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Revision of the Board's Equal Credit Regulation: An Overview

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The Federal Reserve Board recently completed its first comprehensive review of the rules it issued in 1977 to carry out the Equal Credit Opportunity Act, a statute that protects applicants for credit against discrimination on certain prohibited bases. The rules, collectively called Regulation B, were reviewed under the Board's regulatory improvement program, which was established in 1979 in response to President Carter's executive order, "Improving Government Regulations." The program also addresses congressional concerns about regulatory burdens on industry, as reflected in the Regulatory Flexibility Act and the Financial Regulation Simplification Act of 1980.

The Board's program requires it to review each of its regulations periodically to determine whether the regulation can be eliminated, replaced with a nonregulatory program, simplified to ease the burdens of compliance, or made easier to understand. The review of Regulation B considered ways to reduce the burdens on industry while retaining the protections that the Congress intended for credit applicants; it also considered whether the rules could carry out congressional intent more effectively. The review included a study of comments received following public notice of the Board's intent to revise the regulation; a review of court decisions to identify problems that could be addressed through regulation; an analysis of each section of the regulation to adjust requirements as necessary; and an assessment of the costs and benefits of some of the rules, based on surveys of consumers and industry. The Board also sought the views of other agencies having responsibilities for enforcing the act and of its Consumer Advisory Council, whose members represent industry, consumers, and community groups. An initial assessment of the information gathered from all these sources yielded a proposal for specific changes, published by the Board in March 1985 for public comment. After consideration of the comments received in response to that proposal, the Board in November 1985 issued an amended regulation that takes effect December 16, 1985, with a transition period ending September 30, 1986.

This overview of the Board's rulemaking presents a synopsis of Regulation B and discusses the major issues that the Board addressed in revising the regulation. It also discusses changes that the Board considered but did not adopt and identifies areas that the Board will continue to monitor.

The Equal Credit Opportunity Act (ECOA) went into effect in October 1975 and was expanded in March 1976. One of several laws concerning financial services that the Federal Reserve Board implements through rulemaking, the ECOA is part of the Consumer Credit Protection Act (CCPA). The ECOA differs from other parts of the CCPA such as the Truth in Lending, Consumer Leasing, Fair Credit Billing, and Electronic Fund Transfer acts. First, the ECOA is more in the civil rights tradition. It prohibits creditors from taking into account the applicant's race, color, religion, national origin, sex, age (with some qualification), or marital status when making a credit decision. It bars creditors from discriminating against an applicant because the applicant receives income from public assistance, such as social security benefits or welfare payments. Also, creditors may not retaliate against someone who in good faith has exercised rights under the CCPA—for example, against a customer who, under the Fair Credit Billing Act, asks the creditor to investigate a billing error on a credit card account.

The second way in which the ECOA differs from other parts of the CCPA is in its broader scope. The ECOA is not limited to consumer credit; it applies to business and commercial transactions as well. And because the act applies to all aspects of a credit transaction, the ECOA affects not only the application stage but also credit investigations, creditworthiness standards, credit terms, signature policies, credit reporting, and collection procedures.

The ECOA assigns to 12 federal agencies the responsibility for ensuring that creditors comply with the act, which applies not only to banks and other financial institutions but to any person that regularly extends credit. The Federal Reserve is responsible for state-chartered member banks of the Federal Reserve System; the Office of the Comptroller of the Currency, for national banks; the Federal Deposit Insurance Corporation, for state-chartered nonmember banks; the Federal Home Loan Bank Board, for federally chartered or insured savings and loan associations; and the National Credit Union Administration, for federally chartered credit unions. The Securities and Exchange Commission, the Small Business Administration, and several other agencies also have enforcement responsibilities. The jurisdiction of the Federal Trade Commission is the widest: it encompasses retailers, finance companies, nonbank issuers of credit cards, and all other creditors not specifically assigned by the ECOA to some other agency's supervision.

Besides providing for enforcement through administrative agencies, the act allows applicants to bring private lawsuits. In the latter instance, a creditor in violation of the ECOA or Regulation B can be assessed up to $10,000 in punitive damages in addition to actual damages suffered by the applicant, court costs, and attorneys' fees.

The ECOA assigns to the Federal Reserve Board the responsibility for issuing the regulations implementing the act. Regulation B, which the Board issued to carry out this responsibility, sets the rules that all creditors must follow to comply with the act. A general rule makes clear that discrimination on a prohibited basis is barred in any aspect of a credit transaction, whether or not the act or practice leading to the unlawful discrimination is specified in the regulation. The regulation also sets down specific rules governing the credit relationship, many of which respond to evidence presented to the Congress and the Board about specific difficulties that women experienced in obtaining credit before the ECOA became law.

Restrictions on Creditors' Requests for Information. Some rules limit the information that a creditor may request. For example, the creditor generally may not ask a woman seeking individual credit whether she is married. One of the exceptions excludes secured credit transactions because state law may give the applicant's spouse special rights in the collateral. An exception is also allowed if the applicant lives in a community property state. Even when they may ask about marital status, creditors must use the terms *married, unmarried,* or *separated.* They may not ask whether an applicant is divorced or widowed.

When a married person applies for individual credit, the creditor may ask about the spouse only if the spouse is directly involved in the credit transaction. For example, the creditor may ask for information about a husband if he will be authorized to use the wife's credit card account or if the wife is relying on his income to help repay the debt. Again, there is an exception if the applicant lives in one of the eight community property states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington. Property laws in those states give a married person special rights in property acquired by the spouse in the course of the marriage and generally allow either spouse acting alone to encumber the property. Therefore, the creditor must be able to obtain information about the spouse. The creditor must use sex-neutral terms on application forms (*spouse* instead of *husband* or *wife*) and generally may not ask about the sex (or about the race, color, religion, or national origin) of the applicant.

There are some general exceptions to these limits on information. First, to enable enforcement agencies to detect unlawful discrimination, the rules require that creditors ask for information about the applicant's sex, marital status, age, and race or national origin on applications for a home-purchase mortgage. Second, the act permits lenders to offer special credit programs for members of economically disadvantaged groups and therefore allows creditors to ask some otherwise prohibited questions. For example, a lender may ask for the applicant's race to determine eligibility for a program limited to minority students; or a lender may ask about the spouse's income for a subsidized mortgage program in which a household's total financial resources are considered. Finally, the regulation allows creditors to obtain information that is otherwise prohibited if the creditor is required to do so by other state or federal regulations, court order, or the like.

Credit Evaluation and Credit Terms. Other rules limit what a creditor may consider in deciding whether to grant credit to an applicant. For example, the law prohibits the discounting of a wife's income and bars a creditor from assuming, even on the basis of statistics, that an employed woman may stop working to have or rear children. Rules also prevent the creditor from denying a woman an account in her own name. Moreover, a creditor cannot automatically assume that a woman has become a bad credit risk simply because her marital status changes. To close the account or require a reapplication, the creditor must show that she is unable or unwilling to repay. The same rules protect a customer who has reached a certain age or has retired.

Before the ECOA was enacted, a married woman often had to get her husband's signature to receive a loan. The signature rules of Regulation B limit the circumstances that allow the creditor to ask for a cosigner. If an applicant qualifies for individual credit under the creditor's standards, the creditor may not ask for a cosigner. If a cosigner is needed, the creditor cannot require that it be the spouse. The rules provide a limited exception for secured credit transactions: the creditor may require the signature of a spouse on security agreements if it is needed to assure access to the collateral in the event of default.

Other rules implement the statutory protections against age discrimination by setting criteria for credit-scoring systems and standards for the treatment of annuities and pensions in evaluating creditworthiness. The law allows creditors to use the applicant's age as a factor in credit decisions in any credit-scoring system that is "demonstrably and statistically sound" by the Board's criteria and that does not treat an elderly applicant less favorably on the basis of age than it treats other applicants. (The Board's regulation defines elderly as age 62 or older.)

Notification Rules. Within 30 days of receiving a completed application, creditors must make their decision and notify the applicant. The 30 days begin when the creditor receives all the information necessary for a decision, which in some cases may include reports from credit bureaus or approval of guarantees from government agencies. If credit is granted, the creditor may satisfy the requirement for notification by sending the credit card or money that was requested or by providing the goods or services on credit. If credit is denied or terminated, so-called adverse action rules require that creditors give a written notice that includes specific reasons for the action or informs the applicant of the right to obtain the reasons. This requirement is unusual in an antidiscrimination statute in that a written notice must go to anyone to whom credit is denied or whose credit account is closed, not only to members of a historically disadvantaged class. One purpose of the requirement is to educate applicants who are denied credit and to help them understand the credit process. Disclosure of the reasons for denials also allows applicants to supplement an application or correct an error, and documentation enables the regulators to examine creditors' records for patterns of unlawful discrimination.

Credit Reporting and Other Rules. A creditor that provides information on applicants to credit bureaus or to other creditors must follow special rules. Joint accounts must reflect the participation of both spouses when both are contractually liable on the account or, in the case of an open-end account, when the spouse is authorized to use the account. This rule seeks to remedy problems that married women experienced before the enactment of the ECOA, when credit histories were recorded only under the husband's name.

Although no class of transactions is exempt from the act and regulation, limited exceptions apply to some types of credit, including credit extended for public utility service, incidental credit granted by persons not in the business of extending credit (like dentists or doctors), securities credit, business credit, and government credit. Firms and individuals that engage in these transactions are subject to the fundamental prohibition against discrimination but are exempt from some of the procedural rules.

In keeping with the two-year statute of limitations set by the act for the filing of private lawsuits, creditors must retain credit applications and other records for 25 months. If a violation of the ECOA is under investigation by the Department of Justice or another agency, the creditor must keep the records until the matter is resolved.

Compared with the Board's changes to other regulations after review, the changes to Regulation B are not dramatic, for several reasons. First, no statutory amendments mandated changes in Regulation B, unlike the case of the Truth in Lending Simplification and Reform Act of 1980 for Regulation Z. Second, litigation under the ECOA did not reveal a great need for clarification of ambiguities or modification of technical provisions. Third, the Board was responsive to civil rights activists, consumer advocates, and women's groups, which urged the Board to avoid changes that would reduce important civil rights protections. Finally, many creditors said that they found most of the existing requirements manageable and that changes might require them to alter their procedures without measurably reducing the burdens placed on them. The most onerous rule for some creditors, requiring them to give written notice of adverse actions, is established by statute and thus cannot be modified significantly by regulation.

Summary of the Changes Made. Substance and structure are essentially the same in the new regulation and the old. The new regulation is somewhat shorter, with the deletion of obsolete material and the placement of footnotes and other explanatory matter in an official staff commentary. Following is a summary of the changes in the rules; the more significant ones are discussed later.

- The new rules require creditors to note the applicant's race or national origin and sex on loan applications for the purchase or refinancing of a dwelling (including mobile homes) if the applicant does not volunteer the information. Creditors also must take written applications for transactions covered by this rule.
- The Board revised the definition of *applicant* to include guarantors for purposes of the signature rules, thus giving guarantors legal standing to sue for violations of those rules.
- The Board adopted new rules that enable creditors to streamline their procedures for informing applicants when additional information is needed for a credit decision. The Board also provided additional sample forms for creditors to use in giving the reasons for a credit denial.
- The Board redefined the criteria that a credit-scoring system must meet to qualify as "demonstrably and statistically sound." Systems that meet the criteria are permitted to use the applicant's age as a factor. The change makes clear that the criteria can be met by "decision tree" and other scoring systems and not only by systems that allocate points or assign weights to the applicant's attributes.
- The Board updated the reporting rules applicable to joint accounts held by spouses and to individual accounts on which a spouse is an authorized user. Many of the earlier provisions dealt with accounts established before 1977, when the reporting requirements first went into effect.
- To improve the data available to the regulatory agencies, the new regulation requires creditors to retain applications withdrawn by the applicant in advance of a decision.

Official Staff Commentary. In its review of Regulation B, the Board found that it could make compliance easier in many cases merely by elaborating on the rules in a commentary without amending them. Experience under Regulations Z (Truth in Lending), M (Consumer Leasing), and E (Electronic Fund Transfers) has proven the usefulness of such a commentary. Accordingly, the Board has published an official staff commentary to complement the revised regulation; good-faith compliance with the official staff commentary protects creditors against civil liability.

The commentary incorporates Board interpretations, official staff interpretations, and informal letters for public information issued since 1977, when Regulation B went into effect following a major revision. It answers questions about matters on which creditors and regulatory agencies have sought guidance over the years. The Board contemplates an annual update of the commentary.

To help the regulatory agencies detect unlawful discrimination, the Federal Reserve Board adopted a "data notation" rule in 1977, when it implemented the statutory protections against discrimination based on race, national origin, and other factors. This rule requires creditors to ask applicants for mortgages about their race or national origin, sex, age, and marital status. The rule applies to loan applications for the purchase of one- to four-family residences in which the creditor will take a security interest. Real estate lending was selected for special monitoring because a mortgage is usually by far the largest credit transaction that a consumer undertakes and because unlawful discrimination in mortgage transactions can have an especially detrimental effect on members of minority groups.

The Board's revisions to Regulation B increase slightly the number of loan types covered and the data to be recorded by creditors. The main impetus for this action came from the Federal Reserve's Consumer Advisory Council in a report to the Board analyzing the Federal Reserve's implementation of the Community Reinvestment Act. The council recommended that the Board consider developing improved methods of collecting and analyzing data on personal characteristics of applicants. More complete data about such characteristics, the council believed, would help the Federal Reserve's examiners to detect practices that discourage loan applications on an unlawful discriminatory basis.

