	1,804	2,247	4,126	7,705	7,081	7,112	7,656	7,487	7,552	7,863
48 India	92	142	123	222	230	200	160	163	198	224
49 Indonesia	131	245	351	342	370	429	505	541	563	536
50 Israel	990	1,172	1,562	2,043	1,835	1,732	1,744	2,036	1,926	2,431
51 Japan	16,911	21,361	26,762	27,199	26,741	26,845	28,545	24,979	24,755	26,913
52 Korea	3,793	5,697	7,324	9,389	9,052	9,183	9,170	8,768	8,940	9,016
53 Philippines	737	989	1,817	2,555	2,444	2,599	2,628	2,627	2,493	2,809
54 Thailand	933	876	564	643	649	651	625	741	707	788
55 Middle East oil-exporting countries[4]	1,548	1,432	1,575	3,087	3,428	3,403	3,829	3,947	4,024	4,396
56 Other Asia	1,934	2,252	3,009	4,948	4,781	4,643	4,557	4,375	4,410	4,982
57 Africa	1,797	2,377	3,503	5,350	5,608	5,504	5,483	5,698	5,538	5,644
58 Egypt	114	151	238	322	310	277	309	297	378	417
59 Morocco	103	223	284	347	342	359	375	382	441	463
60 South Africa	445	370	1,011	2,013	2,061	2,193	2,185	2,123	2,123	2,226
61 Zaire	144	94	112	57	57	54	52	104	47	46
62 Oil-exporting countries[5]	391	805	657	803	914	841	844	750	851	830
63 Other	600	734	1,201	1,807	1,924	1,781	1,717	2,041	1,699	1,662
64 Other countries	855	1,150	1,376	2,086	2,228	2,274	2,519	2,475	2,413	2,330
65 Australia	673	859	1,203	1,713	1,714	1,696	1,953	1,889	1,750	1,711
66 All other	182	290	172	373	514	578	566	586	663	619
67 Nonmonetary international and regional organizations[6]	36	78	56	68	73	77	69	92	77	96

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	1979	1980	1981▲	1982	1983					
				Dec	Jan.	Feb.	Mar.r	Apr.r	May	June p
1 **Total**	**154,030**	**198,698**	**287,051**	**393,642**	....	....	**410,859**	....	....	....
2 Banks' own claims on foreigners	133,943	172,592	251,082	353,733	357,333	358,695	372,603	361,187	363,188	365,712
3 Foreign public borrowers	15,937	20,882	31,302	44,601	44,360	45,423	46,935	47,582	47,767	48,910
4 Own foreign offices[1]	47,428	65,084	96,647	127,275	133,589	134,460	143,684	135,756	139,166	137,157
5 Unaffiliated foreign banks	40,927	50,168	74,134	119,327	116,434	117,731	121,059	117,246	115,413	117,351
6 Deposits	6,274	8,254	23,012	43,012	42,160	44,133	48,665	44,481	43,724	44,809
7 Other	34,654	41,914	51,123	76,315	74,274	73,598	72,394	72,765	71,689	72,542
8 All other foreigners	29,650	36,459	48,999	62,530	62,950	61,081	60,926	60,603	60,842	62,294
9 Claims of banks' domestic customers[2]	20,088	26,106	35,968	39,909	....	....	38,256	....	....	....
10 Deposits	955	885	1,378	2,226	....	....	2,126	....	....	....
11 Negotiable and readily transferable instruments[3]	13,100	15,574	26,352	30,627	....	....	29,250	....	....	....
12 Outstanding collections and other claims	6,032	9,648	8,238	7,056	....	....	6,880	....	....	....
13 MEMO: Customer liability on acceptances	18,021	22,714	29,517	38,391	....	....	35,153	....	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	22,333	24,468	39,862	41,210	38,621	38,646	38,332	40,542	41,673	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	1979	1980	1981▲	1982			1983
				June	Sept	Dec.	Mar.p
1 **Total**	**86,181**	**106,748**	**153,879**	**200,596**	**213,223**	**225,853**	**226,708**
By borrower							
2 Maturity of 1 year or less[1]	65,152	82,555	115,849	151,698	161,686	171,852	171,114
3 Foreign public borrowers	7,233	9,974	15,099	19,367	20,057	20,999	21,602
4 All other foreigners	57,919	72,581	100,750	132,331	141,629	150,852	149,512
5 Maturity of over 1 year[1]	21,030	24,193	38,030	48,898	51,537	54,001	55,594
6 Foreign public borrowers	8,371	10,152	15,650	20,057	21,925	22,883	24,623
7 All other foreigners	12,659	14,041	22,380	28,841	29,612	31,118	30,971
By area							
Maturity of 1 year or less[1]							
8 Europe	15,235	18,715	27,914	39,064	44,880	49,232	52,922
9 Canada	1,777	2,723	4,634	6,594	7,039	7,554	6,874
10 Latin America and Caribbean	24,928	32,034	48,489	68,046	71,686	72,922	73,520
11 Asia	21,641	26,686	31,413	33,518	33,297	37,226	32,561
12 Africa	1,077	1,757	2,457	3,259	3,621	3,692	3,872
13 All other[2]	493	640	943	1,217	1,163	1,225	1,365
Maturity of over 1 year[1]							
14 Europe	4,160	5,118	8,094	9,244	10,510	11,559	11,968
15 Canada	1,317	1,448	1,774	2,340	1,955	1,923	1,924
16 Latin America and Caribbean	12,814	15,075	25,089	32,919	34,020	35,121	35,696
17 Asia	1,911	1,865	1,907	2,479	3,088	3,168	3,531
18 Africa	655	507	899	1,295	1,328	1,491	1,480
19 All other[2]	173	179	267	622	635	740	995

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1979	1980	1981				1982				1983
			Mar.	June	Sept.	Dec.	Mar.	June	Sept	Dec	Mar.[p]
1 **Total**	**303.9**	**352.0**	**372.1**	**382.9**	**399.8**	**414.4**	**417.7**	**432.6**	**434.5**	**436.3**	**433.6**
2 G-10 countries and Switzerland	138.4	162.1	168.5	168.3	172.2	175.2	173.7	175.0	173.6	177.3	178.1
3 Belgium-Luxembourg	11.1	13.0	13.6	13.8	14.1	13.3	13.2	14.1	13.6	13.0	13.5
4 France	11.7	14.1	14.5	14.7	16.0	15.3	15.9	16.4	15.7	16.7	16.5
5 Germany	12.2	12.1	13.3	12.1	12.7	12.9	12.5	12.7	12.2	12.6	12.9
6 Italy	6.4	8.2	7.7	8.4	8.6	9.6	9.0	9.0	9.7	10.3	10.2
7 Netherlands	4.8	4.4	4.6	4.2	3.7	4.0	4.0	4.1	3.8	3.6	4.3
8 Sweden	2.4	2.9	3.2	3.1	3.4	3.7	4.0	4.0	4.7	5.0	4.2
9 Switzerland	4.7	5.0	5.1	5.2	5.1	5.5	5.3	5.1	5.0	5.0	4.6
10 United Kingdom	56.4	67.4	68.5	67.0	68.8	69.9	69.8	68.5	69.0	71.0	72.0
11 Canada	6.3	8.4	8.9	10.8	11.8	10.9	11.6	11.3	10.8	11.0	10.7
12 Japan	22.4	26.5	29.1	28.9	28.0	30.1	28.4	29.8	29.0	29.0	29.2
13 Other developed countries	19.9	21.6	23.5	24.8	26.4	28.4	30.6	32.1	32.6	33.6	33.8
14 Austria	2.0	1.9	1.8	2.1	2.2	1.9	2.1	2.1	2.0	1.9	2.1
15 Denmark	2.2	2.3	2.4	2.3	2.5	2.3	2.5	2.6	2.5	2.4	3.3
16 Finland	1.2	1.4	1.4	1.3	1.4	1.7	1.6	1.6	1.8	2.2	2.1
17 Greece	2.4	2.8	2.7	3.0	2.9	2.8	2.8	2.6	2.5	2.9	2.8
18 Norway	2.3	2.6	2.8	2.8	3.0	3.1	3.2	3.2	3.4	3.3	3.3
19 Portugal	.7	.6	.6	.8	1.0	1.1	1.2	1.5	1.6	1.5	1.4
20 Spain	3.5	4.4	5.5	5.7	5.8	6.7	7.2	7.3	7.7	7.5	7.0
21 Turkey	1.4	1.5	1.5	1.4	1.5	1.4	1.6	1.5	1.5	1.4	1.5
22 Other Western Europe	1.4	1.7	1.8	1.8	1.9	2.1	2.2	2.2	2.1	2.3	2.2
23 South Africa	1.3	1.1	1.5	1.9	2.5	2.8	3.3	3.5	3.6	3.7	3.6
24 Australia	1.3	1.3	1.5	1.7	1.9	2.5	3.0	4.0	4.0	4.4	4.6
25 OPEC countries[2]	22.9	22.7	21.7	22.2	23.5	24.5	25.1	26.1	27.0	27.4	28.4
26 Ecuador	1.7	2.1	2.0	2.0	2.1	2.2	2.3	2.4	2.3	2.2	2.2
27 Venezuela	8.7	9.1	8.3	8.8	9.2	9.7	9.7	9.8	10.1	10.6	10.3
28 Indonesia	1.9	1.8	2.1	2.1	2.5	2.5	2.7	2.8	2.9	3.2	3.5
29 Middle East countries	8.0	6.9	6.7	6.8	7.1	7.5	8.2	8.7	9.0	8.7	9.3
30 African countries	2.6	2.8	2.6	2.6	2.6	2.5	2.2	2.5	2.7	2.8	3.1
31 Non-OPEC developing countries	63.0	77.4	82.2	84.8	90.2	96.2	97.5	103.6	103.9	106.7	106.9[r]
Latin America											
32 Argentina	5.0	7.9	9.5	8.5	9.3	9.4	9.9	9.7	9.2	8.9	9.0
33 Brazil	15.2	16.2	17.0	17.5	17.7	19.1	19.7	21.3	22.4	22.8	22.9
34 Chile	2.5	3.7	4.0	4.8	5.5	5.8	6.0	6.4	6.2	6.3	6.0
35 Colombia	2.2	2.6	2.4	2.5	2.5	2.6	2.3	2.6	2.8	3.0	3.0
36 Mexico	12.0	15.9	17.0	18.2	20.0	21.6	22.9	25.1	24.9	24.4	24.5[r]
37 Peru	1.5	1.8	1.8	1.7	1.8	2.0	1.9	2.5	2.6	2.6	2.4
38 Other Latin America	3.7	3.9	4.7	3.8	4.2	4.1	4.1	4.0	4.3	4.0	4.3
Asia											
China											
39 Mainland	.1	.2	.2	.2	.2	.2	.2	.3	.2	.2	.2
40 Taiwan	3.4	4.2	4.4	4.6	5.1	5.1	5.1	5.0	4.9	5.3	5.1
41 India	.2	.3	.3	.3	.3	.3	.5	.5	.5	.6	.4
42 Israel	1.3	1.5	1.3	1.8	1.5	2.1	1.7	2.2	1.9	2.3	2.0
43 Korea (South)	5.4	7.1	7.7	8.8	8.6	9.4	8.6	8.9	9.3	10.8	10.8
44 Malaysia	1.0	1.1	1.2	1.4	1.4	1.7	1.7	1.9	1.8	2.1	2.5
45 Philippines	4.2	5.1	4.8	5.1	5.6	6.0	5.9	6.3	6.0	6.2	6.6
46 Thailand	1.5	1.6	1.6	1.5	1.4	1.5	1.4	1.3	1.3	1.6	1.6
47 Other Asia	.5	.6	.5	.7	.8	1.0	1.2	1.1	1.3	1.1	1.3
Africa											
48 Egypt	.6	.8	.8	.7	1.0	1.1	1.3	1.3	1.3	1.2	1.1
49 Morocco	.6	.7	.6	.5	.7	.7	.7	.7	.8	.7	.8
50 Zaire	.2	.2	.2	.2	.2	.2	.2	.2	.1	.1	.1
51 Other Africa[3]	1.7	2.1	2.2	2.1	2.2	2.3	2.3	2.3	2.2	2.4	2.3
52 Eastern Europe	7.3	7.4	7.7	7.7	7.7	7.8	7.2	6.7	6.3	6.2	6.1
53 U.S.S.R.	.7	.4	.4	.5	.4	.6	.4	.4	.3	.3	.3
54 Yugoslavia	1.8	2.3	2.4	2.5	2.5	2.5	2.5	2.4	2.2	2.2	2.5
55 Other	4.8	4.6	4.8	4.8	4.7	4.7	4.3	3.9	3.8	3.7	3.3
56 Offshore banking centers	40.4	47.0	53.7	59.3	61.7	63.5	65.3	71.1	71.0	67.5	64.7[r]
57 Bahamas	13.7	13.7	15.5	17.9	21.3	18.9	19.9	23.6	20.8	18.6	16.8
58 Bermuda	.8	.6	.7	.7	.8	.7	.7	.7	.8	.9	1.0
59 Cayman Islands and other British West Indies	9.4	10.6	11.9	12.6	12.1	12.4	12.0	12.2	13.4	13.2	11.5
60 Netherlands Antilles	1.2	2.1	2.3	2.4	2.2	3.2	3.2	3.0	3.3	3.3	3.2
61 Panama[4]	4.3	5.4	6.5	6.9	6.7	7.6	7.1	7.3	8.0	7.5	7.0[r]
62 Lebanon	.2	.2	.2	.2	.2	.2	.2	.2	.1	.1	.1
63 Hong Kong	6.0	8.1	8.4	10.3	10.3	11.8	12.9	14.3	14.9	14.8	14.8
64 Singapore	4.5	5.9	7.3	8.1	8.0	8.7	9.3	9.8	9.8	9.1	10.3
65 Others[5]	.4	.3	.9	.3	.1	.1	.1	.1	.0	0	0
66 Miscellaneous and unallocated[6]	11.7	14.0	14.9	15.7	18.2	18.8	18.3	18.2	20.1	17.6	16.2