The Board added mortgage refinancings and loans to purchase mobile homes to the transactions covered by the rules for data notation. Previously, mobile homes were covered only in those states where they are considered real property. The new rules also require that creditors take written applications for loans covered by the data notation requirement, thus improving the information available for assessing compliance. The rule requires only that creditors write down the information normally considered in an application—they need not use printed forms—and therefore it should not impose a significant burden on creditors that rely on oral applications.

The regulation allows other federal agencies to substitute their own data notation programs for the Regulation B requirements. Three agencies—the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board—have substituted monitoring programs that cover additional types of real estate loans and that require the creditor to record the applicant's sex and race or national origin if the applicant fails to do so. The revision to Regulation B adopts the notation method of these three agencies: if an applicant declines to provide the data, the creditor must note the sex and race or national origin on the basis of visual observation or surname. Thus, the requirement will be the same for all institutions supervised by the financial regulatory agencies, and the Federal Reserve's examiners will have more complete data to use in detecting unlawful discrimination. For a bank holding company, the uniformity will obviate the need to tailor forms and procedures for each of its subsidiaries to comply with the rules of the various agencies that supervise them. The change also helps mortgage bankers, for whom use of a standardized loan document will facilitate mortgage sales in the secondary market.

In its review of Regulation B, the Board considered whether decisions in lawsuits brought under the ECOA involved matters that could be simplified or corrected by revisions to the regulation. Looking at these lawsuits, the Board found a sharp contrast to the thousands of Truth in Lending court cases; the Truth in Lending cases suggested a need for simplification of the disclosure requirements and prompted the Board's recommendations to the Congress for simplification. The recommendations led to the passage of the Truth in Lending Simplification and Reform Act of 1980. The ECOA cases have numbered in the dozens, not the thousands, and most ECOA litigation has involved questions of fact rather than technical legal points of the sort raised in many of the Truth in Lending suits. Three issues emerged from the ECOA analysis: first, a guarantor's legal standing to sue for an ECOA violation; second, compliance with the requirement for notice of adverse action when a creditor denies an application or closes a customer's account; and third, coverage of consumer lease transactions by the ECOA.

Before its recent revision, Regulation B expressly excluded guarantors from its definition of the term *applicant.* As a result, the courts ruled that guarantors did not have legal standing to sue for violations of their rights under the regulation.

The ECOA's prohibition against discrimination based on marital status applies in any aspect of a credit transaction, including signature requirements. As mentioned earlier, the regulation bars a requirement for a signature other than the applicant's if the applicant meets the creditor's standards of creditworthiness. And should a married applicant not qualify and thus need a guarantor, the creditor may not require that the spouse be that guarantor. (In practice, the spouse is often the person most readily available and frequently will be the one to guarantee the loan.) In addition, creditors may not ask that the spouse sign also when a married person gives a personal guarantee—on a business loan, for example. These rules prevent creditors from treating married persons as inherently less creditworthy than unmarried persons and are thus important to fulfilling the purpose of the ECOA.

When the Board revised Regulation B in 1977, it adopted a definition of applicant that excludes guarantors and similar parties:

> Applicant means any person who requests or who has received an extension of credit from a creditor, and includes any person who is or may be contractually liable regarding an extension of credit *other than a guarantor, surety, endorser, or similar party* [emphasis added].

The exclusion was intended to ensure that in dealing with guarantors, creditors would not have to follow the technical rules governing a creditor's dealings with applicants. Because guarantors primarily need protection against practices involving cosigners, the Board believed that it sufficed to make the signature rules applicable to guarantors. Given the exclusion of guarantors from the regulatory definition of applicant, however, several courts have held that a guarantor has no legal standing in court to sue for an ECOA violation, even of the signature rules. For example, in *Morse* v. *Mutual Federal Savings and Loan Association*, 536 F. Supp. 1271 (D. Mass. 1982), the court held that Mrs. Morse had no standing to sue because she was only a guarantor, even though her signature might have been obtained in violation of the restriction on spousal signatures.

Consequently, in its review of Regulation B, the Board proposed to amend the definition to include guarantors. Some industry commenters said that the proposed change would have little or no real impact on creditor operations, while others opposed it. The opponents believed that guarantors cannot be applicants for purposes of the ECOA because they do not apply for or receive credit. Industry representatives also expressed concern that the change might encourage guarantors to engage in unnecessary litigation and perhaps even to sue for technical noncompliance unrelated to any signature violation.

After weighing the various considerations, the Board revised the definition of applicant to include guarantors. It based the action on the premise that although its primary concern may have been to protect the individual seeking credit, the Congress had a broader purpose in enacting the ECOA: to bar discrimination on the basis of marital status in any aspect of a credit transaction. Clearly, a person required to assume a debt obligation merely by virtue of being married to the applicant has suffered discrimination based on marital status. Given the industry concerns about lawsuits unrelated to signature violations, however, the Board revised the definition of applicant to include guarantors and similar parties only for purposes of the signature rules.

The rule change is also consistent with the congressional intent for enforcement through private lawsuits because it gives the guarantor the right to bring a lawsuit or to file a counterclaim against a creditor. To recover damages, the guarantor must prove that the creditor violated the signature rules and also must establish the damages suffered.

The second issue raised by the court cases involves not so much public policy as practical problems of compliance with the law—namely, with the requirement for notice of adverse action. That notice must include a summary of the applicant's rights under the ECOA and the name and address of the creditor's supervisory agency. Creditors also must give the principal reasons for the adverse action or a written statement of the applicant's right to receive the reasons upon request.

Consumers generally find the information explaining credit denials useful. In a Board survey in 1981–82, nearly three-fourths of the respondents who had been denied credit said the notice of denial had helped them understand their own situation and the credit-granting process in general. A smaller proportion said the reasons given were not specific enough or did not tell them anything they did not already know.

On the other hand, there is evidence—from court cases, consumer complaints, inquiries from creditors, and reports from the regulatory agencies—that creditors have experienced difficulties in complying with these notification requirements. After analysis of creditor problems and of consumer needs, the Board revised the sample form for notifying applicants of credit denials, expanded the number of forms available to creditors, and adopted a new procedure for creditors to use in dealing with incomplete applications.

Sample Forms for Notifying Applicants. To facilitate compliance with the notification rules, the regulation provides a sample checklist form that creditors may use to inform applicants of the reasons for credit denials. If properly completed, the checklist protects the creditor from civil liability. Federal Reserve Banks and the other regulatory agencies have reported various problems associated with creditors' use of the form. One court case in particular, *Fischl* v. *General Motors Acceptance Corporation*, 708 F.2d 143 (5th Cir. 1983), involved the creditor's faulty completion of the sample form and raised questions about whether the reasons given satisfied the standard for specificity set by the act and Regulation B.

To help creditors comply fully with the law and to better inform applicants of the reasons for a credit denial, the Board has revised the sample checklist form. It has also added several other samples in various formats; by providing a variety of forms, the Board seeks to inform creditors that they have wide latitude in developing their own notices to applicants. Many creditors have adopted the original checklist; the revised rules allow them to continue to use it as long as the reasons checked correspond accurately to the reasons for a denial.

Notice for Incomplete Applications. Before the latest revision, Regulation B required the creditor to advise the applicant when, after an application was received, supplementary information was needed for a credit decision. In addition, the creditor had to provide an adverse action notice if ultimately the credit was not granted, even though the reason was simply that the supplementary information was not supplied.

The new rule adopted by the Board permits creditors to notify the applicant of the information needed for the credit decision, request that the information be supplied by a certain date, and advise the applicant that the application will not be considered further without that information. The notice must be given in writing, but the creditor has the option to seek the information orally before sending the notice. The creditor need not give any further notice if the applicant fails to respond.

In arguing against the old rule, some creditors said they should not have to send a notice of adverse action when in fact they are unable to make a credit decision because information is missing. They believed that they should be allowed to disregard incomplete applications, treating them as if they were withdrawn without requesting the missing information. In their view, an applicant who receives no response to an application will naturally inquire about its status, and the failure do so, they argued, signals a lack of interest in the credit and is tantamount to a withdrawal. The Congress intended, however, that an applicant be notified in writing when a request for credit is not granted. For that reason, the Board decided against allowing creditors to treat an incomplete application as withdrawn. The new rule lessens the burden on creditors without reducing important ECOA protections because applicants will be fully informed of any additional information that is needed.

On its face the ECOA applies only to credit transactions. Does it also apply to lease transactions for automobiles, television sets, and other personal property? A three-member panel of the U.S. Court of Appeals for the Ninth Circuit ruled that it does, in *Brothers* v. *First Leasing*, 724 F.2d 789 (9th Cir.), *cert. denied*, 105 S.Ct. 121 (1984). Mrs. Brothers had sued First Leasing after she was denied an automobile lease because of her husband's earlier bankruptcy. The lower court dismissed the lawsuit on the grounds that the ECOA applies only to credit transactions and not to consumer leases. But the appellate court interpreted the term *credit transaction* as sweeping enough to include consumer lease transactions, given the congressional intent to eradicate discrimination based on marital status, and the U.S. Supreme Court denied First Leasing's petition for review of the decision. Consequently, the appellate ruling in *Brothers* is binding law in California and other states within the jurisdiction of the Ninth Circuit, and it is being enforced in those states by the Federal Reserve and other regulatory agencies.

In the review of Regulation B, the Board considered whether to establish a uniform rule on leasing throughout the nation. An amendment to cover lease transactions could be supported on policy grounds: it seems inconsistent to allow lessors to consider race and other factors while creditors are prohibited from doing so. Moreover, some lease transactions are similar in many ways to credit transactions; in fact, some institutions that offer both credit and lease financing use the same types of scoring systems for the two. Finally, inasmuch as the Board has broad rulemaking authority for consumer credit regulations, as the Supreme Court declared in *Ford Motor Credit Co.* v. *Milhollin*, 444 U.S. 555 (1980), the Board conceivably could cover consumer leases under Regulation B.

The Board believes, however, that the Court of Appeals interpreted the ECOA definition of credit too broadly when it concluded in the *Brothers* case that the granting of a lease is an extension of credit. The Congress has consistently viewed lease and credit transactions as distinct financial transactions and has treated them separately under the Consumer Credit Protection Act. The Board believes that the Congress did not intend to subject lease transactions to the ECOA unless the transaction results in a "credit sale," as defined in the Truth in Lending Act and Regulation Z—that is, unless the consumer is obligated to pay a sum under the lease agreement that is substantially equal to (or greater than) the total value of the leased property and the consumer has the option to own the leased property at the end of the lease term for little or no additional cost.

Were there evidence of discrimination by lessors based on personal characteristics, as there was in credit transactions, it might signal a need for coverage by the ECOA or a similar law. But, aside from *Brothers*, little evidence suggests such discrimination. Furthermore, core provisions of the regulation could impose significant burdens for some segments of the industry—furniture and appliance lessors, for example—by requiring them to adopt new procedures. Other lessors would be less affected; financial institutions that engage in automobile leasing already comply with Regulation B in many cases.

In light of all these considerations, the Board has not applied Regulation B to leasing. Instead, it will monitor the practices followed in lease transactions through contacts with government agencies, the leasing industry, and consumers. The Federal Reserve's enforcement activities in the Ninth Circuit will also provide the Board with first-hand experience regarding the application of the ECOA to consumer leases.

In its review of Regulation B, the Board considered whether other aspects of the regulation were amenable to modifications that would ease burdens for creditors or improve protections for credit applicants.

The Board considered the regulation's treatment of business credit transactions amid renewed public discussion about the availability of financing to businesses owned by women. A 1984 survey taken by the National Association of Women Business Owners showed that its members continue to view financing as a major problem. Lenders suggest that various factors have a bearing on whether a loan is granted and that financing is a problem for many small businesses, not only for those owned by women or members of minority groups. Many businesses fail because they are undercapitalized; some cannot offer a lender sufficient evidence that they can succeed. In other cases business owners are not fully familiar with the type of information needed for a credit evaluation and thus may not present an adequate application to the lender. Nonetheless, many businesswomen assert that discrimination based on sex and marital status compounds their problems in obtaining business loans.

Although the Board's authority under the statute allows it to provide exceptions to facilitate compliance, the Board has not exempted any class of transactions totally from the regulation. Lenders may not discriminate against business applicants on any of the prohibited bases, and applicants for business credit have most of the protections that the regulation affords to someone asking for consumer credit:

- Lenders may not ask a married businesswoman questions about her husband or require his personal guarantee, unless he is involved in the business. (Other rules may apply if a businesswoman offers assets owned jointly with her husband as collateral for the business loan.) However, a lender is currently permitted to ask about marital status.
- Like the applicant for consumer credit, the applicant for business credit has the right to be notified of the action taken by the creditor on an application, though within "a reasonable time" rather than 30 days. The applicant also has the right to a written statement of the principal reasons for a denial of credit; but the applicant must request it in writing and does not automatically receive a written notice of the right to receive the statement.
- To ensure that records will be available to bank examiners, other official investigators, and the courts, the applicant for business credit has the right to request that the creditor retain the records for 25 months. Otherwise, the creditor need retain them only for 90 days.

The limited exceptions applicable to business credit noted above have been the subject of extensive rulemaking proceedings: in 1975 when Regulation B was first adopted, in 1976 when the regulation was revised, and again in 1978–82. In 1978, the Board proposed amendments to Regulation B that would have required creditors to notify business borrowers in writing of their right to a statement of reasons for credit denials, eliminated the partial exception from recordkeeping, and prohibited inquiries about marital status. These proposed changes would have applied to business loan transactions of less than $100,000. Final action was delayed until 1982, when the Board withdrew the proposed amendments after further public comment. The Board was reluctant at that time to expand the requirements applicable to business credit given the lack of evidence of unlawful discrimination.

Public statements reveal confusion about the ECOA's application to business credit. Some articles have mistakenly stated that businesswomen are not fully protected under federal law against discrimination based on sex or marital status. Reports in the media have carried accounts of questionable lender practices encountered by businesswomen seeking credit, some of which have been found to violate the law. In one case, *Sego* v. *First National Bank*, No. C83 0932–L(s) (W. D. Ky. filed Sept. 14, 1983), the applicant was required to submit a joint application with her husband. And then, although the loan officer said that her own credit record qualified her, the loan was denied because of her husband's credit history. The bank was held liable for having discriminated on marital status.

The concerns expressed by businesswomen have drawn congressional support for strengthening protections under the ECOA. Bills introduced in both the Senate and the House of Representatives would require the Board to hold public hearings before granting exceptions for business credit transactions. Moreover, any exceptions granted would be subject to a five-year "sunset" provision, requiring another public hearing before renewal.

In light of the renewed concern among congressional leaders and women's groups, the Board gave particular attention to the rules applicable in business credit transactions. The Board believes that those rules—especially the ones that bar a lender from asking for, or considering, information about a spouse who has no connection to the business and from requiring the husband's loan guarantee—protect businesswomen against unlawful discrimination. And the applicant's right to a written notice of a credit denial and to retention of records ensures that documentation will be available for any investigation of alleged discrimination.

The Board considered enhancing the existing protections by eliminating or modifying the present exceptions. Such changes would require new rulemaking, however, because the draft regulation that the Board published in March did not propose these revisions. The Board therefore retained the existing rules but has not foreclosed future regulatory action.

Better informing women (and members of minority groups) about their rights under the law may be an effective way to assist business persons in enforcing those rights and less costly than subjecting business credit fully to the rules applicable in consumer credit transactions. The Board is therefore preparing a pamphlet regarding the ECOA and business credit transactions for distribution through government agencies, women's groups, and other organizations. An increase in public awareness of the rights of business credit applicants and of the responsibilities of business credit lenders should help significantly in ensuring against unlawful discrimination. But if it appears that regulatory action is still called for, the Board is prepared to make appropriate changes in the requirements.

Regulation B generally protects only persons who have actually applied for credit. To fulfill the purposes of the act, however, the regulation also bars creditors from prescreening applicants on a prohibited basis. Such prescreening of potential applicants could occur in face-to-face interviews or in telephone conversations. Thus it is unlawful, for example, for a creditor to dissuade someone from applying for credit because the individual is a woman or a member of a minority group.

The Board considered whether prescreening in the context of direct-mail marketing should also be subject to Regulation B. Credit card issuers and others are increasingly using prescreened solicitations to reach new customers. The card issuer usually identifies potential customers from such sources as magazine subscription lists or auto club memberships and then asks a credit reporting agency to check the files of the persons listed, specifying factors in the credit history to look for, such as certain levels of income or other major credit accounts. The card issuer may invite all persons whose credit histories meet minimum standards to submit an application, which it will then evaluate. Or the issuer may offer a preapproved credit line to individuals selected through the prescreening process. The targeted individuals technically are not applicants when the prescreening occurs because they have not requested credit. And they cannot be "discouraged" from applying because they do not even know that the prescreening is taking place. Of course, once an individual receives the solicitation or is asked for more information, Regulation B applies in its entirety. But there is no recourse for those who are screened out.

Prescreening that involves credit-scoring under accepted statistical principles and methodology appears to reduce the likelihood of intentional discriminatory practices. Not all prescreening systems use factors that are scientifically selected, however, and some could screen out members of classes protected by the ECOA.

Coverage by the regulation, on the other hand, could call into question direct-mail marketing that legitimately targets a particular segment of the population on a basis such as sex—as when a women's clothing retailer enters a new market area and targets women for credit card accounts. In addition, although the potential for abuse exists, little evidence of unlawful discrimination has surfaced. Consequently, the Board has not covered the prescreening of solicitations at this time. However, should the Board discover evidence of abuse, it could take appropriate action through a regulatory amendment.

The effects test is a judicial doctrine that was developed under Title VII of the Civil Rights Act of 1964 to deal with unlawful discrimination in employment. In that area, application of the doctrine has meant that practices neutral on their face may be held unlawful if they disproportionately harm members of a protected class. An employer will have a defense, however, if the practice in question has a "manifest relationship" to employment.

The reports of both the Senate and the House on the ECOA state that the effects test should be applied to credit discrimination. They specifically refer to the landmark court decisions, *Griggs* v. *Duke Power Co.*, 401 U.S. 424 (1971), and *Albemarle Paper Co.* v. *Moody*, 422 U.S. 405 (1975), in which the concept was enunciated.

Since 1976 the regulation has contained a footnote calling attention to the applicability of the effects test to credit transactions. In the review of Regulation B, the Board considered whether a different treatment of the effects test in the regulation might be appropriate. Some creditors had asked the Board to clarify the test by giving explicit guidance on its application to credit; others wanted the reference dropped from the regulation. From the other side, civil rights advocates have suggested that the regulation should prohibit the use of criteria that often unfairly bar members of minority groups from obtaining credit, such as homeownership, finance company references, or particular types of occupation. Under the approach taken by the courts in the employment area, however, such standards could be permissible if they were found to have a "manifest relationship" to creditworthiness. To overturn such a finding, the plaintiff would have to establish that another, less discriminatory criterion was available to the creditor.

The Board considered whether developments since 1976 would support a change in the regulation. Of the relatively few cases brought under the ECOA, only one or two have in any way addressed the effects test, and these do not provide much judicial guidance to applying the test in credit transactions. The Board decided to retain the reference to the effects test as a way to remind creditors of the legislative intent, leaving the development of the effects test and its application to the courts. A brief discussion in the staff commentary seeks to give creditors a simple explanation of how the test might be applied in the credit area.

The Board's review of Regulation B indicated that, with the minor adjustments described here, the rules offer a workable guide for creditors to provide, and applicants to secure, equal access to credit. Although the review has been completed, the Board will continue to monitor developments to ensure that the Equal Credit Opportunity Act is achieving its intended social goals.

Financial Developments of Bank Holding Companies in 1984

This article was prepared by Martin H. Wolfson of the Board's Division of Banking Supervision and Regulation.

Nineteen eighty-four marked the second full year of recovery from the recession that ended in November 1982. The economy expanded rapidly, particularly in the first half of the year, and loan growth at banking organizations was relatively strong. Usually at this stage in an economic recovery, the quality of loan portfolios would be expected to improve, but loan losses at bank holding companies in 1984 continued to mount. The sharp rise in loan-loss provisions negatively affected earnings growth and profitability; both were down sharply from levels in 1983. Despite these earnings difficulties, however, and despite the strong growth of loans, bank holding companies continued to increase their capital ratios during 1984.

This review of major financial developments of bank holding companies during 1984 is based on data from a group of 345 bank holding companies that had more than $100 million in consolidated assets as of year-end 1984.[1] These companies controlled aggregate assets of $1,785.5 billion, or about 70 percent of the assets controlled by all U.S. commercial banks. This article discusses recent developments in earnings and profitability, balance sheet composition, asset quality, and capital.

Data are presented for the entire universe of 345 companies and for three size classes or peer groups: 73 holding companies with more than $5 billion in assets, 113 with $1 billion to $5 billion in assets, and 159 with $100 million to $1 billion in assets. The data used in the review were drawn from the Federal Reserve's Bank Holding Company Financial Supplement (form FR Y-9).

1. As of December 31, 1984, 6,146 registered bank holding companies were in existence.

Earnings and Profitability

Earnings results for the 345 bank holding companies were dominated by the performance of the largest companies, those with more than $5 billion in assets, whose net income declined 7.9 percent during 1984. For the universe (all 345 companies), net income fell 2.0 percent.[2] Net income of the smaller bank holding companies increased, however, especially for those with assets of between $1 billion and $5 billion (see table 1).

Net operating income for the universe declined 2.7 percent. In general, this decline was due to the growth of noninterest expenses and a dramatic increase in loan-loss provisions. These negative factors more than offset a strong rise in noninterest income, a moderate increase in net interest income, and a decline in the tax equivalent adjustment (see later discussion). Tax expenses were relatively flat. Also, small absolute gains from both securities transactions and extraordinary items moderated the percentage decline in net income growth.

Net interest income (taxable equivalent) of the 345 companies rose 8.1 percent in 1984 to $57.9 billion, up from $53.6 billion in 1983 (table 2). Net interest income, the largest component of earnings, represents the difference between interest earned on loans and investments and the interest expense incurred on interest-bearing liabilities. For analytical purposes, net interest income is adjusted to a tax-equivalent basis so that both taxable and tax-exempt income can be compared.

The increase in net interest income resulted from strong growth in the volume of earning

2. It should be noted that the $1.0 billion loss by the Continental Illinois Corporation during 1984 had a major impact on these results. If Continental is excluded from the earnings comparisons, net income of the remaining 344 companies increased 10.6 percent.

1. Net operating income and net income, 1980–84
Percent change

Size class	1979–80	1980–81	1981–82	1982–83	1983–84
	Net operating income[1]				
Universe[2]	10.3	9.0	7.0	4.9	(2.7)
$100 million to $1 billion	1.6	4.8	(5.7)	22.9	9.4
$1 billion to $5 billion	14.2	5.1	8.2	6.7	19.1
$5 billion or more	10.0	10.1	7.4	3.6	(8.6)
	Net income				
Universe[2]	8.2	7.9	7.6	10.8	(2.0)
$100 million to $1 billion	1.4	3.4	(4.2)	26.4	11.5
$1 billion to $5 billion	12.6	.1	9.7	15.7	19.6
$5 billion or more	7.6	10.0	7.8	8.9	(7.9)

1. Income before securities transactions and extraordinary items.
2. Here and in the following tables the universe was 345 companies.

assets, despite narrower net interest margins. Net interest margins, as measured by net interest income as a percentage of average assets, decreased to 3.39 percent in 1984 from 3.42 percent in 1983 (see table 3). The decline in margins was sharpest during the first part of the year, as interest rates rose rapidly. Margins improved somewhat during the second half, when interest rates fell, because the interest cost of liabilities declined more than the yield on earning assets.

Noninterest income, the second major component of earnings, has become an increasingly important source of revenue to the banking industry in recent years. In 1984, noninterest income (exclusive of gains on securities investments) continued to grow at a dramatic pace, increasing 27.6 percent over the 1983 level. Spurred by deregulation, increased capital requirements, and the increasingly competitive business environment, companies have been aggressively developing and expanding sources of noninterest earnings. Noninterest revenues are derived from a variety of activities including service charges on deposit accounts; commissions and fees on fiduciary, financial, and other business services; bond and foreign exchange trading activities; profits from venture capital operations; and sales of assets. The progress made by the industry in generating noninterest earnings can be seen in table 3, which shows that the ratio of noninterest earnings to average assets has climbed steadily from 0.93 percent in 1980 to 1.43 percent in 1984.

The high level of loan charge-offs in 1984 (see the section on credit quality) was reflected in sharply increased provisions for loan losses. The

2. Selected income statement items, 1983 and 1984[1]

Item	Dollar amount (millions) 1983	Dollar amount (millions) 1984	Change (percent)
Net interest income[2]	53,575	57,915	8.1
Noninterest income	19,174	24,460	27.6
Noninterest expense[3]	45,445	52,742	16.1
Loan-loss provision	7,105	10,229	44.0
Income before taxes[2,3]	20,199	19,404	(3.9)
Taxes	2,964	2,970	.2
Tax-equivalent adjustment	7,681	7,142	(7.0)
Net operating income[4]	9,554	9,293	(2.7)
Securities gains (losses)	60	73	21.7
Extraordinary items	32	92	187.5
Net income	9,647	9,457	(2.0)

1. Details may not add to totals because of rounding.
2. Fully taxable equivalent.
3. Includes minority interest.
4. Income before securities transactions and extraordinary items.

3. Selected income statement items, 1980–84[1]
Percent of average assets

Item	1980	1981	1982	1983	1984
Net interest income[2]	3.07	3.06	3.28	3.42	3.39
Noninterest income	.93	1.05	1.11	1.22	1.43
Noninterest expense[3]	2.46	2.60	2.79	2.90	3.09
Loan-loss provisions	.26	.26	.38	.45	.59
Income before taxes[2,3]	1.27	1.24	1.21	1.29	1.13
Taxes	.25	.19	.16	.18	.17
Tax-equivalent adjustment	.36	.40	.41	.49	.41
Net operating income[4]	.66	.65	.63	.61	.54
Securities gains (losses)[5]	(.02)	(.03)	(.02)	.00	.00
Net income	.63	.62	.60	.61	.55

1. Details may not add to totals because of rounding.
2. Fully taxable equivalent.
3. Includes minority interest.
4. Income before securities transactions and extraordinary items.
5. Includes extraordinary items.

345 companies set aside $10.2 billion in loan-loss provisions, an increase of 44.0 percent from the $7.1 billion in 1983. Provisions for loan losses represent a charge against income that is taken to maintain a reserve for potential loan losses.

In 1984, overhead expenses rose 16.1 percent over 1983 levels. This increase compares unfavorably with the figure of 13.3 percent for the 1982–83 period, and it is well ahead of the growth of assets in 1984 of 9.9 percent. In recent years, expenses for overhead have outpaced the growth in assets by a considerable margin and have represented a significant drag on earnings and profitability.

The largest component of noninterest overhead expense is salaries and employee benefits, representing roughly 52 percent of the total. These expenses rose 13.9 percent over 1983 levels. Occupancy and equipment expenses, which accounted for about 17 percent of total overhead in 1984, increased 17.0 percent from the year-earlier level. The growth in occupancy and equipment expenses reflects the continued heavy investment of the banking industry in electronic banking and communications equipment. Other overhead expenses increased 19.7 percent.