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**	**22,506r**	**22,185r**	**21,017r**	**21,491r**	**21,898**	**21,555**
2 Payable in dollars	14,323	18,481	18,787r	19,418r	18,237r	18,375r	18,798	18,643
3 Payable in foreign currencies	3,110	3,745	3,719r	2,767r	2,780r	3,116	3,099	2,912
By type								
4 Financial liabilities	7,523	11,330	12,143r	12,377r	10,063r	10,749r	10,364	10,294
5 Payable in dollars	5,223	8,528	9,475r	10,408r	8,104r	8,441r	8,289	8,330
6 Payable in foreign currencies	2,300	2,802	2,668r	1,969r	1,959r	2,308	2,075	1,964
7 Commercial liabilities	9,910	10,896	10,363	9,808r	10,955r	10,742r	11,533	11,261
8 Trade payables	4,591	4,993	4,720	4,035r	5,045r	4,536r	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	9,010r	10,133r	9,934r	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	6,816r	7,742r	5,944r	6,389	6,172	6,052
13 Belgium-Luxembourg	338	479	471	562r	518	494	502	407
14 France	175	327	709	917r	581	672	635	679
15 Germany	497	582	491	503	439	446	470	487
16 Netherlands	829	681	748	750r	517	759	702	684
17 Switzerland	170	354	715	707	661	670	673	620
18 United Kingdom	2,477	3,923	3,556r	4,195r	3,081r	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	3,223r	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	1,369r	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	976r	472r	526r	658r	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	14r	13r	17r	17r	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	897r	1,134r	1,197r	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	3,407r	3,301r	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	661r	729r	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^r	Sept.	Dec	Mar.^p
1 **Total**	**31,299**	**34,482**	**35,709^r**	**30,253^r**	**30,559**	**29,519^r**	**27,595**	**29,970**
2 Payable in dollars	28,096	31,528	32,114^r	27,619^r	28,056	26,855^r	24,976	27,253
3 Payable in foreign currencies	3,203	2,955	3,595^r	2,634^r	2,502	2,664^r	2,618	2,718
By type								
4 Financial claims	18,398	19,763	20,735^r	17,743^r	18,361	17,714	16,656	19,086
5 Deposits	12,858	14,166	14,682^r	12,725^r	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^r	457^r	370	413	426	473
8 Other financial claims	5,540	5,597	6,053^r	5,018	4,762	5,106	4,527	4,646
9 Payable in dollars	3,714	3,914	3,599^r	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^r	12,510^r	12,198	11,805^r	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^r	1,017^r	1,129	1,097^r	1,010	1,204
14 Payable in dollars	12,447	14,233	14,458^r	11,989^r	11,634	11,242^r	10,378	10,279
15 Payable in foreign currencies	454	487	516	520	564	564^r	561	605
By area or country								
Financial claims								
16 Europe	6,179	6,069	4,513^r	4,503^r	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^r	3,546^r	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^r	668^r	802	825	723	712
32 Japan	199	189	366	262^r	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^r	454^r	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^r	3,199^r	3,385	3,117^r	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^r	598^r	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 Jan.–June	1982 Dec	1983 Jan.	1983 Feb	1983 Mar.	1983 Apr.[r]	1983 May	1983 June[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	40,686	41,902	36,921	5,839	5,141	5,310	7,083	5,920	6,616	6,851
2 Foreign sales	34,856	37,948	33,033	4,868	4,376	4,349	6,155	5,344	6,362	6,448
3 **Net purchases, or sales (−)**	**5,830**	**3,954**	**3,887**	**971**	**765**	**961**	**928**	**576**	**254**	**403**
4 **Foreign countries**	**5,803**	**3,869**	**3,801**	**946**	**755**	**940**	**902**	**524**	**252**	**428**
5 Europe	3,662	2,596	3,569	672	586	890	976	626	296	195
6 France	900	−143	121	43	47	52	8	29	−28	14
7 Germany	−22	333	725	138	84	137	226	222	86	−31
8 Netherlands	42	−60	−92	25	2	8	41	−5	−81	−57
9 Switzerland	288	−529	1,270	226	211	223	102	278	269	186
10 United Kingdom	2,235	3,129	1,532	242	183	442	576	127	116	88
11 Canada	783	221	611	154	90	61	147	122	92	98
12 Latin America and Caribbean	−30	304	265	39	−5	83	−23	119	63	27
13 Middle East[1]	1,140	368	−586	−153	−57	−13	−57	−302	−192	36
14 Other Asia	287	246	−159	210	118	−91	−210	−44	0	68
15 Africa	7	2	29	3	6	4	8	8	3	1
16 Other countries	−46	131	72	22	18	6	60	−4	−10	2
17 **Nonmonetary international and regional organizations**	**27**	**85**	**86**	**25**	**10**	**21**	**26**	**52**	**2**	**−25**
BONDS[2]										
18 Foreign purchases	17,304	21,631	12,486	2,099	1,933	1,885	2,312	2,318	2,458	1,581
19 Foreign sales	12,252	20,480	12,721	2,457	2,278	1,877	2,448	2,067	2,289	1,763
20 **Net purchases, or sales (−)**	**5,052**	**1,151**	**−234**	**−358**	**−345**	**8**	**−136**	**251**	**170**	**−182**
21 **Foreign countries**	**4,991**	**1,179**	**−188**	**−348**	**−343**	**33**	**−153**	**265**	**193**	**−184**
22 Europe	1,371	1,848	22	−158	−189	−148	−266	261	474	−110
23 France	11	295	−38	146	−21	−2	−22	7	7	−7
24 Germany	848	2,116	116	43	−96	−35	127	47	85	−12
25 Netherlands	70	28	27	−1	16	0	3	1	12	−4
26 Switzerland	108	161	514	44	29	62	−2	209	188	28
27 United Kingdom	196	−903	−220	−461	−105	−90	−182	−103	141	119
28 Canada	−12	25	41	−2	11	15	21	−18	22	−10
29 Latin America and Caribbean	132	160	42	−6	23	11	1	−3	10	0
30 Middle East[1]	3,465	−821	−674	−177	−211	86	32	−50	−378	−153
31 Other Asia	44	−23	322	−5	23	72	59	60	62	47
32 Africa	−1	−19	2	0	0	−1	0	−5	1	7
33 Other countries	−7	7	57	−1	0	0	0	21	2	35
34 **Nonmonetary international and regional organizations**	**61**	**−28**	**−46**	**−10**	**−2**	**−25**	**17**	**−14**	**−24**	**2**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−247	−1,340	−2,830	−272	−320	−226	−447	−548	−641	−648
36 Foreign purchases	9,339	7,170	6,655	927	1,032	1,042	1,187	971	1,079	1,344
37 Foreign sales	9,586	8,511	9,486	1,199	1,352	1,268	1,634	1,519	1,720	1,993
38 Bonds, net purchases, or sales (−)	−5,460	−6,610	−2,197	−417	22	−278	−556	−686	−837	138
39 Foreign purchases	17,553	29,900	17,442	2,962	2,881	3,526	2,772	2,396	2,655	3,211
40 Foreign sales	23,013	36,510	19,639	3,379	2,859	3,804	3,328	3,083	3,492	3,073
41 **Net purchases, or sales (−), of stocks and bonds**	**−5,707**	**−7,950**	**−5,028**	**−689**	**−298**	**−504**	**−1,003**	**−1,234**	**−1,478**	**−510**
42 **Foreign countries**	**−4,694**	**−6,778**	**−4,522**	**−736**	**−272**	**−817**	**−714**	**−1,212**	**−972**	**−535**
43 Europe	−728	−2,436	−3,493	−555	−307	−687	−606[r]	−672	−632	−590
44 Canada	−3,697	−2,364	−1,176	−29	−20	−449	13	−438	−287	5
45 Latin America and Caribbean	69	246	851	29	258	345	−24	88	243	−59
46 Asia	−367	−1,851	−1,089	−195	−192	−37	−144[r]	−221	−309	−185
47 Africa	−55	−9	88	4	−9	21	30	25	9	13
48 Other countries	84	−364	295	10	−2	−10	16	7	4	280
49 **Nonmonetary international and regional organizations**	**−1,012**	**−1,172**	**−505**	**47**	**−26**	**312**	**−289**	**−22**	**−506**	**26**