Provisions for income taxes in 1984 were nearly constant in absolute amount compared with those of a year earlier. Income before taxes on a taxable-equivalent basis was $19.4 billion in 1984, down 3.9 percent from $20.2 billion a year earlier. On a taxable-equivalent basis, however, provisions for income taxes decreased 5 percent, to $10.1 billion from $10.6 billion in 1983. The effective tax rate on a taxable-equivalent basis was 52.1 percent in 1984, approximately equal to the rate of 52.7 percent in 1983. As a result of the tax adjustment, net operating income showed a slightly smaller decline (−2.7 percent) compared with income before taxes (−3.9 percent).

Gains from investment securities added slightly to earnings. In 1984, the 345 companies reported aggregate gains (after tax) of $73 million on the sale of investment securities versus $60 million in the previous year.[3] Extraordinary gains amounted to $92 million in 1984 compared with $32 million in 1983.

3. Bank holding companies that file financial reports with the Securities and Exchange Commission (SEC) adopted the "single-line" income reporting format in 1983, which eliminated the long-standing practice of reporting two earnings figures on their financial statements—one for income before securities transactions and the other for net income. Under the revised SEC reporting format, securities gains and losses are now reported as a subcategory of "other operations income."

4. Return on average assets, 1980–84[1]

Percent

Size class	1980	1981	1982	1983	1984
Universe	.63	.62	.61	.62	.55
$100 million to $1 billion	.80	.76	.67	.75	.74
$1 billion to $5 billion	.87	.78	.76	.78	.82
$5 billion or more	.59	.59	.58	.58	.49

1. Net income divided by average assets.

Return on assets and return on equity, two important measures of profitability, declined sharply in 1984. Return on average assets of the overall group, as measured by the ratio of net income to average assets, declined to 0.55 percent from 0.62 percent in 1983. As shown in table 4, the averages for the smallest and largest bank holding companies declined, while the average for companies in the medium-sized group improved. A similar pattern occurred with respect to returns on average equity (table 5). The average return on equity for the overall group fell to 10.50 percent from 12.21 percent a year earlier.

5. Return on average equity, 1980–84[1]

Percent

Size class	1980	1981	1982	1983	1984
Universe	13.89	13.37	12.71	12.21	10.50
$100 million to $1 billion	12.51	11.78	10.33	11.83	11.78
$1 billion to $5 billion	14.00	12.57	12.26	12.55	13.30
$5 billion or more	13.95	13.66	12.96	12.15	9.78

1. Net income divided by average equity.

Balance Sheet Changes

In 1984, loans outstanding, the largest asset category, increased 16.5 percent. This percentage increase was the largest for any year in the entire period from 1980 to 1984 and occurred across all size groups. For the largest companies, loans increased 15.5 percent. Loan growth was even more rapid for the smaller bank holding companies, however; loans increased 19.8 percent for the smallest holding companies and 21.9 percent for the medium-sized ones. One can understand this difference in loan growth by

6. Changes in loan portfolios, by type of loan and size of bank holding company, 1984

Type of loan	Size class: $5 billion or more: Change, 1983–84 (percent)	Percent of total, 1984	$1 billion to $5 billion: Change, 1983–84 (percent)	Percent of total, 1984	$100 million to $1 billion: Change, 1983–84 (percent)	Percent of total, 1984	Universe: Change, 1983–84 (percent)	Percent of total, 1984
Real estate	21.3	19.8	20.4	30.2	14.1	34.6	20.7	21.7
Commercial and industrial	10.3	30.0	17.4	33.4	15.9	34.3	11.5	30.6
Loans to individuals	33.0	14.6	20.7	23.1	20.8	22.5	29.7	16.0
All other domestic	−4.0	10.0	50.0	11.9	73.8	8.4	3.3	10.2
Foreign	18.3	25.7	−2.8	1.4	412.7	.0	18.1	21.5
Total	**15.5**	**100.0**	**21.9**	**100.0**	**19.8**	**100.0**	**16.5**	**100.0**

examining more closely the differences in loan portfolios among the three peer groups and the trends in credit demands during 1984.

Table 6 shows the loan portfolio for bank holding companies in the three peer groups, indicating the relative importance of each category of loan during 1984 and percentage changes from 1983 to 1984. Commercial and industrial loans made up approximately one-third of the loan portfolio of all three peer groups. For the largest companies, the second-largest category of loans was foreign loans. In fact, in the universe of 345 companies, bank holding companies in the largest peer group held 99.1 percent of all foreign loans outstanding in 1984. In contrast, the loan portfolios of the smaller companies are more heavily concentrated in real estate loans and in loans to individuals. The relatively more rapid growth of these categories of loans, which resulted from strong demands for mortgage and consumer credit in 1984, led to the overall faster growth of loans at the smaller companies. For all 345 companies, real estate loans increased 20.7 percent and loans to individuals, 29.7 percent. The increase in foreign loans was smaller, at 18.1 percent.

Despite the rapid growth of loans during 1984, total assets for the 345 companies increased only 9.9 percent. For all three size groups, asset growth was significantly lower than loan growth. The difference was due to the decline in the growth of investments, which were curtailed partly in order to fund the strong demand for loans.

The varying composition of balance sheet items is shown in table 7. Money market investments fell to 11.0 percent of total assets, from 12.4 percent in 1983, while investment securities declined from 12.6 percent to 10.9 percent. Holdings of U.S. Treasury securities actually contracted 3.1 percent in 1984, in contrast to an increase of 43.4 percent in 1983. State and municipal securities held by the 345 companies fell 16.0 percent in 1984, while government agency securities increased only 5.6 percent. In contrast, loans and leases jumped from 59.8 percent of total assets in 1983 to 63.4 percent in 1984.

On the liability side of the balance sheet, the largest positive change occurred in savings deposits, which increased from 14.7 percent to 15.8 percent of total liabilities and stockholders' equity during 1984. Savings deposits have been growing in importance at banking institutions ever since 1982, when money market deposit accounts (MMDAs) were first introduced. From 7.7 percent in 1981, savings deposits at the 345 companies increased to 10.2 percent of total liabilities and stockholders' equity by year-end 1982, and to 14.7 percent by year-end 1983.

Other core deposits (demand, savings, and small time deposits) also increased in relative importance during 1984. Demand deposits showed a slight improvement, to 15.8 percent of total liabilities and stockholders' equity. Small time deposits increased from 11.9 to 12.7 percent. On the other hand, foreign deposits fell to 16.0 percent and large time deposits also slipped slightly (although large certificates of deposit were used extensively in the first half of the year to fund the strong demand for credit). Thus, overall, the ratio of core deposits to total deposits increased from 58.9 percent in 1983 to 62.1 percent in 1984.

This trend, however, was not apparent for the smaller bank holding companies even though they depend more heavily on core deposits for

7. Selected balance sheet items, year-end 1983 and 1984
Percent of total assets

Item	Size class: $5 billion or more, 1983	$5 billion or more, 1984	$1 billion to $5 billion, 1983	$1 billion to $5 billion, 1984	$100 million to $1 billion, 1983	$100 million to $1 billion, 1984	Universe, 1983	Universe, 1984
Cash (excluding interest-bearing deposits)	6.8	6.6	8.2	8.2	7.0	6.7	7.0	6.9
Money market investments[1]	12.7	11.2	12.0	10.9	9.2	8.2	12.4	11.0
Investment securities[2]	10.1	8.6	22.3	19.6	26.9	24.5	12.6	10.9
Loans and leases, net	61.5	65.2	52.1	56.0	51.9	55.5	59.8	63.4
Premises and equipment	1.4	1.4	2.0	1.9	2.0	2.0	1.5	1.5
Other assets	7.5	7.0	3.4	3.5	3.0	3.0	6.7	6.3
Total assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Demand deposits	14.5	14.8	21.1	20.7	18.6	17.7	15.6	15.8
Time deposits in denominations of $100,000 or more	11.6	10.6	11.6	12.1	11.4	12.4	11.5	11.0
Other time deposits	9.6	10.4	20.7	21.4	26.1	26.6	11.9	12.7
Savings deposits	12.7	13.9	22.6	22.9	27.8	27.0	14.7	15.8
Foreign deposits	21.6	19.4	1.9	1.7	.0	.0	17.8	16.0
Total deposits	69.9	69.3	77.8	78.7	83.9	83.8	71.6	71.3
Short-term borrowings[3]	14.9	15.1	12.3	11.4	6.4	6.4	14.2	14.2
Long-term borrowings	3.0	4.0	1.4	1.3	1.7	1.8	2.7	3.5
Other liabilities	7.2	6.5	2.3	2.3	1.6	1.6	6.2	5.6
Stockholders' equity[4]	5.0	5.1	6.3	6.2	6.4	6.4	5.2	5.3
Total liabilities and stockholders' equity	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

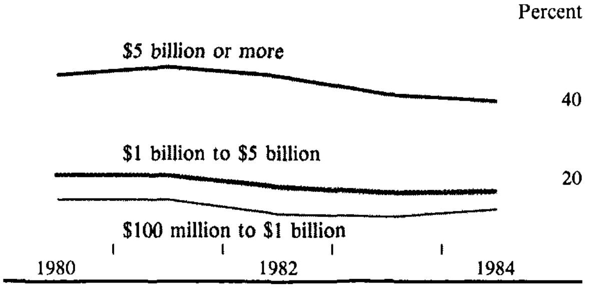
1. Includes interest-bearing cash balances with other depository institutions, trading account securities, federal funds sold, and securities purchased under agreements to resell.
2. Includes U.S. Treasury securities, obligations of other U.S. government agencies and corporations, and obligations of states and political subdivisions in the United States.
3. Includes commercial paper, federal funds purchased, securities sold under agreements to repurchase, and other borrowings with an original maturity of one year or less.
4. Includes minority interest in the equity accounts of consolidated subsidiaries.

their funding than do the largest ones (core deposits in 1984 were 71.3 percent of total liabilities and stockholders' equity for the smallest group and 39.1 percent for the largest). This relative dependence decreased slightly in 1984. For both the small and mid-sized companies, the ratio of core deposits to total deposits declined slightly. Demand deposits fell in importance while large time deposits increased.

The opposite (although complementary) trends were evident in the use of purchased funds. The largest bank holding companies, which rely upon purchased funds most heavily, reduced this reliance somewhat in 1984, whereas the smaller companies increased their use of purchased funds.

The ratio of net purchased funds to adjusted assets is plotted in chart 1 for the universe and for all three peer groups. Two deposit categories—large time deposits and foreign deposits—along with short-term borrowings (commercial paper, federal funds purchased, securities sold under agreements to repurchase, and other borrowings with an original maturity of one year or less), constitute the purchased funds of bank holding companies. Interest-bearing placements with other banks and federal funds sold are deducted from total purchased funds to arrive at net purchased funds and deducted from total assets to arrive at adjusted assets. The sharp decline in the dependence on purchased funds in 1982 and 1983 for all three size groups was partly attributable to the rapid growth of money market

1. Ratio of net purchased funds to adjusted assets, by size of bank holding company



Annual data. Purchased funds include large-denomination time deposits, foreign deposits, commercial paper, federal funds purchased, securities sold under agreements to repurchase, and other borrowings with an original maturity of one year or less. Interest-bearing placements with other banks and federal funds sold are deducted from total purchased funds to arrive at net purchased funds and deducted from total assets to arrive at adjusted assets.

deposit accounts and the increased attractiveness of transaction accounts in an environment of lower interest rates.

The chart indicates that the largest bank holding companies improved their liquidity (in terms of liabilities) in relation to the smaller companies. Overall liquidity comparisons, though, are more difficult to assess. Although the smaller bank holding companies have a higher ratio of deposits and a lower ratio of purchased funds than do the larger companies, they are not necessarily more liquid because of the greater ability of larger banking organizations to borrow in financial markets.

CREDIT QUALITY AND LOAN-LOSS EXPERIENCE

Credit quality continued to be a most serious problem for bank holding companies in 1984. Despite the fact that 1984 marked the second full year of economic recovery, loan losses continued to climb. Although some improvement was recorded in the percentage of domestic loans classified as nonperforming, foreign office nonperforming loans increased.

Data on nonperforming assets are not reported to the Federal Reserve by bank holding companies, but commercial banks were required to report these data for the first time in 1982. The results for 1983 and 1984 are shown in table 8, which contains data for past due loans and two categories of nonperforming loans: nonaccrual loans and renegotiated "troubled" debt.[4]

As shown in table 8, the total percentage of domestic loans past due and nonperforming decreased somewhat in 1984, although the percentage for foreign office loans increased sharply. This deterioration of loans past due and nonperforming in the foreign office category was due to foreign nonaccrual loans, which nearly doubled. Foreign renegotiated "troubled debt," though already quite low, continued to decline. The low amount of foreign renegotiated debt may seem surprising, given the publicity surrounding the rescheduling of large amounts of foreign debt. Because this rescheduled debt generally did not involve a reduction of interest or principal, however, it was not reported under renegotiated "troubled" debt.

Data on loan losses for bank holding companies are presented in table 9. Overall, net loan losses as a percentage of average loans outstanding continued to increase sharply in 1984. The deterioration in this ratio was attributable pri-

4. A loan is placed on "nonaccrual status" when principal or interest has not been paid for 90 days or more, and the loan is neither well-secured nor in the process of collection. On the other hand, if the loan is both well-secured and in the process of collection, then the bank may classify the loan as "past due 90 days or more and still accruing." Renegotiated "troubled" debt refers to loans that have been restructured to provide a reduction of either interest or principal because of a deterioration in the financial position of the borrower.

8. Past due and nonperforming loans, year-end 1983 and 1984, all insured commercial banks[1]

Millions of dollars

Type of loan and year	Domestic offices	Foreign offices	Total
Past due 90 days and still accruing			
1983	10,120	1,337	11,457
	(.90)	(.69)	(.87)
1984	8,611	553	9,164
	(.69)	(.22)	(.62)
Nonaccrual			
1983	23,331	6,102	29,432
	(2.08)	(3.14)	(2.24)
1984	23,239	11,022	34,261
	(1.85)	(4.41)	(2.30)
Renegotiated "troubled" debt			
1983	2,699	190	2,889
	(.24)	(.10)	(.22)
1984	2,244	130	2,374
	(.18)	(.05)	(.16)
Total			
1983	36,150	7,619	43,778
	(3.22)	(3.93)	(3.33)
1984	34,093	11,706	45,799
	(2.72)	(4.68)	(3.08)

1. Includes past due and nonperforming lease financing receivables.

NOTE. Figures in parentheses are past due and nonperforming loans as a percentage of total loans and leases outstanding in the particular category, that is domestic, foreign, or total (gross of the allowance for loan-loss reserves, but net of unearned income).

9. Ratio of net loan losses to average loans outstanding, 1980–84[1]

Percent

Size class	1980	1981	1982	1983	1984
Universe	.37	.33	.51	.62	.77
$100 million to $1 billion	.46	.40	.65	.63	.66
$1 billion to $5 billion	.46	.49	.64	.63	.59
$5 billion or more	.35	.31	.49	.62	.80

1. Average loans outstanding include the allowance for possible loan losses and exclude unearned income.

marily to the largest companies. For the small companies, the loan-loss percentage increased slightly, and for the medium-sized companies it showed a small improvement (decrease).

Loan losses by category of loan are not reported on the Bank Holding Company Financial Supplement, but this information is available for large banks with foreign offices or with more than $300 million in assets. For these banks, commercial and industrial loans, for which quality was significantly impaired by energy-related problems, accounted for the majority of losses in 1984. Charge-offs of commercial and industrial loans (including foreign charge-offs) were 67.6 percent of total charge-offs in 1984. Net charge-offs of commercial and industrial loans as a percent of such loans outstanding jumped to 1.15 in 1984 from 0.99 percent in 1983. This charge-off ratio was the highest for all categories of loans except for loans to farmers, which reached 3.32 percent by year-end 1984.

Charge-offs of loans to individuals improved slightly in 1984, declining to 14.7 percent of total charge-offs from 16.4 percent in 1983, and dropping to 0.70 percent of outstanding loans to individuals from 0.72 percent in 1983. For foreign loans, although net charge-offs decreased from 21.1 percent of total charge-offs in 1983 to 17.4 percent in 1984, as a percentage of total foreign loans outstanding they increased to 0.58 percent from 0.51 percent in 1982.[5]

Policy regarding the accounting treatment of foreign loan losses during 1983 and 1984 was affected by the passage of the International Lending Supervision Act in 1983. This law requires banks either to charge off or to set aside special reserves for foreign loans whose value has been impaired due to transfer risk (the possibility that an asset cannot be serviced in the currency of payment because of a lack of foreign exchange on the part of the borrower). Most banks chose to charge off these loans rather than to set up the special reserves, which have to be charged against income and cannot be considered bank capital.

5. The data for foreign charge-offs are not directly comparable with those for foreign nonperforming loans. The former are calculated according to the domicile of the borrower, whereas the latter are based on the location (foreign or domestic office) of the lender.

10. Ratio of loan-loss provisions to average loans outstanding, 1980–84[1]

Percent

Size class	1980	1981	1982	1983	1984
Universe	.47	.47	.66	.77	.98
$100 million to $1 billion	.54	.47	.80	.75	.85
$1 billion to $5 billion	.55	.61	.82	.78	.77
$5 billion or more	.45	.44	.63	.77	1.02

1. Average loans outstanding include the allowance for possible loan losses and exclude unearned income.

The increase in loan charge-offs at bank holding companies in 1984 was responsible for an increase in loan-loss provisions as well. Table 10 shows the ratio of loan-loss provisions to average loans for the 345 bank holding companies and the three peer groups. The overall ratio increased sharply from 1983 to 1984, and again, the increase in the overall ratio was attributable primarily to the increase in the loan-loss provisions of bank holding companies with more than $5 billion in assets. The medium-sized companies, which had fewer loan losses in 1984, actually decreased their ratio of provisions to loans.

11. Loss coverage ratio, 1980–84[1]

Size class	1980	1981	1982	1983	1984
Universe	5.63	5.85	3.96	3.44	2.79
$100 million to $1 billion	4.91	5.18	3.34	3.70	3.60
$1 billion to $5 billion	5.66	5.09	3.98	3.99	4.31
$5 billion or more	5.66	6.07	3.98	3.34	2.59

1. Ratio of pre-tax income plus provisions for loan losses to net charge-offs.

The ability of banks to absorb loan losses out of current earnings is often measured by the loss coverage ratio, which is the ratio of pre-tax income plus provisions for loan losses to net charge-offs. For the universe of 345 companies, the loss coverage ratio fell in 1984 to 2.79, the lowest it has been during the five-year period under review and less than half the ratio of 5.63 reached in 1980 (table 11). Here, too, the deterioration in the loss coverage ratio for the universe was attributable primarily to the largest companies.

CAPITAL

In late 1981 the Federal Reserve and the Comptroller of the Currency adopted a capital adequa-

12. Selected capital ratios, year-end 1979–83
Percent

Size class	1980	1981	1982	1983	1984
	Equity to assets[1]				
Universe	4.61	4.70	4.88	5.24	5.34
$100 million to $1 billion	6.46	6.47	6.44	6.36	6.37
$1 billion to $5 billion	6.28	6.23	6.24	6.25	6.20
$5 billion or more	4.25	4.37	4.58	5.00	5.13
	Equity to risk assets[2]				
	1980	1981	1982	1983	1984
Universe	6.11	5.97	6.11	6.57	6.47
$100 million to $1 billion	8.04	8.04	8.01	8.26	8.04
$1 billion to $5 billion	7.98	7.94	8.01	8.24	7.91
$5 billion or more	5.70	5.55	5.71	6.21	6.14

1. Total stockholders' equity plus minority interest in equity accounts of consolidated subsidiaries divided by total assets.
2. Total stockholders' equity plus minority interest in equity accounts of consolidated subsidiaries divided by total assets less cash and due from depository institutions, U.S. Treasury securities, and obligations of U.S. government agencies and corporations.

cy guidelines program. One of the major objectives of that program was to address the long-term decline in capital ratios of the nation's banks and bank holding companies. At that time the largest banking organizations were singled out for special treatment. The regulatory agencies indicated that they would take appropriate steps to ensure that the largest multinational banking institutions improved their capital positions over time. Indeed, since the guidelines were adopted, the largest bank holding companies have significantly increased their equity-to-asset ratios, although those of the smaller companies have registered a small decline.

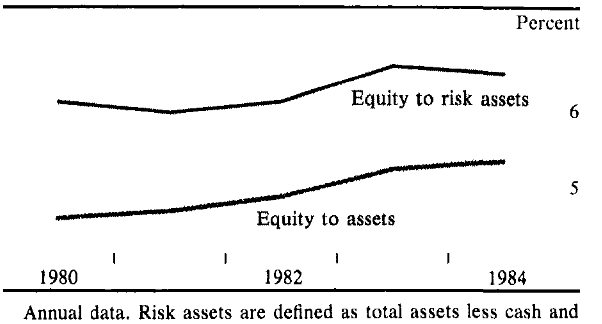
Ratios of both equity to assets and equity to risk assets for the universe and for the three peer groups are shown in table 12. The trends for both ratios are similar except for 1984. In that year the ratio of equity to risk assets for the universe declined after three successive increases from 1981 to 1983. The trends for the two ratios are plotted for the universe in chart 2.

The decline in the risk-asset ratio is a consequence of the relative increase in the importance of loans and the relative decrease in the importance of securities on the balance sheets of bank holding companies, as noted previously. To some extent this development reflects strong loan demand; on the other hand, though, it also represents an attempt by companies to reduce liquid assets and thereby improve traditional capital ratios calculated with total assets in the denominator.

In addition to the capital guidelines program, though, there have been other factors responsible for the recent uptrend in capital ratios: a desire to prepare for future growth opportunities and to ensure access to funds, relatively slow growth of assets, and an extraordinarily large volume of external equity financing. These factors resulted in increased capital ratios despite a decline in the rate of internal capital generation.

Many bank holding companies have been building their capital positions to exceed levels demanded by regulatory authorities in order to meet competitive challenges facing the industry. For strategic reasons, some companies have been building their capital positions to gain the flexibility needed to be able to take advantage of lending and investment opportunities that may arise. Others have raised capital ratios above the minimum levels of the guidelines to address concerns about risks in the economic and finan-

2. Ratio of equity to risk assets and of equity to assets



Annual data. Risk assets are defined as total assets less cash and due from depository institutions, U.S. Treasury securities, and obligations of U.S. government agencies and corporations.

cial environment or out of recognition that a strong capital base is indispensable to ensuring access to money and capital markets on favorable terms.

Also, as noted earlier, many banking institutions have been consciously attempting to curb asset expansion in order to improve their capital positions. Companies have been scaling down low margin operations that are asset intensive. Also, institutions are developing "off-balance-sheet" banking businesses and employing off-balance-sheet and other financing arrangements to minimize asset growth. For example, in recent years several large banking institutions have developed active loan-resale programs. Under these programs loans are originated and sold to other financial institutions for a fee. These programs enable the originating institutions to generate earnings without recording assets on the balance sheet. Other techniques and methods of keeping assets off the balance sheet include the leasing of property and equipment under operating lease arrangements in lieu of direct ownership, and the conducting of business under joint venture, limited partnership, or similar arrangements that enable the holding company to avoid full consolidation of the assets of the businesses on the holding company's balance sheet.

The slowdown in earnings growth that has occurred over the past several years has made it difficult for bank holding companies to increase capital ratios through the retention of earnings. Over the 1980–84 period the rate of internal capital generation, which measures the rate at which capital is accumulated through the retention of earnings, has declined significantly, dropping from 9.36 percent in 1980 to 5.58 percent in 1984 (table 13). The decline in the rate of internal capital generation in 1984 was largely attributable to the largest bank holding companies (those with $5 billion or more in assets). In recent years companies in this group have experienced lower returns on equity and higher dividend payout ratios, both of which have contributed to lower rates of capital formation. When internal rates of capital generation are below the rate of asset expansion, equity-to-asset ratios decline unless the shortfall is made up through external equity financing.

Against a background of a lower rate of internal capital formation and pressures to improve capital ratios, bank holding companies turned to the capital markets. External capital financing of the banking industry reached record levels in 1982–84. In 1982 and 1983, external capital financing was primarily in the form of perpetual adjustable-rate preferred stock, whereas in 1984 bank holding companies concentrated on the issuance of mandatory convertible securities. Both types of capital instruments are very new (since 1982), and both have been designed to qualify as "primary capital" under the new capital adequacy guidelines.

13. Rates of internal capital generation, 1980–84[1]
Percent

Size class	1980	1981	1982	1983	1984
Universe	9.36	8.80	8.02	7.31	5.58
$100 million to $1 billion	9.09	8.50	7.19	8.72	8.46
$1 billion to $5 billion	9.52	8.06	7.66	7.93	8.75
$5 billion or more	9.33	8.99	8.16	7.08	4.69

1. Net income less dividends on common and preferred stock as a percent of average stockholders' equity.

The adjustable-rate preferred stock was structured to trade at or near par value to enhance its attractiveness to investors. In 1983 the banking industry raised more than $2.5 billion from the sale of such stock, up from $1.9 billion in 1982. In 1984, though, total issuance fell to less than $600 million. This slowdown resulted from an oversupply of adjustable-rate preferred stock, and the failure of the issues to trade reliably near par. (Preferred stock, though, may make a comeback with a new instrument called money market preferred stock; with these issues the dividend rate is set by a periodic bidding process so as to take into account the changing creditworthiness of the issuer.)

Mandatory convertible securities are debt issues that must be converted to equity within a specified period of time. There are two types of mandatory convertible securities: equity contract notes obligate the holder to take the common or perpetual preferred stock of the issuer in lieu of cash for repayment of principal; equity commitment notes are redeemable only with the proceeds from the sale of common or perpetual preferred stock. In 1984 the 25 largest bank holding companies issued $4.9 billion of mandatory convertible securities. Nearly all of the offerings in the second half of the year were Eurobond issues.

Staff Studies

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

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

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

STUDY SUMMARIES

REVISIONS IN THE MONETARY SERVICES (DIVISIA) INDEXES OF THE MONETARY AGGREGATES

Helen T. Farr and Deborah Johnson—Staff, Board of Governors
Prepared as a staff study in the spring of 1985

Empirical work on what have come to be known as the Divisia monetary aggregates or indexes began as early as 1978. In early 1981 the Federal Reserve began releasing monthly data on these aggregates through internal memoranda; later it began releasing the data for public distribution. Since early 1981, occasional changes in the underlying data have been made and documented in the monthly releases. To date, however, no one has made a comprehensive review of the data.

The staff of the Federal Reserve recently completed a major revision of the indexes. This paper explains the revision by cataloging both the data used to calculate the indexes and the changes made to those data; the theoretical bases of the original indexes have not been revised.

We have abandoned the name "Divisia monetary indexes" in favor of the term "monetary services indexes;" this change is the subject of the first section of the paper. The second section deals with the data: monetary asset stocks, own rates paid to holders of the stocks, and miscellaneous issues. The third section compares the properties of the revised indexes with those of the old indexes and with those of the conventional monetary aggregates. The fourth section is a brief summary.