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.–June	1982 Dec	1983 Jan	Feb	Mar.	Apr.[r]	May	June[p]
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**70,249**	**85,169**	....	**85,169**	**85,458**	**86,057**	**88,675**	**87,463**	**89,400**	**90,972**
2 Foreign countries[2]	64,565	80,586		80,586	80,854	82,098	83,046	84,001	84,244	84,805
3 Europe[2]	24,012	29,274		29,274	29,855	31,039	32,364	33,511	33,557	33,593
4 Belgium-Luxembourg	543	447		447	716	−87	−332	−107	−93	84
5 Germany[2]	11,861	14,841		14,841	15,151	16,650	17,560	17,798	16,953	16,876
6 Netherlands	1,991	2,754		2,754	2,839	3,011	3,194	3,230	3,255	3,251
7 Sweden	643	667		667	668	681	656	656	670	655
8 Switzerland[2]	846	1,540		1,540	1,013	1,039	1,044	1,070	914	877
9 United Kingdom	6,709	6,549		6,549	6,721	6,941	7,478	7,719	8,045	8,234
10 Other Western Europe	1,419	2,476		2,476	2,748	2,804	2,764	3,146	3,813	3,786
11 Eastern Europe	0	0		0	0	0	0	0	0	0
12 Canada	514	602		602	649	639	724	696	863	972
13 Latin America and Caribbean	736	1,076		1,076	1,067	1,050	951	932	1,039	965
14 Venezuela	286	188		188	190	74	77	72	72	72
15 Other Latin America and Caribbean	319	656		656	720	792	690	676	776	698
16 Netherlands Antilles	131	232		232	156	185	184	184	192	196
17 Asia	38,671	49,502		49,502	49,146	49,256	48,897	48,743	48,664	49,146
18 Japan	10,780	11,578		11,578	11,655	11,707	11,736	11,848	12,120	12,582
19 Africa	631	77		77	77	80	80	80	79	79
20 All other	2	55		55	60	34	31	39	42	50
21 Nonmonetary international and regional organizations	5,684	4,583		4,583	4,604	3,959	5,629	3,462	5,156	6,167
22 *International*	5,638	4,186		4,186	4,165	3,405	4,966	2,969	4,514	5,372
23 Latin American regional	1	6		6	6	6	6	6	6	6
	Transactions (net purchases, or sales (−) during period)									
24 **Total[2]**	**12,700**	**14,920**	**5,803**	**502**	**289**	**599**	**2,618**	**−1,212**	**1,937**	**1,572**
25 Foreign countries[2]	11,604	16,021	4,219	1,139	268	1,245	948	955	243	561
26 Official institutions	11,730	14,529	3,389	1,866	20	1,567	962[r]	321	17	502
27 Other foreign[2]	−127	1,487	828	−727	248	−323	14[r]	633	225	59
28 Nonmonetary international and regional organizations	1,096	−1,096	1,585	−637	21	645	1,670	−2,167	1,695	1,011
MEMO: Oil-exporting countries										
29 Middle East[3]	11,156	7,534	−1,721	303	121	233	−691	−115	−566	237
30 Africa[4]	−289	−552	−1	0	0	0	0	0	1	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 July 31, 1983: Percent	Month effective	Country	Rate on July 31, 1983: Percent	Month effective	Country	Rate on July 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	9.49	July 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						
				Jan.	Feb.	Mar.	Apr.	May	June	July
1 Eurodollars	14.00	16 79	12.24	8.97	9 14	9.25	9.23	8.96	9.66	10.00
2 United Kingdom	16.59	13.86	12.21	11.04	11.29	10.92	10.21	10.18	9.91	9.84
3 Canada	13.12	18.84	14.38	9.87	9.69	9.36	9.39	9.30	9.41	9.42
4 Germany	9.45	12.05	8.81	5.78	5 79	5.40	5.16	5.27	5.52	5.54
5 Switzerland	5 79	9.15	5.04	2.78	2 95	3.64	4.20	4.48	4.98	4.77
6 Netherlands	10 60	11.52	8.26	4.97	4.82	4.34	5.19	5.65	5.81	5.58
7 France	12.18	15.28	14 61	12.55	12.88	12 64	12.12	12.51	12.59	12.33
8 Italy	17.50	19.98	19 99	18.95	19.04	19.19	18.20	17.75	17.72	17.50
9 Belgium	14.06	15.28	14.10	12.25	12.25	13.32	11.05	10.04	9.73	9.08
10 Japan	11.45	7.58	6.84	6.47	6 64	6 72	6.34	6.26r	6.46	6 47

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

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1980	1981	1982	1983					
				Feb	Mar.	Apr.	May	June	July
1 Argentina/peso	n a	n.a.	20985.00	50239.47	62386.95	66868.56	71100.94	8.08	8.85
2 Australia/dollar[1]	114.00	114.95	101.65	96.62	88.39	86.76	87.85	87.72	87.54
3 Austria/schilling	12.945	15.948	17.060	17.076	16.940	17.176	17.368	17.974	18.208
4 Belgium/franc	29 237	37.194	45.780	47.739	47.519	48.577	49.239	50.928	51.862
5 Brazil/cruzeiro	n.a.	92.374	179.22	309.01	401 30	434.77	465.65	517.28	571.73
6 Canada/dollar	1.1693	1.1990	1.2344	1.2277	1.2263	1.2325	1.2292	1.2323	1.2323
7 Chile/peso	n.a.	n.a.	51.118	76.863	76.378	76.028	75.405	77.500	78.987
8 China, P R /yuan	n.a.	1 7031	1.8978	1.9653	1 9834	1.9938	1.9895	1.9949	1.9966
9 Colombia/peso	n.a.	n.a	64.071	71.751	73.179	74.751	76.153	77.380	78.997
10 Denmark/krone	5.6345	7 1350	8.3443	8.5811	8.6223	8.6663	8.8003	9.1287	9.3142
11 Finland/markka	3.7206	4 3128	4 8086	5.3907	5.4266	5.4342	5 4361	5 5351	5.5863
12 France/franc	4.2250	5 4396	6.5793	6.8855	7.0204	7.3148	7.4163	7.6621	7.7878
13 Germany/deutsche mark	1.8175	2 2631	2.428	2.4280	2.4110	2.4397	2.4665	2.5490	2.5914
14 Greece/drachma	n.a.	n.a.	66.872	83.621	83.897	84.037	84.105	84.486	84.677
15 Hong Kong/dollar	n a	5 5678	6.0697	6.6060	6.6536	6.7868	6.9667	7.2822	7.1678
16 India/rupee	7.8866	8 6807	9.4846	9.9184	9.9652	9.9824	9.9895	10.049	10.0875
17 Indonesia/rupiah	n.a	n.a.	660 43	700.01	714.72	970.81	968.83	973.00	978.57
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	136.81	134.79	129.53	128.11	123.81	121.87
20 Israel/shekel	n.a.	n.a.	24 407	36.986	38.867	40.951	43.427	46.138	49.614
21 Italy/lira	856 20	1138.60	1354.00	1399.78	1429.72	1451.88	1467.76	1510.98	1533.41
22 Japan/yen	226.63	220 63	249.06	236.12	238.25	237.75	234.76	240.03	240 52
23 Malaysia/ringgit	2.1767	2.3048	2.3395	2.2757	2.2898	2.3063	2.3009	2.3244	2.3319
24 Mexico/peso	22 968	24 547	72.990	157.81	161.78	153.77	150.27	149.02	149.36
25 Netherlands/guilder	1.9875	2.4998	2 6719	2.6779	2.6834	2.7486	2.7737	2.8557	2.8985
26 New Zealand/dollar[1]	97.34	86.848	75.101	71 895	66.642	65.726	66.246	65.659	65.383
27 Norway/krone	4.9381	5 7430	6.4567	7.1171	7.1852	7.1460	7.1154	7.2678	7.3280
28 Peru/sol	n.a.	n.a.	694.59	1087.43	1160.19	1284.37	1390.60	1514.46	1645.99
29 Philippines/peso	n a.	7.8113	8 5324	9.4488	9.5896	9.8449	10.015	10.393	11.050
30 Portugal/escudo	50 082	61.739	80.101	93 771	95 867	99.055	99.521	107.39	119.03
31 Singapore/dollar	n.a.	2.1053	2.1406	2.0758	2.0854	2.1010	2.0920	2.1198	2.1294
32 South Africa/rand[1]	128 54	114.77	92.297	91.04	91.64	91.42	92.31	91.65	91.19
33 South Korea/won	n.a.	n.a.	731.93	752.19	757.94	765.29	767.96	775.82	779.88
34 Spain/peseta	71 758	92 396	110.09	129.886	133.498	135.99	137.76	143.29	147.973
35 Sri Lanka/rupee	16.167	18.967	20.756	22.355	22.982	22.971	22.970	23.050	24.082
36 Sweden/krona	4 2309	5.0659	6 2838	7.4385	7.4882	7.4941	7.4978	7.6351	7.6936
37 Switzerland/franc	1 6772	1.9674	2.0327	2.0180	2.0663	2.0587	2.0572	2.1123	2.1184
38 Thailand/baht	n.a.	21 731	23.014	22.999	22.991	22.990	22.988	22.990	22.990
39 United Kingdom/pound[1]	232.58	202.43	174.80	153.29	149.00	153.61	157.22	154.80	152.73
40 Venezuela/bolivar	n.a.	4.2781	4.2981	4.3101	7.9500	9.0429	10.233	11.213	12.595
MEMO:									
United States/dollar[2]	87.39	102 94	116 57	119.70	120.71	121.82	122.05	125.16	126.62

1. Value in U.S. cents.
2. Index of weighted-average exchange value of U.S. dollar against currencies of other G–10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on p. 700 of the August 1978 BULLETIN

NOTE. Averages of certified noon buying rates in New York for cable tranfers.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

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

General Information

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

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

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

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

Special tables begin on next page.

4.20 DOMESTIC AND FOREIGN OFFICES, Commercial Banks with Assets of $100 Million or over[1,p]
Consolidated Report of Condition; March 31, 1983
Millions of dollars

Item	Insured	Banks with foreign offices[2] Total	Foreign offices[3]	Domestic offices	Banks without foreign offices
1 **Total assets**	**1,752,526**	**1,270,778**	**383,859**	**953,961**	**481,748**
2 Cash and due from depository institutions	289,028	231,906	124,122	107,784	57,122
3 Currency and coin (U.S. and foreign)	13,540	7,923	238	7,685	5,617
4 Balances with Federal Reserve Banks	21,368	16,242	179	16,063	5,126
5 Balances with other central banks	3,468	3,468	3,175	293	(4)
6 Demand balances with commercial banks in United States	18,311	7,419	238	7,181	10,892
7 All other balances with depository institutions in United States and with banks in foreign countries	165,180	142,339	119,034	23,305	22,841
8 Time and savings balances with commercial banks in United States	22,655	13,088	8,538	4,550	9,567
9 Balances with other depository institutions in United States	817	593	465	128	225
10 Balances with banks in foreign countries	141,708	128,658	110,031	18,628	13,049
11 Foreign branches of other U.S. banks	(4)	20,485	14,996	5,489	(4)
12 Other banks in foreign countries	(4)	108,173	95,035	13,139	(4)
13 Cash items in process of collection	67,161	54,514	1,258	53,256	12,647
14 **Total securities, loans, and lease financing receivables**	**1,332,648**	**929,781**	**211,053**	**718,728**	**402,867**
15 Total securities, book value	269,294	143,543	11,369	132,173	125,751
16 U.S. Treasury	87,963	41,105	211	40,894	46,858
17 Obligations of other U.S. government agencies and corporations	41,238	16,350	23	16,328	24,888
18 Obligations of states and political subdivisions in United States	106,580	57,415	605	56,810	49,165
19 All other securities	33,513	28,673	10,531	18,142	4,840
20 Other bonds, notes, and debentures	14,045	10,536	8,138	2,398	3,509
21 Federal Reserve and corporate stock	1,971	1,433	148	1,284	539
22 Trading account securities	17,497	16,705	2,245	14,460	793
23 Federal funds sold and securities purchased under agreements to resell	69,216	38,212	599	37,613	31,004
24 Total loans, gross	1,003,222	749,484	198,442	551,042	253,738
25 LESS: Unearned income on loans	13,480	6,937	1,733	5,204	6,543
26 Allowance for possible loan loss	11,379	8,321	361	7,960	3,058
27 EQUALS: Loans, net	978,363	734,226	196,348	537,878	244,137
Total loans, gross, by category					
28 Real estate loans	232,356	142,118	8,376	133,742	90,238
29 Construction and land development	(4)	(4)	(4)	35,553	11,953
30 Secured by farmland	(4)	(4)	(4)	872	1,478
31 Secured by residential properties	(4)	(4)	(4)	69,690	49,574
32 1- to 4-family	(4)	(4)	(4)	65,789	47,057
33 FHA-insured or VA-guaranteed	(4)	(4)	(4)	4,291	2,378
34 Conventional	(4)	(4)	(4)	61,498	44,678
35 Multifamily	(4)	(4)	(4)	3,901	2,517
36 FHA-insured	(4)	(4)	(4)	243	129
37 Conventional	(4)	(4)	(4)	3,658	2,388
38 Secured by nonfarm nonresidential properties	(4)	(4)	(4)	27,627	27,233
39 Loans to financial institutions	102,214	94,651	33,016	61,635	7,563
40 REITs and mortgage companies in United States	5,239	4,578	45	4,533	661
41 Commercial banks in United States	15,824	11,042	791	10,252	4,782
42 U.S. branches and agencies of foreign banks	(4)	5,697	555	5,142	(4)
43 Other commercial banks	(4)	5,346	236	5,110	(4)
44 Banks in foreign countries	48,802	48,175	24,278	23,897	627
45 Foreign branches of other U.S. banks	(4)	715	311	404	(4)
46 Other	(4)	47,460	23,967	23,493	(4)
47 Finance companies in United States	11,276	10,851	356	10,495	425
48 Other financial institutions	21,073	20,005	7,546	12,459	1,068
49 Loans for purchasing or carrying securities	14,519	12,503	2,077	10,426	2,016
50 Brokers and dealers in securities	9,513	9,081	1,492	7,589	433
51 Other	5,006	3,422	585	2,837	1,583
52 Loans to finance agricultural production and other loans to farmers	12,694	7,249	752	6,496	5,445
53 Commercial and industrial loans	447,144	366,150	124,921	241,229	80,995
54 U.S. addressees (domicile)	(4)	231,664	17,622	214,042	(4)
55 Non-U.S. addressees (domicile)	(4)	134,486	107,299	27,187	(4)
56 Loans to individuals for household, family, and other personal expenditures	141,877	78,396	6,496	71,900	63,481
57 Installment loans	(4)	(4)	(4)	59,251	51,780
58 Passenger automobiles	(4)	(4)	(4)	16,551	21,573
59 Credit cards and related plans	(4)	(4)	(4)	22,915	10,701
60 Retail (charge account) credit card	(4)	(4)	(4)	19,045	9,247
61 Check and revolving credit	(4)	(4)	(4)	3,870	1,454
62 Mobile homes	(4)	(4)	(4)	3,079	3,407
63 Other installment loans	(4)	(4)	(4)	16,705	16,098
64 Other retail consumer goods	(4)	(4)	(4)	4,045	3,154
65 Residential property repair and modernization	(4)	(4)	(4)	3,268	3,861
66 Other installment loans for household, family, and other personal expenditures	(4)	(4)	(4)	9,393	9,083
67 Single-payment loans	(4)	(4)	(4)	12,649	11,702
68 All other loans	52,418	48,418	22,804	25,614	4,000
69 Loans to foreign government and official institutions	(4)	34,125	20,854	13,271	(4)
70 Other	(4)	14,292	1,950	12,343	(4)
71 Lease financing receivables	15,775	13,800	2,737	11,063	1,975
72 Bank premises, furniture and fixtures, and other assets representing bank premises	25,822	16,000	1,606	14,394	9,822
73 Real estate owned other than bank premises	3,472	2,152	84	2,069	1,320
74 Intangible assets	1,075	607	(4)	(4)	468
75 All other assets	100,481	90,332	46,995	110,986	10,149
76 Investment in unconsolidated subsidiaries and associated companies	1,981	1,843	1,212	631	138
77 Customers' liability on acceptances outstanding	58,295	57,905	14,845	43,060	390
78 U.S. addressees (domicile)	(4)	16,553	(4)	(4)	(4)
79 Non-U.S. addressees (domicile)	(4)	41,352	(4)	(4)	(4)
80 Net due from foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	(4)	(4)	20,485	46,557	(4)
81 Other	40,206	30,585	10,453	20,739	9,621

4.20 Continued

Item	Insured	Banks with foreign offices[2] Total	Foreign offices[3]	Domestic offices	Banks without foreign offices
82 **Total liabilities and equity capital[5]**	**1,752,526**	**1,270,778**	([4])	([4])	**481,748**
83 **Total liabilities excluding subordinated debt**	**1,651,038**	**1,204,539**	**383,391**	**888,190**	**446,499**
84 Total deposits	1,324,086	922,456	298,009	624,448	401,629
85 Individuals, partnerships, and corporations	1,045,239	687,362	156,900	530,462	357,877
86 U.S. government	2,791	1,808	225	1,583	983
87 States and political subdivisions in United States	56,092	26,321	847	25,474	29,771
88 All other	206,895	197,477	139,328	58,149	9,418
89 Foreign governments and official institutions	25,109	24,814	17,732	7,082	295
90 Commercial banks in United States	77,470	68,686	34,464	34,223	8,783
91 U.S. branches and agencies of foreign banks	([4])	5,798	3,790	2,008	([4])
92 Other commercial banks in United States	([4])	62,888	30,674	32,214	([4])
93 Banks in foreign countries	104,316	103,976	87,132	16,844	340
94 Foreign branches of other U.S. banks	([4])	17,810	15,453	2,357	([4])
95 Other banks in foreign countries	([4])	86,167	71,679	14,488	([4])
96 Certified and officers' checks, travelers checks, and letters of credit sold for cash	13,069	9,489	709	8,780	3,580
97 Federal funds purchased and securities sold under agreements to repurchase in domestic offices and Edge and agreement subsidiaries	171,519	139,334	456	138,877	32,186
98 Interest-bearing demand notes issued to U.S. Treasury and other liabilities for borrowed money	54,517	49,774	17,224	32,550	4,743
99 Interest-bearing demand notes (note balances) issued to U.S. Treasury	11,815	9,523	([4])	9,523	2,292
100 Other liabilities for borrowed money	42,702	40,251	17,224	23,028	2,451
101 Mortgage indebtedness and liability for capitalized leases	2,328	1,523	11	1,512	805
102 All other liabilities	98,588	91,452	67,691	90,803	7,136
103 Acceptances executed and outstanding	58,407	58,017	11,193	46,824	390
104 Net due to foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	([4])	([4])	46,557	20,485	([4])
105 Other	40,181	33,435	9,941	23,494	6,746
106 Subordinated notes and debentures	6,997	5,388	469	4,919	1,608
107 Total equity capital[5]	94,492	60,851	([4])	([4])	33,640
108 Preferred stock	537	444	([4])	([4])	93
109 Common stock	17,633	11,534	([4])	([4])	6,100
110 Surplus	31,098	18,555	([4])	([4])	12,543
111 Undivided profits and reserve for contingencies and other capital reserves	45,223	30,318	([4])	([4])	14,905
112 Undivided profits	44,411	29,987	([4])	([4])	14,424
113 Reserve for contingencies and other capital reserves	812	331	([4])	([4])	481
MEMO					
Deposits in domestic offices					
114 Total demand	275,606	183,826	0	183,826	91,780
115 Total savings	298,522	164,563	0	164,563	133,959
116 Total time	451,949	276,058	0	276,058	175,891
117 Time deposits of $100,000 or more	244,092	180,089	0	180,089	64,003
118 Certificates of deposit (CDs) in denominations of $100,000 or more	203,538	144,141	0	144,141	59,397
119 Other	40,554	35,949	0	35,949	4,606
120 Super NOW accounts	12,563	5,947	5,947	5,947	6,616
121 Other NOW accounts and ATS accounts (savings deposits authorized for automatic transfer)	44,959	22,951	0	22,951	22,009
122 All other savings deposits that are subject to a federal regulatory interest rate ceiling	97,245	49,944	49,944	49,944	47,301
123 Money market time deposits (A) in minimum denomination of $2,500 but less than $100,000 with original maturities of 26 weeks, and (B) in minimum denomination of $2,500 but less than $100,000 with original maturities of 91 days	111,560	49,809	0	49,809	61,750
124 All savers certificates	4,161	2,260	0	2,260	1,901
125 Total Individual Retirement Accounts (IRA) and Keogh Plan accounts	16,048	8,250	0	8,250	7,798
126 Demand deposits adjusted[6]	181,065	109,272	0	109,272	71,794
127 Standby letters of credit, total, and guarantees issued by the reporting bank's foreign offices	101,722	95,701	20,684	75,016	6,021
128 U.S. addressees (domicile)	([4])	69,989	([4])	([4])	([4])
129 Non-U.S addressees (domicile)	([4])	25,712	([4])	([4])	([4])
130 Standby letters of credit conveyed to others through participations (included in total standby letters of credit)	8,439	8,154	654	7,499	286
131 Holdings of commercial paper included in total gross loans	([4])	([4])	([4])	493	1,274
Average for 30 calendar days (or calendar month) ending with report date					
132 Total assets	1,733,610	1,257,129	329,526	927,603	476,481
133 Cash and due from depository institutions	274,803	221,508	119,105	102,404	53,295
134 Federal funds sold and securities purchased under agreements to resell	72,907	40,645	736	39,908	32,262
135 Total loans	984,439	738,351	197,013	541,338	246,088
136 Total deposits	1,300,608	904,396	289,777	614,619	396,212
137 Time CDs in denominations of $100,000 or more in domestic offices	206,760	([4])	([4])	147,203	59,557
138 Federal funds purchased and securities sold under agreements to repurchase	0	0	0	0	0
139 Other liabilities for borrowed money	0	0	0	0	0
140 Number of banks	1,738	194	194	194	1,544

For notes see end of table.