Differences between the new and old indexes are shown to be closely related to the major revisions in the underlying data on asset stocks and own rates. Despite the revisions, some properties of the two sets of indexes are similar. Comparisons between the properties of the new indexes and the conventional aggregates, at comparable levels of aggregation, give results similar to, though somewhat different from, those obtained by William A. Barnett and Paul A. Spindt in staff study 116 (*Divisia Monetary Aggregates: Compilation, Data, and Historical Behavior*, Board of Governors of the Federal Reserve System, 1982). Finally, comparisons between a conventional definition of money—M1—and the broadest index of monetary services presented in the study show some differences between these alternative measures of money but also some broad similarities.

The study includes an appendix containing historical data on the revised indexes from January 1970 through March 1985. Some of the data have since been revised in monthly releases, which also include more recent data.

The Macroeconomic and Sectoral Effects of the Economic Recovery Tax Act: Some Simulation Results

Flint Brayton—Staff, Board of Governors

Peter B. Clark—Staff, International Monetary Fund

Prepared as a staff study in the spring of 1985

The unprecedented size of federal deficits in recent years has generated considerable discussion of the longer-term consequences of fiscal policy. In large part these deficits have resulted from the 23 percent reduction in personal income tax rates and the substantial acceleration in depreciation allowances legislated in the Economic Recovery Tax Act of 1981 (ERTA) and the changes in ERTA stipulated in the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). This study uses the Federal Reserve Board's MPS (MIT-Penn-Social Science Research Council) quarterly econometric model of the U.S. economy to investigate the longer-term consequences of the main provisions of these tax laws.

The fiscal shift generated by ERTA/TEFRA results in a stock of government debt that is permanently higher than otherwise would have been the case. Given the structure of the model, the key components of which are discussed in the study, the following conclusions were drawn in advance of the simulation analysis. The real interest rate must rise to reduce the size of the private capital stock so that a larger share of domestic wealth will be available for investment in government securities. The rise in the real interest rate does not permanently increase private saving, and thus it does not increase the amount of domestic wealth that individuals desire to hold. The increase in the interest rate does generate an inflow of foreign wealth that can absorb part of the increase in the government debt.

Although the size of the private capital stock must decline, the effect on the stock of business fixed capital is ambiguous. The cost of business fixed capital will tend to rise because of the higher interest rate; it will tend to fall because of the acceleration in depreciation allowances. The housing stock is unambiguously reduced; both the higher interest rate and the lower personal income tax rates raise its cost.

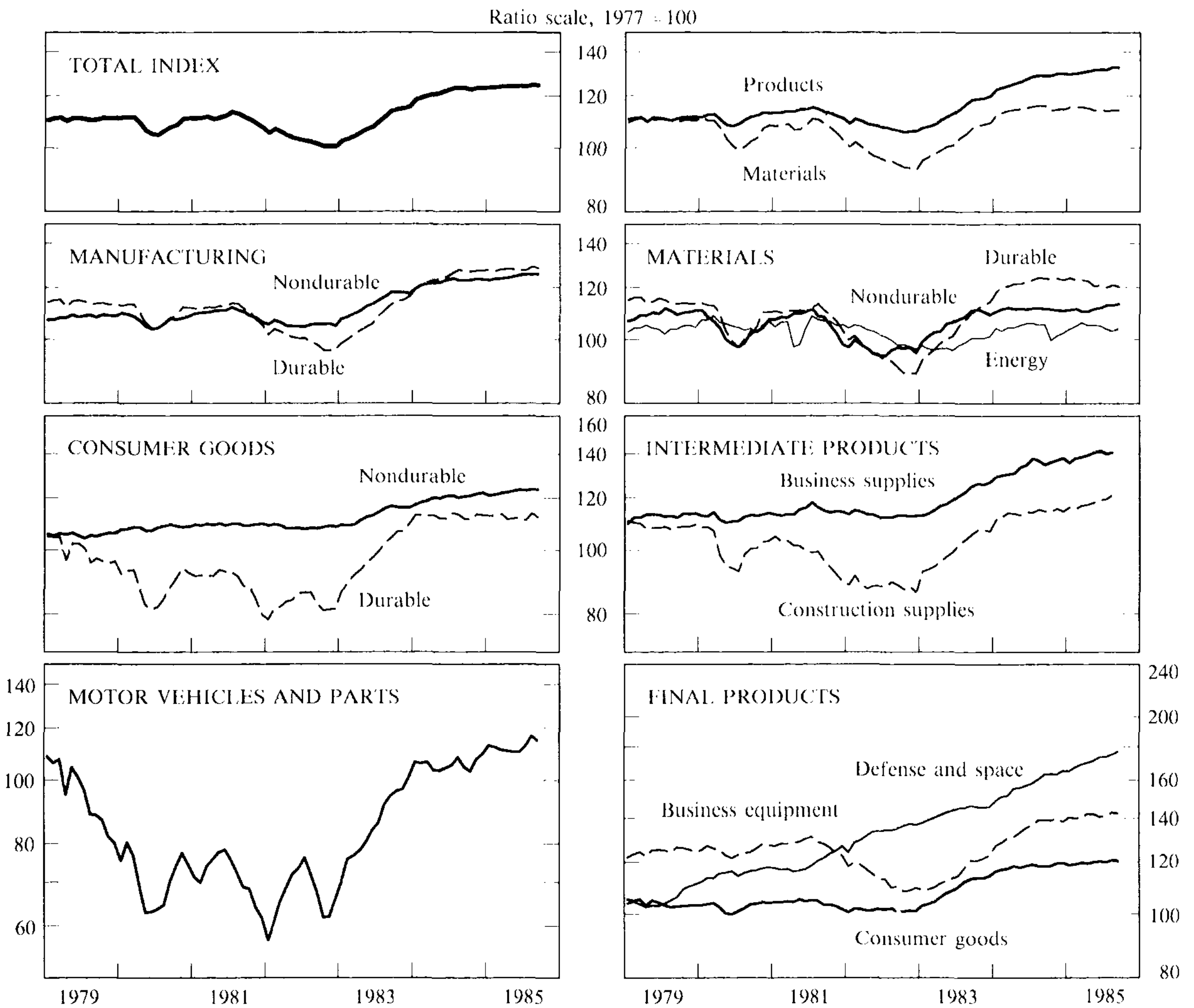
In the study's principal analysis, the effects of ERTA/TEFRA are calculated as the difference between two simulations—one containing the provisions of ERTA/TEFRA and the other without these tax provisions—with monetary policy adjusted to keep the unemployment rate the same in each. This strategy eliminates the short-run effects on aggregate demand of the fiscal policy change, making it easier to distinguish the longer-run consequences. The experiment shows that ERTA/TEFRA significantly skews the composition of output toward consumption and away from housing. The formation of business capital is boosted in the short run but eventually it too is reduced. Consequently, potential output is lower in the long run. Furthermore, the analysis points to the likelihood that the ERTA/TEFRA fiscal policy would, if maintained, eventually push the real after-tax rate of interest above the growth rate of real output. Under such conditions, the ratio of federal debt to GNP would grow explosively unless fiscal policy were made sufficiently restrictive. □

Industrial Production

Released for publication October 16

Industrial production edged down 0.1 percent in September. Revised data for the previous three months now show an increase of 0.6 percent in August, a decline of 0.2 percent in July, and a rise of 0.2 percent in June. In September, declines occurred in consumer goods and output of business equipment, while there were gains in the production of defense and space equipment, construction supplies, and some materials. At 124.7 percent of the 1977 average, production in September was about 1 percent higher than that of a year earlier; the preliminary index for the third quarter was 1 percent higher than that for the second quarter at an annual rate.

In market groups, output of consumer goods declined 0.3 percent in September, reflecting a



All series are seasonally adjusted. Latest figures: September.

Group	1977 = 100		Percentage change from preceding month					Percentage change, Sept. 1984 to Sept. 1985
	1985		1985					
	Aug.	Sept.	May	June	July	Aug.	Sept.	
	Major market groups							
Total industrial production	**124.8**	**124.7**	**.0**	**.2**	**−.2**	**.6**	**−.1**	**1.1**
Products, total	132.6	132.4	.4	.2	−.1	.8	−.1	2.8
Final products	132.8	132.6	.3	.0	.0	.8	−.1	2.2
Consumer goods	120.9	120.6	.4	.3	−.3	.7	−.3	1.9
Durable	113.7	112.3	.3	.2	−.8	2.3	−1.2	.7
Nondurable	123.6	123.6	.5	.3	−.1	.2	.0	2.4
Business equipment	142.6	142.2	−.1	−.8	.3	1.0	−.2	2.2
Defense and space	175.2	176.9	.6	1.3	.1	.9	1.0	8.3
Intermediate products	131.7	131.7	.8	.8	−.4	.7	.0	4.8
Construction supplies	121.2	121.4	.7	.9	.3	1.3	.2	5.8
Materials	114.2	114.2	−.7	.1	−.4	.3	.0	−1.5
	Major industry groups							
Manufacturing	127.7	127.5	.0	.1	.1	.6	−.1	1.5
Durable	129.1	128.6	−.2	−.3	.1	1.1	−.3	1.1
Nondurable	125.7	125.9	.3	.6	.2	.0	.2	2.3
Mining	108.0	107.2	.2	.7	−1.7	−.7	−.7	−5.7
Utilities	112.3	113.4	.1	−.3	−1.3	.3	1.1	3.5

NOTE. Indexes are seasonally adjusted.

reduction in durable goods and no change in nondurable consumer goods. Production of automotive products was down 2.1 percent following sharp gains in July and August. In September, autos were assembled at an annual rate of 8.1 million units, compared with a rate of 8.3 percent in August, and output of lightweight trucks declined after rising sharply in the previous two months. Output of home goods, which includes appliances, also was reduced in September, bringing production to a level more than 5 percent below that of a year earlier. Output of business equipment declined 0.2 percent in September, with reductions in most types of equipment. Production of construction supplies, however, rose for the seventh consecutive month. Output of total materials was unchanged for September as durable materials declined 0.6 percent and nondurable and energy materials increased moderately.

In industry groups, durable manufacturing was down 0.3 percent in September as output of metals and machinery declined. Nondurable manufacturing, however, increased slightly. Mining output fell further during the month, but utility output was up more than 1 percent.

Statements to Congress

Statement by Preston Martin, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, October 10, 1985.

I am pleased to appear before this subcommittee to present the views of the Board of Governors of the Federal Reserve System on delayed availability. Many banks, savings and loan associations, credit unions, and other financial intermediaries, such as money market funds, have continued to maintain delayed availability policies: that is, they place holds ranging from several days to two or more weeks on funds that their customers deposit by check. This practice arises from the institutions' concern for credit risks arising from the return of checks after the proceeds of the checks have been made available to depositors, and it has generated numerous complaints from depositors. Many of their customers are either unaware of the length of the cycle for collection and return, or they feel that the risks associated with their deposits do not warrant holds. In the past five years, the practice has generated considerable interest among state and federal legislators, as well as members of the public. Committees of both the House and the Senate have held hearings; numerous bills have been introduced in the last two Congresses; and several states, beginning with New York and California, have passed laws restricting the ability of state-chartered institutions to delay availability to their depositors.

The delayed availability problem arises from the nature of the check collection system—a system that requires that a paper check be moved from the payee to the institution on which it is drawn for payment to be made. Approximately 75 percent of the approximately 40 billion checks that are written each year must be transported from the institution of first deposit to the payor institution. Every institution in the collection stream has an interest in moving the check forward as rapidly as possible to obtain payment from the payor. This basic incentive has resulted in a forward collection process that is highly automated and efficient. Checks are encoded in magnetic, machine-readable inks with code numbers identifying the payor, the drawer's account number, and the amount. These techniques allow the checks to be processed by computer-controlled reader–sorters that sort the checks and send them on their way with great speed and efficiency. The Federal Reserve System and large correspondent banks maintain special transportation networks to link institutions of first deposit and payor institutions. Continual competition among depository institutions that offer collection services assures that this process will continue to be self-improving.

The incentive to move checks as quickly as possible is not, however, present in the return process. In contrast to the forward collection process, in which availability to the institution of first deposit depends on when the check will reach the payor institution, the payor and the collecting institutions returning checks will be reimbursed promptly upon return of a check to their prior endorser. Thus, they have no incentive for speeding the return to the institution of first deposit and consequently for making the overall return process more efficient.

This difference in incentives has resulted in a return process that differs markedly from the collection process. In fact, the process of returning an unpaid check from the drawee to the institution of first deposit can fairly be described as the reverse of the efficient forward collection process. Instead of machine-readable characters, there are endorsement stamps that not only are not readable by machine, but are often difficult to read manually or are even illegible. Instead of computer processing, there is manual sorting, and instead of dedicated transportation facilities, there is widespread use of U.S. mail and other common carriers. As a result, the average return takes approximately three times as long as the average forward transit—5.2 calendar days for return as opposed to 1.6 days for forward collection. Further, a significant minority of checks, 15 percent, requires 10 or more calendar days to complete the round trip from the institution of first deposit to the payor and back again.

Since the institution of first deposit does not know the final disposition of a check after it sends it to the next institution in the collection chain unless it is returned unpaid, the institution of first deposit incurs some risk if it allows its customer to withdraw the check's proceeds before allowing sufficient time for the check to be returned. This is true even though less than 1 percent of all checks collected are ever returned unpaid.

This analysis has led many, including the Federal Reserve, to place primary emphasis on seeking a solution to the delayed availability problem on expediting the return item process. By reducing the duration of the collection cycle, the time that a depository institution is at risk is also reduced as is the perceived need to place holds on checks. We at the Federal Reserve, who have been charged by the Congress with maintaining an efficient payments mechanism, have taken a number of concrete steps to improve the return process and to enable depository institutions to provide more prompt availability. Recently, the Board approved an amendment to regulations governing Federal Reserve check collection services that requires the payor institution to notify the institution of first deposit directly that it has returned a large-dollar check that it has received unpaid from the Federal Reserve. This amendment, which took effect last week, will provide the institution of first deposit with information about a check that is being returned much sooner than could be the case if it had to wait for the check to be returned. This change should make a significant improvement to the payments mechanism.