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of $100 Million or over [1,7p]
Consolidated Report of Condition; March 31, 1983
Millions of dollars

Item	Insured	Member banks			Nonmember insured
		Total	National	State	
1 **Total assets**	**1,435,709**	**1,214,655**	**922,885**	**291,770**	**221,053**
2 Cash and due from depository institutions	164,905	141,734	104,941	36,794	23,171
3 Currency and coin (U.S. and foreign)	13,302	11,274	8,979	2,295	2,028
4 Balances with Federal Reserve Banks	21,190	20,000	14,293	5,707	1,190
5 Balances with other central banks	293	293	250	43	*
6 Demand balances with commercial banks in United States	18,073	12,011	9,701	2,310	6,062
7 All other balances with depository institutions in United States and with banks in foreign countries	46,146	35,700	28,507	7,193	10,446
8 Time and savings balances with commercial banks in United States	14,117	10,019	8,227	1,791	4,098
9 Balances with other depository institutions in United States	352	194	153	41	159
10 Balances with banks in foreign countries	31,677	25,488	20,126	5,361	6,189
11 Cash items in process of collection	65,902	62,457	43,211	19,246	3,445
12 **Total securities, loans, and lease financing receivables**	**1,121,595**	**936,691**	**714,805**	**221,886**	**184,904**
13 Total securities, book value	257,924	201,706	153,147	48,559	56,218
14 U.S. Treasury	87,752	67,171	51,471	15,701	20,580
15 Obligations of other U.S. government agencies and corporations	41,216	29,319	24,405	4,914	11,896
16 Obligations of states and political subdivisions in United States	105,975	84,847	64,272	20,575	21,128
17 All other securities	22,982	20,369	12,999	7,369	2,614
18 Other bonds, notes, and debentures	5,907	3,702	2,726	976	2,205
19 Federal Reserve and corporate stock	1,823	1,616	1,223	393	207
20 Trading account securities	15,252	15,051	9,050	6,000	202
21 Federal funds sold and securities purchased under agreements to resell	68,617	57,417	44,140	13,276	11,200
22 Total loans, gross	804,781	684,394	522,832	161,561	120,387
23 LESS: Unearned income on loans	11,747	9,055	6,910	2,146	2,692
24 Allowance for possible loan loss	11,018	9,610	7,292	2,318	1,408
25 EQUALS: Loans, net	782,015	665,728	508,630	157,098	116,287
Total loans, gross, by category					
26 Real estate loans	223,980	180,070	149,040	31,030	43,910
27 Construction and land development	47,506	40,323	31,845	8,478	7,183
28 Secured by farmland	2,351	1,726	1,545	181	625
29 Secured by residential properties	119,264	95,956	80,880	15,076	23,308
30 1- to 4-family	112,845	90,870	76,688	14,182	21,976
31 FHA-insured or VA-guaranteed	6,669	5,886	4,926	960	783
32 Conventional	106,176	84,984	71,762	13,222	21,192
33 Multifamily	6,418	5,086	4,191	895	1,332
34 FHA-insured	373	242	142	100	130
35 Conventional	6,045	4,844	4,050	794	1,202
36 Secured by nonfarm nonresidential properties	54,860	42,065	34,770	7,295	12,795
37 Loans to financial institutions	69,198	64,210	40,460	23,750	4,988
38 REITs and mortgage companies in United States	5,194	4,894	3,749	1,145	300
39 Commercial banks in United States	15,033	11,550	8,310	3,240	3,483
40 Banks in foreign countries	24,524	23,941	13,734	10,207	583
41 Finance companies in United States	10,920	10,662	6,620	4,042	258
42 Other financial institutions	13,527	13,163	8,047	5,115	364
43 Loans for purchasing or carrying securities	12,442	11,914	6,708	5,206	528
44 Brokers and dealers in securities	8,022	7,885	3,711	4,174	136
45 Other	4,421	4,029	2,997	1,032	392
46 Loans to finance agricultural production and other loans to farmers	11,941	10,507	9,544	963	1,434
47 Commercial and industrial loans	322,224	280,649	208,748	71,900	41,575
48 Loans to individuals for household, family, and other personal expenditures	135,381	109,547	90,402	19,145	25,834
49 Installment loans	111,030	89,837	74,785	15,052	21,193
50 Passenger automobiles	38,124	28,924	23,983	4,941	9,200
51 Credit cards and related plans	33,617	30,738	25,553	5,185	2,879
52 Retail (charge account) credit card	28,292	26,109	21,910	4,199	2,183
53 Check and revolving credit	5,324	4,629	3,643	986	696
54 Mobile homes	6,486	5,175	4,754	422	1,311
55 Other installment loans	32,803	25,000	20,495	4,505	7,804
56 Other retail consumer goods	7,198	5,784	4,783	1,001	1,415
57 Residential property repair and modernization	7,129	5,098	4,164	934	2,031
58 Other installment loans for household, family, and other personal expenditures	18,476	14,118	11,548	2,570	4,358
59 Single-payment loans	24,351	19,710	15,618	4,092	4,641
60 All other loans	29,614	27,497	17,930	9,568	2,117
61 Lease financing receivables	13,038	11,839	8,887	2,953	1,199
62 Bank premises, furniture and fixtures, and other assets representing bank premises	24,216	19,730	15,870	3,859	4,487
63 Real estate owned other than bank premises	3,389	2,741	2,222	519	648
64 Intangible assets	468	254	238	16	213
65 All other assets	121,135	113,504	84,808	28,696	7,631
66 Investment in unconsolidated subsidiaries and associated companies	769	662	529	133	106
67 Customers' liability on acceptances outstanding	43,450	42,770	30,277	12,493	680
68 Net due from foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	46,557	44,235	35,263	8,972	2,322
69 Other	30,360	25,837	18,739	7,097	4,523

4.21 Continued

Item	Insured	Member banks			Non-member insured
		Total	National	State	
70 **Total liabilities and equity capital**[8]	**1,435,709**	**1,214,655**	**922,885**	**291,770**	**221,053**
71 **Total liabilities excluding subordinated debt**	**1,334,689**	**1,129,686**	**858,974**	**270,712**	**205,004**
72 Total deposits	1,026,077	838,312	653,480	184,832	187,765
73 Individuals, partnerships, and corporations	888,339	720,453	569,439	151,013	167,886
74 U S government	2,566	2,165	1,779	387	401
75 States and political subdivisions in United States	55,245	41,354	34,054	7,300	13,891
76 All other	67,567	63,734	41,489	22,245	3,833
77 Foreign governments and official institutions	7,377	7,040	3,683	3,357	338
78 Commercial banks in United States	43,006	40,079	28,549	11,531	2,927
79 Banks in foreign countries	17,184	16,615	9,257	7,358	569
80 Certified and officers' checks, travelers checks, and letters of credit sold for cash	12,359	10,606	6,719	3,887	1,754
81 Demand deposits	275,606	235,394	173,971	61,422	40,212
82 Mutual savings banks	1,084	945	532	413	138
83 Other individuals, partnerships, and corporations	216,268	181,424	136,828	44,597	34,844
84 U S government	1,774	1,503	1,156	347	271
85 States and political subdivisions in United States	9,489	7,782	6,153	1,629	1,707
86 All other	34,632	33,134	22,584	10,550	1,498
87 Foreign governments and official institutions	1,291	1,218	600	618	73
88 Commercial banks in United States	26,864	25,604	19,249	6,355	1,260
89 Banks in foreign countries	6,478	6,312	2,735	3,577	165
90 Certified and officers' checks, travelers checks, and letters of credit sold for cash	12,359	10,606	6,719	3,887	1,754
91 Time deposits	451,941	366,647	286,922	79,725	85,295
92 Mutual savings banks	172	148	88	61	24
93 Other individuals, partnerships, and corporations	375,863	304,381	241,624	62,757	71,482
94 U S government	706	587	550	37	119
95 *States and political subdivisions in United States*	42,398	31,041	25,865	5,177	11,356
96 All other	32,802	30,489	18,795	11,693	2,314
97 Foreign governments and official institutions	5,999	5,736	2,998	2,738	263
98 Commercial banks in United States	16,097	14,450	9,276	5,174	1,647
99 Banks in foreign countries	10,706	10,303	6,522	3,781	403
100 Savings deposits	298,529	236,272	192,587	43,685	62,258
101 Mutual savings banks	1	1	1	*	*
102 Other individuals, partnerships, and corporations	294,951	233,552	190,367	43,185	61,398
103 Individuals and nonprofit organizations	267,587	213,116	173,470	39,646	54,470
104 Corporations and other profit organizations	27,364	20,436	16,897	3,539	6,928
105 U.S. government	86	75	73	2	11
106 States and political subdivisions in United States	3,359	2,531	2,036	495	827
107 All other	133	112	109	2	21
108 Foreign governments and official institutions	87	86	86	1	1
109 Commercial banks in United States	45	26	24	2	19
110 Banks in foreign countries	*	*	*	*	*
111 Federal funds purchased and securities sold under agreements to repurchase	171,063	161,005	115,308	45,696	10,058
112 Interest-bearing demand notes issued to U S Treasury and other liabilities for borrowed money	37,293	35,362	21,962	13,400	1,931
113 Interest-bearing demand notes (note balances) issued to U.S Treasury	11,815	10,931	8,119	2,811	884
114 Other liabilities for borrowed money	25,478	24,431	13,842	10,589	1,047
115 Mortgage indebtedness and liability for capitalized leases	2,317	1,911	1,602	309	406
116 All other liabilities	97,939	93,096	66,622	26,474	4,843
117 Acceptances executed and outstanding	47,214	46,534	34,013	12,522	680
118 Net due to foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	20,485	19,500	13,947	5,553	985
119 Other	30,240	27,061	18,662	8,399	3,178
120 Subordinated notes and debentures	6,528	5,466	3,429	2,037	1,062
121 **Total equity capital**[8]	**94,492**	**79,504**	**60,482**	**19,021**	**14,988**
MEMO					
122 Time deposits of $100,000 or more	244,092	206,538	153,647	52,890	37,554
123 Certificates of deposit (CDs) in denominations of $100,000 or more	203,538	168,780	128,539	40,241	34,758
124 Other	40,554	37,758	25,108	12,650	2,796
125 Super NOW accounts	12,563	9,680	8,068	1,612	2,883
126 Other NOW accounts and ATS accounts (savings deposits authorized for automatic transfer)	44,959	35,473	29,284	6,189	9,486
127 All other savings deposits that are subject to a federal regulatory interest rate ceiling	97,245	76,160	61,462	14,697	21,085
128 Money market time deposits (A) in minimum denomination of $2,500 but less than $100,000 with original maturities of 26 weeks, and (B) in minimum denomination of $2,500 but less than $100,000 with original maturities of 91 days	111,560	85,927	71,751	14,176	25,633
129 All savers certificates	41,161	3,292	2,756	536	869
130 Total Individual Retirement Accounts (IRA) and Keogh Plan accounts	16,048	12,637	10,366	2,271	3,411
131 Demand deposits adjusted[6]	181,066	145,830	110,356	35,474	35,237
132 Standby letters of credit	81,037	77,933	48,764	29,170	3,104
133 Conveyed to others through participation (included in standby letters of credit)	7,785	7,700	5,093	2,607	85
134 Holdings of commercial paper included in total gross loans	1,767	1,218	797	421	549
Average for 30 calendar days (or calendar month) ending with report date					
135 Total assets	1,404,084	1,186,222	902,741	283,481	217,863
136 Cash and due from depository institutions	155,698	134,215	99,411	34,804	21,483
137 Federal funds sold and securities purchased under agreements to resell	72,171	60,632	46,682	13,950	11,539
138 Total loans	787,426	669,806	511,187	158,619	117,620
139 Total deposits	1,010,832	825,438	642,923	182,515	185,393
140 Time CDs in denominations of $100,000 or more in domestic offices	206,760	171,821	130,415	41,406	34,938
141 Federal funds purchased and securities sold under agreements to repurchase	175,662	165,582	120,422	45,160	10,080
142 Other liabilities for borrowed money	21,666	20,526	11,488	9,038	1,141
143 Number of banks	1,738	1,074	899	175	664

For notes see end of table

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities[1,p]
Consolidated Report of Condition; March 31, 1983

Millions of dollars

Item	Insured	Member banks: Total	Member banks: National	Member banks: State	Non-member insured
1 **Total assets**	**1,866,625**	**1,395,214**	**1,073,955**	**321,260**	**471,411**
2 Cash and due from depository institutions	201,601	158,634	119,312	39,322	42,967
3 Currency and coin (U.S. and foreign)	18,284	13,503	10,847	2,657	4,780
4 Balances with Federal Reserve Banks	23,278	21,665	15,689	5,977	1,612
5 Balances with other central banks	293	293	250	43	*
6 Demand balances with commercial banks in United States	32,607	17,128	14,122	3,006	15,480
7 All other balances with depository institutions in United States and with banks in foreign countries	58,615	41,979	33,867	8,112	16,637
8 Cash items in process of collection	68,524	64,066	44,538	19,528	4,457
9 **Total securities, loans, and lease financing receivables**	**1,496,748**	**1,092,526**	**844,955**	**247,571**	**404,223**
10 Total securities, book value	389,801	256,318	198,786	57,532	133,483
11 U.S. Treasury	136,074	87,052	67,759	19,293	49,022
12 Obligations of other U.S. government agencies and corporations	78,830	44,567	37,110	7,457	34,264
13 Obligations of states and political subdivisions in United States	149,714	103,327	80,082	23,244	46,387
14 All other securities	25,182	21,372	13,834	7,538	3,810
15 Federal funds sold and securities purchased under agreements to resell	98,745	70,763	55,347	15,417	27,982
16 Total loans, gross	1,025,764	775,617	598,912	176,706	250,147
17 LESS: Unearned income on loans	17,707	11,617	9,030	2,587	6,091
18 Allowance for possible loan loss	13,320	10,605	8,136	2,469	2,715
19 EQUALS: Loans, net	994,737	753,396	581,745	171,650	241,341
Total loans, gross, by category					
20 Real estate loans	301,062	211,526	174,993	36,533	89,537
21 Construction and land development	53,218	42,384	33,661	8,724	10,834
22 Secured by farmland	8,455	3,748	3,144	605	4,707
23 Secured by residential properties	165,379	115,685	96,998	18,687	49,693
24 1- to 4-family	157,566	110,060	92,367	17,693	47,506
25 Multifamily	7,812	5,625	4,631	994	2,187
26 Secured by nonfarm nonresidential properties	74,010	49,708	41,191	8,517	24,302
27 Loans to financial institutions	73,477	66,214	42,168	24,046	7,263
28 Loans for purchasing or carrying securities	13,077	12,154	6,911	5,244	922
29 Loans to finance agricultural production and other loans to farmers	36,444	19,706	17,112	2,593	16,739
30 Commercial and industrial loans	380,006	304,639	229,090	75,549	75,367
31 Loans to individuals for household, family, and other personal expenditures	188,623	132,443	109,510	22,933	56,179
32 Installment loans	150,191	106,983	89,084	17,898	43,209
33 Passenger automobiles	57,998	37,424	31,079	6,346	20,574
34 Credit cards and related plans	35,490	31,954	26,537	5,417	3,536
35 Mobile homes	9,582	6,564	5,910	654	3,018
36 All other installment loans for household, family, and other personal expenditures	47,121	31,040	25,558	5,482	16,080
37 Single-payment loans	38,432	25,461	20,426	5,035	12,971
38 All other loans	33,075	28,935	19,127	9,808	4,140
39 Lease financing receivables	13,465	12,049	9,077	2,972	1,417
40 Bank premises, furniture and fixtures, and other assets representing bank premises	32,829	23,354	18,926	4,472	9,476
41 Real estate owned other than bank premises	4,697	3,226	2,612	615	1,471
42 Intangible assets	579	325	289	36	254
43 All other assets	130,171	117,150	87,861	29,289	13,022

4.22 Continued

Item	Insured	Member banks			Non-member insured
		Total	National	State	
44 ***Total liabilities and equity capital***[8]	**1,866,625**	**1,395,214**	**1,073,955**	**321,260**	**471,411**
45 **Total liabilities excluding subordinated debt**	**1,727,840**	**1,294,346**	**996,859**	**297,486**	**433,494**
46 Total deposits	1,406,505	996,690	786,320	210,370	409,815
47 Individuals, partnerships, and corporations	1,232,741	864,474	690,265	174,210	368,266
48 U S government	3,249	2,461	2,033	428	788
49 States and political subdivisions in United States	85,761	53,124	44,036	9,087	32,637
50 All other	69,442	64,752	42,196	22,557	4,690
51 Certified and officers' checks, travelers checks, and letters of credit sold for cash	15,311	11,878	7,791	4,087	3,433
52 Demand deposits	347,260	265,699	199,641	66,058	81,561
53 Individuals, partnerships, and corporations	280,189	208,883	159,912	48,970	71,307
54 U S government	2,299	1,730	1,355	375	569
55 States and political subdivisions in United States	13,817	9,556	7,673	1,884	4,260
56 All other	35,644	33,652	22,910	10,742	1,992
57 Certified and officers' checks, travelers checks, and letters of credit sold for cash	15,311	11,878	7,791	4,087	3,433
58 Time deposits	639,280	442,588	350,354	92,234	196,692
59 Other individuals, partnerships, and corporations	540,611	371,694	297,742	73,952	168,916
60 U S government	846	646	596	50	200
61 States and political subdivisions in United States	64,204	39,277	32,855	6,422	24,928
62 All other	33,619	30,972	19,161	11,811	2,648
63 Savings deposits	419,965	288,403	236,326	52,077	131,562
64 Corporations and other profit organizations	33,360	22,880	18,883	3,998	10,480
65 Other individuals, partnerships, and corporations	378,580	261,017	213,727	47,290	117,563
66 U.S. government	104	85	82	3	19
67 States and political subdivisions in United States	7,740	4,291	3,509	782	3,449
68 All other	179	129	125	4	50
69 Federal funds purchased and securities sold under agreements to repurchase	176,514	164,169	117,821	46,348	12,345
70 Interest-bearing demand notes (note balances) issued to U S Treasury and other liabilities for borrowed money	38,565	36,054	22,464	13,591	2,511
71 Mortgage indebtedness and liability for capitalized leases	2,733	2,061	1,724	338	672
72 All other liabilities	103,523	95,371	68,531	26,840	8,152
73 Subordinated notes and debentures	7,064	5,695	3,632	2,063	1,369
74 **Total equity capital**[8]	**131,721**	**95,174**	**73,463**	**21,711**	**36,547**
MEMO ITEMS					
75 Time deposits of $100,000 or more	287,595	223,899	168,519	55,380	63,696
76 Certificates of deposit (CDs) in denominations of $100,000 or more	243,704	184,789	142,223	42,566	58,915
77 Other	43,891	39,109	26,296	12,814	4,782
78 Super NOW accounts	22,382	13,559	11,289	2,270	8,823
79 Other NOW accounts and ATS accounts (savings deposits authorized for automatic transfer)	68,673	45,618	37,865	7,752	23,055
80 All other savings deposits that are subject to a federal regulatory interest rate ceiling	136,769	93,382	75,521	17,861	43,387
81 Money market time deposits (A) in minimum denomination of $2,500 but less than $100,000 *with original maturities of 26 weeks, and (B) in minimum denomination* of $2,500 but less than $100,000 with original maturities of 91 days	192,575	118,782	99,257	19,525	73,793
82 All savers certificates	5,992	4,043	3,373	670	1,949
83 Total Individual Retirement Accounts (IRA) and Keogh plan accounts	22,686	15,326	12,629	2,697	7,360
84 Demand deposits adjusted[6]	248,569	173,783	134,175	39,607	74,787
85 Total standby letters of credit	82,958	78,700	49,413	29,288	4,257
Average for 30 calendar days (or calendar month) ending with report date					
86 Total deposits	1,387,572	982,123	774,263	207,860	405,449
87 Number of banks	14,486	5,695	4,654	1,041	8,791

1 Effective Dec 31, 1978, the report of condition was substantially revised for commercial banks Commercial banks with assets less than $100 million and with domestic offices only were given the option to complete either the abbreviated or the standard set of reports Banks with foreign offices began reporting in greater detail on a consolidated domestic and foreign basis These tables reflect the varying levels of reporting detail.

Beginning Dec. 3, 1981, depository institutions may establish international banking facilities (IBFs). Activity of IBFs established by U.S commercial banks is reflected in the appropriate asset and liability line items in the domestic office portion of the tables. Activity of IBFs established by Edge Act and Agreement subsidiaries of U S. commercial banks is reflected in the appropriate asset and *liability line items in the foreign office portion of the tables When there is a* column for fully consolidated foreign and domestic data, activity of IBFs is reflected in the appropriate asset and liability line items in that portion of the tables.

2 All transactions between domestic and foreign offices of a bank are reported in "Net due from" and "Net due to" (lines 79 and 103) All other lines represent transactions with parties other than the domestic and foreign offices of each bank Since these intraoffice transactions are erased by consolidation, total assets and *liabilities are the sum of all except intraoffice balances*

3 Foreign offices include branches in foreign countries and in U S territories and possessions, subsidiaries in foreign countries, and all offices of Edge Act and agreement corporations wherever located

4 *This item is unavailable for all or some of the banks because of the lesser* detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices, and the absence of detail on a fully consolidated basis for banks with foreign offices

5 Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices

6 Demand deposits adjusted equal demand deposits other than domestic commercial interbank and U S government less cash items in process of *collection*

7 Domestic offices exclude branches in foreign countries and in U S. territories and possessions, subsidiaries in foreign countries, and all offices of Edge Act and agreement corporations wherever located

8 This item contains the capital accounts of U S banks that have no Edge or foreign operations and reflects the difference between domestic office assets and liabilities of U S banks with Edge or foreign operations excluding the capital accounts of their Edge or foreign subsidiaries

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1983[1]