We have testified before about the return item pilot that is being run by the Federal Reserve Bank of Dallas. This pilot has had some success in moving checks directly from the payor institution to the institution of first deposit, bypassing the intermediary depository institutions.

The Federal Reserve is also working with private sector groups to seek better solutions to the problem of the return item. Four Reserve Banks are participating in a pilot program to experiment with check truncation in which the necessary information from a check is extracted and converted to electronic form. The Federal Reserve is also working with a banking industry group to develop a test of an automated return process in which the return item will be placed in a carrier envelope that is encoded with the routing number of the institution of first deposit and the dollar amount. The envelope with the unpaid check would then be placed in the forward collection stream, taking advantage of all of its efficiencies.

Each of these proposals has certain advantages and disadvantages. One disadvantage of efforts undertaken by the Federal Reserve is that they reach only checks that are collected through the Federal Reserve System. The remaining checks that are not collected through the Federal Reserve will not necessarily benefit from these improvements. Unless the Federal Reserve has the authority to create incentives or require payor institutions to take the necessary steps to expedite the return process, these checks will continue to be returned by the old manual processing methods.

Besides implementing these techniques, other improvements in the delayed availability situation can be made. One major step would be for all institutions to provide full disclosure to their customers of their availability policies. Several studies suggest that the largest single cause of the problems that depositors experience in this area is ignorance of hold policies—of their existence and of how they affect individual checks. In addition, depositors are generally unaware of payment alternatives, such as wire transfers, that, although more costly then checks, can provide payees with immediately available funds when used by payors.

Another step that can alleviate the availability problem is for institutions to conduct a more careful evaluation of their hold policies and their customers' credit positions. Such evaluations would avoid the imposition of holds on checks when there is little risk of nonpayment or on accounts in which experience shows that little risk is involved. For example, government checks and cashiers' checks deposited by the payee into an established account pose little risk of nonpayment. Long-standing customers who have not abused their accounts are likely to be good for the funds even if a check is returned, and customers with overdraft protection or other credit lines have already been evaluated by their institutions and found to be creditworthy. Hold policies should be revised to avoid delays in availability when the risk to the institution of first deposit is small.

The Federal Reserve has urged that the delayed availability problem should be resolved through the voluntary efforts of depository institutions. In the policy statement that we issued jointly in March 1984, with the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, we stated that "voluntary industry action represents a potential solution to many of the problems caused by delayed availability, without the costs and burdens of a legislative or regulatory approach." The agencies strongly encouraged institutions to review their hold policies, reducing delay periods to the extent possible; disclose their policies to depositors in an effective manner; and refrain from imposing unnecessary delays on all checks.

While some progress has been made, especially in increasing consumer awareness, much remains to be done, not only in the area of consumer awareness, but also in actually providing better availability to depositors.

We have surveyed many of the industry groups with which I had previously met to discuss voluntary efforts to resolve the problem of delayed availability. Several of these groups have followed through by encouraging their members to make disclosure and to review their delay policies. They report that feedback from their members indicates improvements in disclosure of availability policies. The Federal Reserve, through its examination of state member banks, is attempting to develop more concrete evidence of the effects of the March 1984 policy statement. The preliminary results of this effort suggest that blanket holds are only imposed by a small minority of depository institutions and confirm that consumers are receiving disclosures as to delayed availability policies either at the time they open the account or at the time that the hold is imposed.

Despite the voluntary efforts, surveys of consumer experience with problems of delayed availability taken on behalf of the Federal Reserve by the University of Michigan's Survey Research Center have not shown any significant decline in the percentage of families reporting problems. In fact, the 1985 survey showed a slight increase over the 1983 survey in the percentage of families reporting problems of delayed availability. Voluntary efforts do not appear to be providing a rapid solution to this problem.

A number of legislative proposals have been made, incorporating disclosures, payments system improvements, and availability schedules. Some of these proposals are based on past experience with state legislation. A preliminary review of the experience of states with such legislation indicates that some of the approaches that states have taken to the delayed availability problem may be successful if adopted on the national level.

There are three principal approaches to the problem of improving deposit availability that can be derived from the state and proposed federal legislation. These approaches involve disclosure requirements, improvements in the payments system, and mandatory availability schedules. I will address each of these approaches in turn.

1. *Disclosures.* Mandatory disclosure requirements could ensure that depositors are aware of their institutions' hold policies, minimizing the incidence of checks drawn on uncollected funds with all of the problems that result from such overdrafts. Such disclosure should not, and need not, be complex or burdensome, and could also provide for ready comparison of the policies of competing institutions. Thus, disclosures can create competitive pressures to reduce hold periods.

2. *Improvements to the Return Item Process.* The Board would be assisted in meeting its commitment to work with depository institutions to increase the efficiency of the return item process by the Congress providing for the following: (1) authority for the Federal Reserve to extend the notification requirement for large-dollar returns to items collected outside the Federal Reserve; (2) adoption of "direct return" provisions that would allow payor institutions to return checks through channels other than the

endorsement chain, together with authorization for payor institutions to obtain immediate payment for the checks they return direct; and (3) authority for the Federal Reserve to require payor institutions to complete returns within certain time frames. With these goals we can expedite the return process and reduce its overall costs, thus reducing risk and providing the foundation for more rapid availability to customers.

I would like to stress, however, that the improvements to the return item process that are feasible in the forseeable future will not be sufficient to improve clearing times to the point of providing for return of the majority of checks within the goals established by some of the legislation that has been introduced. Most of the bills that the Congress is considering establish an ultimate goal of availability within a maximum of three business days. The collection cycle cannot be reduced to three business days without a wholesale transition from traditional check collection procedures to electronic collection.

Nevertheless, improvements in the return process are still desirable because they can increase the efficiency and reduce the costs of the return process, and because quicker collection and return will reduce the risks to institutions that give some or all of their customers availability before the completion of the collection cycle.

3. *Mandatory availability schedules.* The Board has given careful attention to the provisions on mandatory availability schedules that are included in most of the bills that the Congress is now considering. This analysis has identified some significant adverse consequences of these schedules in terms of risk to depository institutions and regulatory burden that must be balanced against the benefits that they are likely to provide to the institutions' customers. Standardized availability schedules increase the risk to the institution from the return of checks after the mandated hold period has expired. On the other hand, schedules tailored to accommodate fully the return process, while minimizing the risk to the institution of first deposit, also minimize the benefit, in terms of prompt availability, to the institutions' customers.

While depository institutions' risks may be mitigated by appropriate exceptions to the schedules for certain classes of checks or accounts (such as large-dollar checks or new accounts) the institutions can only avail themselves of these exceptions through procedures that could well increase the regulatory burden of administering deposit accounts.

We are also concerned that mandatory availability schedules will become the industry standard and that those institutions that have better availability will adopt the specified schedule. In most instances, institutions have given prompt availability or have decided not to impose holds on depositors that have established good records. If depository institutions respond to mandatory schedules by limiting availability in this fashion, the net benefit to the aggregate of depositors will be minimal.

Unlike disclosures and improvements to the payments system, which require uniformity from state to state to be effective, the most egregious delays in availability that mandatory schedules are designed to correct may be a localized problem that can be dealt with at the state level. Several states have already taken the initiative to adopt such schedules. In view of potential local variations in this problem, state action may well be the most appropriate vehicle for addressing mandatory availability schedules.

The considerations favoring and opposing such schedules are reflected in differing views among the Board members. However, on balance, a majority of the Board is opposed or reluctant to favor the imposition of such schedules.

If, however, the Congress chooses to adopt such schedules, the Board strongly urges that it be provided the flexibility to establish the schedules after consideration of all relevant factors and that it be provided the flexibility to establish necessary exceptions to the schedules.

I would like to add one final, general point. Any availability schedule adopted should not be tied to improvements to the payments mechanism. As I have pointed out already, any payment system that relies on paper instruments that must be transported from one place to another will not be efficient enough to satisfy the desire for maximum collection and return times of only a few business days. Such schedules are not possible without abandoning the traditional collection process and converting to electronic forms—an expensive process that requires a long lead time.

To sum up, the Board is prepared to support improving deposit availability through new statutory provisions on disclosure and on expediting the return item process. We would not, on balance, favor a statutory requirement for standard availability schedules. □

Statement by Emanuel Melichar, Senior Economist, Economic Activity Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, before the Subcommittee on Economic Stabilization of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, October 23, 1985.

Farm Sector Financial Experience

Severe financial problems have been concentrated among those farmers who were highly leveraged as the boom of the 1970s ended, usually because they had expanded their operations. However, many highly leveraged farmers are not in financial trouble because they are operating profitably enough to service their debt, as will be shown by a new analysis of the financial position of commercial farm operators that I will present in the next section of this report. First, however, I will review briefly the experience of the aggregate farm sector, which shows how present conditions evolved and which provides initial insights into the considerable diversity of financial experience among individual farmers.

In constant dollars, as shown in table 1, cash flow before interest payments so far in the 1980s, while down from boom peaks, has remained above the preboom (1970–71) level; in contrast, cash flow after interest has been significantly lower.[1] In 1984, cash flow was little changed from the average level that had been experienced so far in this decade.

Before interest payments, net income from assets in the 1980s has remained above the preboom level; after interest payments, net income from equity has been negative. In 1984, net income was boosted somewhat by Payment in Kind (PIK) disbursements made early in the year.

As farmland prices reacted to diminished prospects for income growth and higher returns on alternative investments, sizable real capital losses have reversed part of the large capital gains of the 1970s. By early 1985, agricultural equity, in constant dollars, was reduced to only two-thirds of its level at the beginning of the decade.

The key aggregate returns provide an overview of financial experience; and these sector totals and averages reveal, as I will discuss, the roots of some of the diversity in the financial experience of farmers.

Three key observations can be made. First, although net income before interest payments has fluctuated considerably in recent years, its general level has not changed much since the beginning of this decade. This indication implies that farmers with little or no debt generally have seen their income maintained. However, their average rate of return has been relatively low.

Second, net income after interest payments has been averaging near zero in the 1980s, which implies that farmers with average profitability and average debt have been able to meet their interest charges from current earnings, whereas those with average profitability but heavier debt have seen their earnings fail to cover their debt service.

Third, income in the 1980s has fallen far short of the expectations that were capitalized into land prices during the preceding decade. Consequently, the huge real capital gains that had been experienced in the 1970s have given way to huge capital losses. Thus, the rate of total return, which includes both income and capital gains, has remained negative since 1980. But the swing in wealth has been mainly experienced by owner–operators of extensive acreage, rather than by tenant operators or by farmers whose operations use relatively little land.

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.

Financial Position of Individual Farmers

While presenting a generally deteriorating picture, the aggregate data reveal some strengths as well as weaknesses. But they do not address two important questions: (1) What proportion of farmers is in financial trouble, and (2) how much of the debt does this group owe?

The foregoing review of aggregate relationships has indicated, however, that several income and balance sheet measures should be considered jointly in assessing the financial position of individual farmers. The U.S. Department of Agriculture's (USDA's) newly improved annual Farm Costs and Returns Survey is the only national data base that provides the individual data on income, expenses, assets, and debt that are required for such an analysis. In a cooperative effort with the Economic Research Service of USDA, we cross-classified these 1984 data for "commercial" farmers—those with sales of $40,000 or more in 1984—by return on assets, return on equity, amount of equity, and debt–asset ratio. Then, using this tabulation in conjunction with other criteria, the farmers were grouped into the following financial positions: good, fair, stressed, and vulnerable. To be considered in a "good" financial position, a farmer was required to have a favorable combination of returns and equity cushion: with relatively heavy debt and very high returns that appeared adequate to service it; or, with little or no debt and returns that were positive. At the other extreme, a farmer with a highly adverse combination of returns and equity cushion was classified as "vulnerable."

Very generally, most farmers that are classified as "vulnerable" are probably in financial trouble now, while most of those farmers that are classified as "stressed" are probably headed for such trouble over the next few years unless their returns improve. The present returns of those classified in "fair" financial position also appear inadequate to sustain their equity or to service fully their debt over the longer term, but the possibility of default appears to be fairly remote.

The higher the operator's debt–asset ratio, the less likely that he was considered to be in good financial position. Even among the heavily indebted operators, however, a substantial proportion was operating profitably enough to stay out of the stressed and the vulnerable classes.

Seventy percent of commercial farm operators were classified in good financial position. These farmers owned 65 percent of the operator-owned assets of commercial farmers, and they owed 51 percent of the debt.

At the other pole of financial position, 10 percent of all commercial farmers were classified as vulnerable. This group owned 10 percent of the operator-owned assets of commercial farmers, and owed 23 percent of the total debt.

Lender Debt by Financial Position of Their Farm Borrowers

The enhanced USDA survey also asked farmers to indicate their sources of debt. The data show how debt to each of the following three major institutional sources: (1) the banks, (2) the Farm Credit System, and (3) the Farmers Home Administration was distributed by the financial position of the borrower. Bank loans were in slightly weaker hands than were borrowings from the Farm Credit System, while, as expected, the Farmers Home Administration had the highest proportion of loans to vulnerable farmers. Operators classified as vulnerable owed 25 percent of the debt held by banks, compared with 20 percent of the debt held by the Farm Credit System.

Trends in Farm Debt

Since 1980, when a large gap opened between farm-loan interest rates and the typical yield produced by farm assets, indebted farmers have had a strong incentive to reduce debt, but for many farmers this adjustment was frustrated by adverse income and land-price developments. Total farm debt finally peaked in summer 1983, after having risen every year since 1945. The decline during the past two years totaled $4.4 billion, or 2.0 percent.