Millions of dollars

Item	All states[2]			New York		California, total[4]	Illinois, branches	Other states[2]	
	Total	Branches[3]	Agencies	Branches[3]	Agencies			Branches	Agencies
1 **Total assets[5]**	**212,380**	**155,884**	**56,496**	**137,486**	**8,949**	**43,982**	**9,198**	**7,707**	**5,058**
2 Cash and due from depository institutions	35,974	32,401	3,573	30,797	646	2,809	1,218	309	196
3 Currency and coin (U.S. and foreign)	21	18	3	14	1	1	2	1	1
4 Balances with Federal Reserve Banks	1,186	1,121	65	936	22	44	27	142	15
5 Balances with other central banks	84	72	11	72	0	11	0	0	0
6 Demand balances with commercial banks in United States	997	859	138	790	58	60	37	23	29
7 All other balances with depository institutions in United States and with banks in foreign countries	33,562	30,212	3,350	28,873	563	2,690	1,148	140	148
8 Time and savings balances with commercial banks in United States	15,653	13,816	1,836	13,044	385	1,421	646	98	60
9 Balances with other depository institutions in United States	125	122	3	122	0	1	0	0	3
10 Balances with banks in foreign countries	17,784	16,274	1,511	15,707	178	1,269	501	43	86
11 Foreign branches of U.S. banks	1,715	1,689	26	1,631	4	18	56	2	4
12 Other banks in foreign countries	16,070	14,585	1,485	14,076	174	1,250	446	41	82
13 Cash items in process of collection	125	119	6	113	1	3	4	2	2
14 **Total securities, loans, and lease financing receivables**	**130,468**	**97,299**	**33,169**	**84,635**	**5,425**	**24,858**	**7,142**	**4,192**	**4,216**
15 Total securities, book value	7,048	6,388	660	6,106	324	349	231	32	6
16 U.S. Treasury	4,551	4,197	354	4,072	284	83	86	25	0
17 *Obligations of other U.S. government agencies and corporations*	515	495	19	487	2	20	0	3	2
18 Obligations of states and political subdivisions in United States	78	73	5	48	1	1	23	1	4
19 Other bonds, notes, debentures, and corporate stock	1,904	1,623	281	1,499	37	246	122	2	0
20 Federal funds sold and securities purchased under agreements to resell	8,314	6,746	1,568	5,984	893	642	509	248	38
By holder									
21 Commercial banks in United States	7,411	5,933	1,478	5,175	812	637	505	248	33
22 Others	903	813	90	809	80	5	4	0	5
By type									
23 One-day maturity or continuing contract	8,128	6,562	1,566	5,801	893	642	509	248	36
24 Securities purchased under agreements to resell	244	232	12	63	8	4	0	169	0
25 Other	7,884	6,330	1,554	5,738	884	638	509	79	36
26 Other securities purchased under agreements to resell	185	184	2	183	0	0	1	0	2
27 Total loans, gross	123,555	90,998	32,558	78,608	5,111	24,545	6,917	4,162	4,212
28 LESS: Unearned income on loans	137	88	49	79	10	37	6	2	2
29 EQUALS: Loans, net	123,419	90,910	32,509	78,528	5,101	24,508	6,911	4,160	4,210
Total loans, gross, by category									
30 Real estate loans	5,028	1,990	3,038	1,339	18	2,098	59	465	1,049
31 Loans to financial institutions	46,988	35,908	11,080	32,402	1,373	9,455	2,769	250	740
32 Commercial banks in United States	24,569	18,377	6,192	16,295	457	5,724	1,567	235	291
33 U.S branches and agencies of other foreign banks	21,757	15,827	5,930	14,123	385	5,566	1,217	218	247
34 Other commercial banks	2,812	2,550	262	2,171	72	158	350	17	44
35 Banks in foreign countries	20,914	16,363	4,552	15,321	813	3,510	821	15	435
36 Foreign branches of U S banks	735	657	78	544	18	97	75	0	0
37 Other	20,180	15,706	4,474	14,777	794	3,413	746	15	435
38 Other financial institutions	1,505	1,169	337	786	103	220	381	1	15
39 Loans for purchasing or carrying securities	685	674	11	601	11	73	0	1	0
40 Commercial and industrial loans	55,535	40,195	15,340	32,707	2,512	11,203	3,652	3,244	2,217
41 U.S. addressees (domicile)	32,278	22,414	9,863	16,374	783	8,063	3,036	2,472	1,550
42 Non-U.S addressees (domicile)	23,257	17,781	5,477	16,333	1,729	3,140	616	773	667
43 Loans to individuals for household, family, and other personal expenditures	215	154	61	108	14	49	12	25	6
44 All other loans	15,104	12,077	3,028	11,452	1,183	1,668	425	177	199
45 Loans to foreign governments and official institutions	13,627	10,715	2,913	10,227	1,131	1,622	389	82	177
46 Other	1,477	1,362	115	1,225	53	46	36	95	22
47 Lease financing receivables	1	1	0	1	0	0	0	0	0
48 All other assets	37,625	19,438	18,187	16,070	1,986	15,674	329	2,958	608
49 Customers' liability on acceptances outstanding	10,472	7,659	2,813	7,363	329	2,432	90	186	71
50 U.S. addressees (domicile)	5,867	3,765	2,102	3,650	41	2,062	73	30	11
51 Non-U.S. addressees (domicile)	4,604	3,894	710	3,713	288	370	18	156	60
52 Net due from related banking institutions[6]	21,840	7,546	14,294	4,835	1,416	12,444	22	2,687	437
53 Other	5,313	4,233	1,080	3,873	240	798	216	85	100

4.30 Continued

Item	All states[2]			New York		California, total[4]	Illinois, branches	Other states[2]	
	Total	Branches[3]	Agencies	Branches[3]	Agencies			Branches	Agencies
54 **Total liabilities[5]**	**212,380**	**155,884**	**56,496**	**137,486**	**8,949**	**43,982**	**9,198**	**7,707**	**5,058**
55 Total deposits and credit balances	95,603	82,689	12,915	74,820	3,672	8,497	2,245	4,886	1,484
56 Individuals, partnerships, and corporations	36,982	33,824	3,159	27,905	1,212	1,283	715	4,650	1,217
57 U.S. addressees (domicile)	25,519	25,445	74	20,085	41	226	614	4,540	13
58 Non-U.S. addressees (domicile)	11,463	8,378	3,085	7,820	1,171	1,057	101	110	1,204
59 U.S. government, states, and political subdivisions in United States	101	101	0	16	0	4	0	80	0
60 All other	58,520	48,764	9,756	46,899	2,460	7,210	1,529	155	267
61 Foreign governments and official institutions	5,436	4,390	1,045	4,195	902	253	47	23	16
62 Commercial banks in United States	22,262	18,025	4,237	17,165	604	3,507	766	71	150
63 U.S. branches and agencies of other foreign banks	14,069	11,187	2,882	10,736	285	2,553	433	13	49
64 Other commercial banks in United States	8,193	6,838	1,355	6,430	318	954	333	58	101
65 Banks in foreign countries	30,261	25,900	4,361	25,117	883	3,426	699	54	83
66 Foreign branches of U.S. banks	6,160	5,082	1,078	4,836	304	759	206	40	14
67 Other banks in foreign countries	24,101	20,818	3,283	20,280	578	2,666	493	14	69
68 Certified and officers' checks, traveler's checks, and letters of credit sold for cash	561	449	112	421	72	24	18	8	18
69 Demand deposits	3,078	2,837	240	2,581	78	84	114	115	106
70 Individuals, partnerships, and corporations	1,682	1,590	92	1,393	5	46	92	82	65
71 U.S. addressees (domicile)	1,068	1,066	2	890	0	12	88	77	1
72 Non-U.S. addressees (domicile)	614	523	91	503	4	34	4	5	64
73 U.S. government, states, and political subdivisions in United States	6	6	0	5	0	0	0	1	0
74 All other	1,390	1,241	148	1,183	73	38	22	33	41
75 Foreign governments and official institutions	195	187	8	163	0	8	1	23	0
76 Commercial banks in United States	49	38	11	35	0	1	0	1	11
77 U.S. branches and agencies of other foreign banks	5	5	0	4	0	0	0	0	0
78 Other commercial banks in United States	44	33	11	31	0	1	0	1	11
79 Banks in foreign countries	585	567	17	563	1	5	3	0	12
80 Certified and officers' checks, traveler's checks, and letters of credit sold for cash	561	449	112	421	72	24	18	8	18
81 Time deposits	91,606	79,196	12,410	71,780	3,408	8,318	2,061	4,689	1,350
82 Individuals, partnerships, and corporations	34,579	31,715	2,864	26,190	1,080	1,144	554	4,487	1,124
83 U.S. addressees (domicile)	23,959	23,957	3	18,947	1	162	462	4,386	1
84 Non-U.S. addressees (domicile)	10,619	7,758	2,861	7,244	1,079	982	91	100	1,123
85 U.S. government, states, and political subdivisions in United States	94	94	0	10	0	4	0	80	0
86 All other	56,933	47,387	9,546	45,580	2,328	7,170	1,507	123	226
87 Foreign governments and official institutions	5,221	4,197	1,024	4,026	889	244	46	0	15
88 Commercial banks in United States	22,156	17,939	4,216	17,085	594	3,506	765	69	139
89 U.S. branches and agencies of other foreign banks	14,033	11,151	2,882	10,700	285	2,553	433	13	49
90 Other commercial banks in United States	8,122	6,788	1,334	6,382	309	953	332	56	90
91 Banks in foreign countries	29,557	25,251	4,306	24,471	845	3,420	696	53	71
92 Savings deposits	516	475	41	281	0	69	70	80	15
93 Individuals, partnerships, and corporations	516	475	41	281	0	69	70	80	15
94 U.S. addressees (domicile)	390	390	0	219	0	32	64	75	0
95 Non-U.S. addressees (domicile)	126	85	41	62	0	38	6	5	15
96 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
97 All other	0	0	0	0	0	0	0	0	0
98 Credit balances	404	180	223	177	187	26	0	2	12
99 Individuals, partnerships, and corporations	206	44	162	41	127	24	0	2	12
100 U.S. addressees (domicile)	102	32	70	29	40	21	0	2	11
101 Non-U.S. addressees (domicile)	104	12	92	12	88	3	0	0	1
102 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
103 All other	198	136	61	136	59	2	0	0	0
104 Foreign governments and official institutions	20	6	14	6	12	1	0	0	0
105 Commercial banks in United States	58	48	10	48	10	1	0	0	0
106 U.S. branches and agencies of other foreign banks	31	31	0	31	0	0	0	0	0
107 Other commercial banks in United States	27	17	10	17	10	0	0	0	0
108 Banks in foreign countries	119	82	37	82	37	0	0	0	0

For notes see end of table.

4.30 Continued

Item	All states[2]			New York		California, total[4]	Illinois, branches	Other states[2]	
	Total	Branches[3]	Agencies	Branches[3]	Agencies			Branches	Agencies
109 Federal funds purchased and securities sold under agreement to repurchase	18,989	12,628	6,360	11,396	1,290	4,234	754	385	930
By holder									
110 Commercial banks in United States	15,631	10,333	5,299	9,125	962	4,124	729	385	306
111 Others	3,357	2,296	1,061	2,271	327	111	25	0	624
By type									
112 One-day maturity or continuing contract	17,833	11,575	6,258	10,452	1,231	4,191	644	385	929
113 Securities sold under agreements to repurchase	1,873	1,753	120	1,539	73	44	84	130	3
114 Other	15,960	9,822	6,138	8,913	1,158	4,148	560	255	926
115 Other securities sold under agreements to repurchase	1,156	1,054	102	944	59	43	110	0	1
116 Other liabilities for borrowed money	50,057	22,321	27,737	20,459	1,838	25,316	1,150	646	648
117 Owed to banks	46,935	19,849	27,086	18,058	1,819	24,672	1,115	627	645
118 U.S. addressees (domicile)	44,548	18,012	26,537	16,281	1,543	24,627	1,100	587	411
119 Non-U.S. addressees (domicile)	2,387	1,837	549	1,777	276	45	15	40	234
120 Owed to others	3,122	2,472	651	2,401	20	644	35	19	3
121 U.S. addressees (domicile)	2,852	2,265	588	2,205	15	585	29	19	0
122 Non-U.S. addressees (domicile)	270	207	63	196	5	59	7	0	3
123 All other liabilities	47,731	38,246	9,485	30,812	2,148	5,935	5,049	1,791	1,997
124 Acceptances executed and outstanding	11,474	8,426	3,049	8,117	376	2,614	92	197	77
125 Net due to related banking institutions[6]	32,600	26,808	5,792	19,923	1,651	2,834	4,843	1,490	1,859
126 Other	3,657	3,012	644	2,772	121	487	114	103	60
MEMO									
127 Time deposits of $100,000 or more	74,181	65,620	8,561	58,682	62	8,007	1,659	4,629	1,142
128 Certificates of deposit (CDs) in denominations of $100,000 or more	33,008	31,456	1,552	25,740	13	1,197	699	4,494	865
129 Other	41,173	34,164	7,009	32,942	49	6,810	959	135	277
130 Savings deposits authorized for automatic transfer and NOW accounts	88	69	19	47	0	11	11	8	11
131 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	0	0	0	0	0	0	0	0	0
132 Time certificates of deposit in denominations of $100,000 or more with remaining maturity of more than 12 months	3,479	3,464	15	2,988	0	14	80	390	7
133 Acceptances refinanced with a U.S.-chartered bank	3,523	2,660	863	2,475	101	762	40	145	0
134 Statutory or regulatory asset pledge requirement	79,830	77,645	2,184	72,170	1,932	68	5,412	46	201
135 Statutory or regulatory asset maintenance requirement	9,305	9,103	202	5,465	38	427	737	2,476	162
136 Commercial letters of credit	6,903	4,351	2,551	3,832	484	2,003	292	210	81
137 Standby letters of credit, total	15,816	13,625	2,191	12,299	439	1,211	648	437	783
138 U.S. addressees (domicile)	13,486	11,668	1,819	10,676	299	975	522	286	729
139 Non-U.S. addressees (domicile)	2,330	1,958	372	1,623	140	236	126	152	54
140 Standby letters of credit conveyed to others through participations (included in total standby letters of credit)	3,106	2,911	195	2,850	118	93	27	17	0
141 Holdings of commercial paper included in total gross loans	677	611	66	579	25	29	30	2	13
142 Holdings of acceptances included in total commercial and industrial loans	4,731	3,557	1,175	3,414	154	1,011	45	96	11
143 Immediately available funds with a maturity greater than one day (included in other liabilities for borrowed money)	35,512	13,070	22,443	11,875	1,532	20,754	833	326	192
144 Gross due from related banking institutions[6]	83,877	56,354	27,523	50,691	6,479	20,109	1,901	3,573	1,125
145 U.S. addressees (domicile)	21,829	9,054	12,775	5,641	1,457	11,036	61	3,275	359
146 Branches and agencies in the United States	21,497	8,943	12,554	5,537	1,370	10,898	59	3,275	359
147 In the same state as reporter	527	124	403	89	29	349	0	35	26
148 In other states	20,970	8,819	12,151	5,448	1,341	10,549	59	3,240	334
149 U.S. banking subsidiaries[7]	332	111	221	104	87	138	2	0	0
150 Non-U.S. addressees (domicile)	62,048	47,300	14,748	45,050	5,022	9,073	1,840	298	765
151 Head office and non-U.S. branches and agencies	59,688	45,250	14,438	43,036	4,949	8,914	1,807	298	686
152 Non-U.S. banking companies and offices	2,359	2,050	309	2,014	73	159	33	0	79
153 Gross due to related banking institutions[6]	94,636	75,616	19,021	65,778	6,714	10,499	6,722	2,376	2,547
154 U.S. addressees (domicile)	20,480	13,376	7,104	8,119	2,387	3,707	3,330	1,613	1,325
155 Branches and agencies in the United States	20,050	13,241	6,809	8,015	2,151	3,661	3,326	1,610	1,287
156 In the same state as reporter	649	354	295	321	22	269	0	33	3
157 In other states	19,401	12,887	6,514	7,694	2,129	3,392	3,326	1,577	1,284
158 U.S. banking subsidiaries[7]	430	136	294	104	235	46	4	2	38
159 Non-U.S. addressees (domicile)	74,156	62,239	11,917	57,660	4,327	6,792	3,392	763	1,222
160 Head office and non-U.S. branches and agencies	72,391	60,579	11,812	56,096	4,311	6,722	3,303	763	1,197
161 Non-U.S. banking companies and offices	1,765	1,661	104	1,564	16	70	89	0	26

4.30 Continued

Item	All states[2] Total	All states[2] Branches[1]	All states[2] Agencies	New York Branches[3]	New York Agencies	California, total[4]	Illinois, branches	Other states[2] Branches	Other states[2] Agencies
Average for 30 calendar days (or calendar month) ending with report date									
162 Total assets	216,758	153,246	63,512	135,152	16,985	42,828	8,918	7,684	5,192
163 Cash and due from depository institutions	34,353	31,018	3,336	29,455	592	2,627	1,220	270	189
164 Federal funds sold and securities purchased under agreements to resell	5,864	4,548	1,316	4,217	880	418	249	73	26
165 Total loans	120,814	89,170	31,643	76,760	4,935	23,936	6,894	4,212	4,077
166 Loans to banks in foreign countries	19,182	15,002	4,180	14,034	716	3,246	761	11	413
167 Total deposits and credit balances	90,043	77,880	12,162	69,842	3,718	7,667	2,329	4,989	1,497
168 Time CDs in denominations of $100,000 or more	31,605	30,070	1,535	24,429	11	927	745	4,616	877
169 Federal funds purchased and securities sold under agreements to repurchase	20,206	13,542	6,664	11,927	1,090	4,572	1,164	327	1,127
170 Other liabilities for borrowed money	46,966	20,690	26,276	18,849	1,783	24,031	1,162	595	546
171 Number of reports filed[8]	420	230	190	140	44	113	43	33	47

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." This form was first used for reporting data as of June 30, 1980. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.
2. Includes the District of Columbia.
3. Includes all offices that have the power to accept deposits from U.S. residents, including any such offices that are considered agencies under state law.
4. Agencies account for virtually all of the assets and liabilities reported in California.
5. Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 6). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.
6. "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly). Gross amounts due from and due to related banking institutions are shown as memo items.
7. "U.S. banking subsidiaries" refers to U.S. banking subsidiaries majority-owned by the foreign bank and by related foreign banks and includes U.S. offices of U.S.-chartered commercial banks, of Edge Act and Agreement corporations, and of New York State (Article XII) investment companies.
8. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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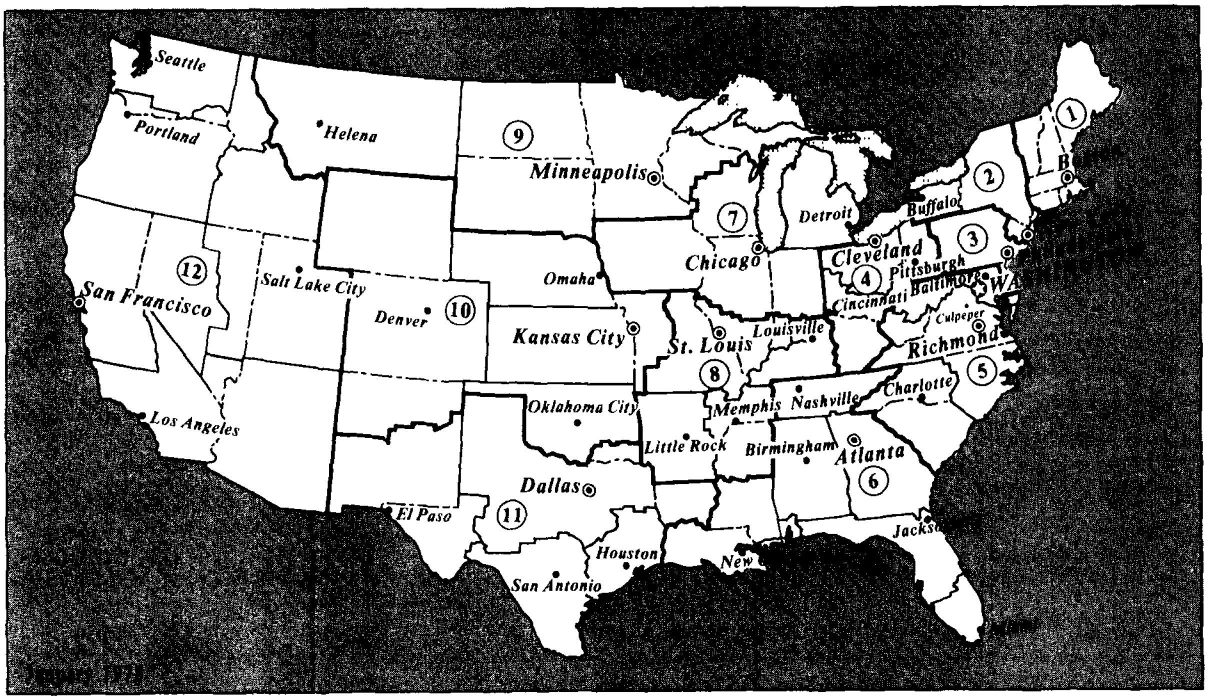

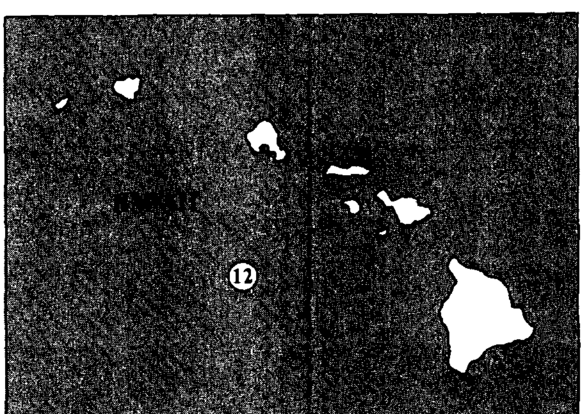

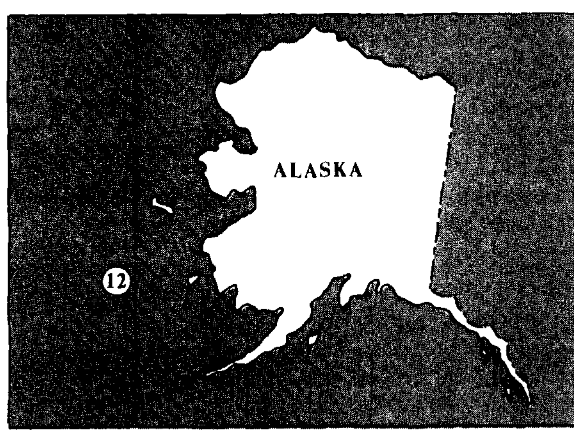

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— Boundaries of Federal Reserve Branch Territories

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• Federal Reserve Branch Cities

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