The largest declines occurred at the Commodity Credit Corporation (CCC), as it returned grain to farmers during the PIK program, and at production credit associations. These declines were partially offset by expansion at the Farmers

Home Administration and the commercial banks. Loan growth at the Farmers Home Administration had slowed markedly in 1982, as emergency lending programs initiated by previous administrations expired, but picked up as lending and forbearance policies were liberalized in 1984. Bank lending was relatively strong from 1982 through spring 1984 as farm-loan interest rates at banks became highly competitive with those charged by production credit associations, but that period ended with an unusually large paydown, 4.5 percent, of outstanding farm production loans at banks during the fourth quarter of 1984.

Recent Changes in Farm Debt

Farm production loans at banks rose 4.6 percent during the second quarter of 1985, a seasonal increase on the weak side of the normal range. This increase, however, contrasts sharply with no rise at all in outstanding loans at production credit associations. But lending by the Farmers Home Administration (FmHA) rose sharply, reflecting the administration's decision to accommodate most loan demand from borrowers that could qualify under rather liberal terms. In the new fiscal year, in anticipation of continued high loan demand, the FmHA has implemented new arrangements that were designed to allow more of the demands to be met expeditiously through guarantees of loans made by banks and Production Credit Associations (PCAs). Loan volume at the Commodity Credit Corporation fell seasonally during the second quarter, but is now rising rapidly as farmers obtain price support loans for relatively high proportions of their large crops. In earlier years during which farmers made large use of CCC loans, they reduced their outstanding loans at banks and PCAs by more than the average seasonal decline.

Farm-Loan Interest Rates at Commercial Banks

The average interest rate on farm production loans made at banks fell to 12.3 percent in the Federal Reserve System's August survey, down about 2.5 percentage points from the most recent peak that was reached a year earlier. The decline was sharper at large banks at which farm-loan rates tend to follow more closely changes in the national prime rate. At smaller banks, where farm-loan rates appear to reflect changes in the average internal cost of funds, rates fell about 2 percentage points and in August still averaged nearly 13 percent. Besides the lag resulting from the tendency toward average-cost pricing, farm-loan rates are probably being affected by the desire to cover increased nonperforming loans and charge-offs.

Farm-Loan Delinquencies and Charge-Offs at All Commercial Banks

Delinquency rates on farm loans at banks have been trending upward. On June 30, past due and nonperforming farm production loans at all banks, at 9.0 percent of such loans outstanding, were down seasonally from the annual peak in March but up substantially from 6.6 percent a year earlier. Much of the upward trend has consisted of increases in the amount of farm loans in nonaccrual status, which in June at all banks amounted to 5.2 percent of farm production loans. This increase occurred in spite of the rising trend in farm-loan charge-offs. In the first half of 1985, farm-loan charge-offs were running at about double last year's pace, which, for 1984 as a whole, equaled about 2.2 percent of farm loans outstanding.

Total Loan Delinquency and Charge-Off Rates at Agricultural Banks

With farm-loan delinquency and charge-off rates rising, total loan experience has been deteriorating at banks that are heavily involved in farm lending. As evident from experience with both total loans and, when available, farm loans at the nation's 5,000 agricultural banks—those banks at which the ratio of farm loans to total loans now exceeds 17 percent—the lower delinquency rates on nonfarm loans at these banks have been helping to mitigate the adverse trend in the quality of their farm loans. In particular, recent nonaccrual and charge-off rates have been much higher on the farm portion of their loan portfolio.

Thus even the limited diversification of loans at agricultural banks has helped their financial condition.

The quality of loans at agricultural banks has been deteriorating most rapidly in the Great Plains and the western Corn Belt; when data are shown for agricultural banks in Iowa as well as nationally, they illustrate the more adverse experience in this region.

At Iowa agricultural banks, delinquency rates on total loans have risen to levels somewhat above those at all agricultural banks nationally. A year earlier, the Iowa delinquency rates had been about equal to national averages at agricultural banks, and two years earlier they had been slightly lower.

At all agricultural banks, net charge-offs of all loans in the first half of 1985 averaged 0.72 percent of outstanding loans, compared with 0.41 percent in the first half of 1984. In five states (Colorado, Iowa, Missouri, Nebraska, and Oregon) charge-offs in the first half of 1985 exceeded 1 percent of outstanding loans.

Distribution of Agricultural Banks by Delinquency and Charge-Off Rates

At a majority of agricultural banks, loan delinquency and charge-off rates are below the average levels shown in the preceding section, as these averages were affected by very high rates at a small number of banks. Most agricultural banks still have relatively low levels of nonperforming loans. However, the proportion with a very high level of such loans is rising.

In similar fashion, a majority of agricultural banks charged off relatively few loans in the first half of this year. But a substantial and rising minority experienced relatively large losses that will exert a significantly negative impact on their 1985 earnings. About one-fifth of all agricultural banks charged off more than 1 percent of total loans during the first half of 1985, about double the proportion that had experienced this level of charge-offs during the first half of the preceding year.

Agricultural Bank Failures

More agricultural banks have been moving into vulnerable positions. Many of the agricultural banks that have failed were earlier found among the banks at which delinquent loans exceeded total capital. The generally upward trend in the number of agricultural banks in that potentially vulnerable position suggests that failures of agricultural banks may continue at recent higher levels.

Through October 21, agricultural banks accounted for 57 percent of the failures of insured commercial banks in 1985, and farm loans represented 19 percent of the total loans at all of the failed banks. Both proportions are considerably above those in earlier years.

On average, the agricultural banks that have failed have been relatively small. Among those that have failed in 1985, assets at the beginning of the year averaged $22 million, compared with an average of $31 million at all agricultural banks. Farm loans exceeded $10 million at only 10 of the banks that have failed this year, and at only 2 of the banks that have failed since June. Assets at the 54 agricultural banks that have failed totaled about $1.2 billion at the beginning of the year, or only 39 percent of the total assets of about $3.0 billion at all 94 failed commercial banks. Assets at all of the approximately 5,000 agricultural banks total about $150 billion. □

Statement by Martha R. Seger, 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, October 29, 1985.

I appreciate the opportunity to appear before the subcommittee to present the views of the Federal Reserve Board on two legislative proposals that would establish nationwide ceilings on credit card interest rates. One of these bills, H.R. 1197, would specify that the rate of interest on any credit card transaction could not be more than 5 percentage points higher than the Federal Reserve discount rate. The other bill, H.R. 3408, would limit the interest rate on credit card debt to 6 percentage points above the yield on three-month Treasury obligations; this plan would not become effective if it were determined by the Federal Reserve that prevailing loan rates reflected the cost of funds to creditors and competition for credit card accounts.

Both bills under review today would set floating ceilings on credit card rates that would supersede generally less restrictive state-imposed limits. In the past, the Board has commented on similar proposals from time to time. In doing so, it has endorsed the principle that consumer loans and other types of credit are most fairly and efficiently allocated when there are no regulatory constraints on interest rates. Indeed, the Board has been concerned for some time about the adverse impact that rate ceilings can have on the availability of funds in local credit markets. On frequent occasions, it has stated its opposition to such artificial limits.

Recently, a number of observers have noted that interest rates on bank credit card credit have edged up since the early 1980s even though market rates, which represent funding costs, have fallen substantially. Some commentators have interpreted the resistance of credit card rates to downward pressure as an indication that the market for credit card lending is not competitive—a premise that underlies both bills. Although the stickiness of rates might lead some observers to conclude that competition is lacking, other characteristics of the market suggest that competition is intense. As my remarks will indicate, the Board believes that factors other than the level of competition explain the relative stability of credit card interest rates.

A large number of suppliers in a market usually is taken as a sign of competitive conditions. In this respect, there is no doubt that many commercial banks, retail stores, and other firms currently offer credit cards of some kind to consumers. Moreover, what used to be known as "bank" credit cards are now issued by a growing number of credit unions, finance companies, savings and loan associations, and others. Thus, there are likely to be a number of competing bank and retail credit cards available in almost any market area. Under these conditions, it seems doubtful that a credit card issuer could maintain a position of monopoly power.

Indeed, the marketing practices of credit card issuers suggest a zeal for obtaining new customers that generally is associated with vigorous competition. This behavior has been apparent in the heavy volume of solicitations for new accounts—often directed to residents who live outside the market areas that are typical of most retail deposit and credit services. In view of these indications of healthy competition, another explanation must be found for the lack of association between credit card rates and market interest rates.

Implicit in the idea that variations in credit card finance rates should correspond closely to changes in market rates is the premise that the cost of funds is a dominant cost factor in providing credit card services. In fact, however, the cost of funds seems to be much less important in credit card lending than in other types of credit. For credit card plans, the bulk of total costs is composed of operating costs incurred for processing transactions, making monthly billings, and evaluating credit applications, along with costs associated with delinquent accounts and credit losses. These cost factors vary in ways that usually differ from the pattern followed by changes in market costs of funds.

The Federal Reserve System each year surveys a number of commercial banks to obtain information about their costs of providing various services. From these average cost data, published under the title *Functional Cost Analysis*, the importance of financing costs and other costs can be compared for credit card operations and for other kinds of bank lending. During the period 1974 through 1984, financing costs averaged only about three-tenths of total expenses, before taxes, for the credit card function at participating medium- and large-sized banks that issue credit cards. By comparison, financing costs at banks in the same size classes accounted for more than three-quarters of total costs of the commercial lending function, and for nearly nine-tenths of total costs of mortgage lending. Studies of credit card operations at retailers likewise have shown that funding costs are less important than operating and collection costs.

But an even more striking difference exists between credit card loans and other types of lending. The key characteristic of revolving credit plans is that the terms of repayment are quite flexible and at the discretion of the account holder. Excluding cash advances, which typically earn finance charges from the transaction date, most credit card plans charge interest only if card holders pay less than the full amount billed during the period. Thus, unlike other kinds of credit, the way the credit card holder uses the account determines how much—and, indeed, whether—interest revenue is earned from the account.

Available evidence suggests that some credit card holders—perhaps nearly 10 percent at any one time—do not use their credit cards at all. These nonusers produce no finance charge revenue to offset costs of establishing and maintaining their accounts. Of card holders who use their credit cards, some surveys indicate that half of them usually pay off the entire balance when they are billed. These customers also generate no finance charge revenue to offset processing, financing, and billing costs, although in the case of third-party credit cards, such as Mastercard and Visa, the card issuer would derive some income from the fees that merchants pay to help defray processing costs.

These considerations strongly suggest that the behavior of credit card rates cannot be properly evaluated solely by comparing a credit card rate with a market interest rate. Doing so would overlook the fundamental differences in the behavior of costs and revenues between credit card operations and other types of lending—namely, that funding costs are a lower share of total costs for credit card lending, and that some credit card borrowers pay little or no interest. A more meaningful rate comparison requires a measure that takes account of these differences.

One such measure is the net return after deducting the cost of funds and other expenses. Again, the Functional Cost Analysis statistics for respondent banks provide some basis for comparison among types of lending. Data for the period 1972 through 1984 suggest that—in contrast to the higher gross finance rate on credit card indebtedness—average before-tax earnings have been substantially lower during most of the period in the case of credit card operations than they were for commercial or mortgage lending. These figures, of course, include periods of relatively low or negative returns on credit card lending, such as in 1980, and periods such as last year when the yield for the credit card function exceeded that for commercial loans and mortgage loans. Over the longer term, returns on credit card plans have not been out of line with other types of lending; as indicated, margins actually have been lower on average in the credit card area. Thus, there must be reasons other than a lack of competition that explain why, of late, credit card rates have not fallen much.

Viewed in this longer perspective, the question of why credit card rates have not dropped during the recent period as sharply as other rates necessarily poses the analogous question of why credit card rates did not increase in previous years when other rates surged. Partly, as noted earlier, the stability of credit card rates reflects the lesser role of financing costs in the overall cost function. It also reflects the impact of state-established statutory ceilings on interest rates.

In all but a few states, 18 percent per year was the upper limit on rates that card issuers could charge on credit card balances in the late 1970s when other rates were beginning to climb. Judging from the Functional Cost Analysis, average returns to banks on credit card operations in most previous years had been no higher than net earnings on other major forms of lending. Then, when market costs of funds rose sharply between 1979 and 1981 while credit card rates were restrained by the ceilings, marginal and even average net returns on credit card receivables turned negative.

The reduced attractiveness of credit card lending prompted several fundamental realignments by lenders, once it became clear that the adverse conditions were likely to persist. Some commercial banks, for instance, relocated their credit card operations to states, such as South Dakota, where there were less restrictive rate ceilings or none at all. At the same time, many state legislatures acted to raise their rate ceilings or—as at least a dozen states have done—eliminate them altogether. Many credit card issuers during this period of high market interest rates began charging annual fees on credit card accounts. And, though precise measurement is difficult, many diversified creditors such as banks tightened their lending standards and de-emphasized their credit card business in favor of other types of lending that seemed more profitable at the time. Some institutions stopped accepting any new credit card accounts.

Now that market costs of funds have moved to lower levels, and credit card programs generally have become profitable again, many credit card issuers have greatly intensified their efforts to market new credit card accounts and to encourage account usage. That is, credit card issuers in general have responded to falling financing costs not by reducing rates, but mainly by increasing the availability of credit cards; this increased availability reversed the earlier curtailment of such credit that card issuers undertook as market rates moved up, and many card issuers were unable to adjust revenues to match rising costs. Thus, it appears that much of the inertia in credit card interest rates may be attributable to the influence of restrictive rate ceilings imposed by the states.

Of course, rate ceilings in the credit card market are considerably less pervasive than they were before 1980. As mentioned, a number of states have raised or removed applicable rate ceilings, or have permitted lenders to charge annual fees for credit card accounts. These changes, besides the declines in the cost of funds, may help explain the rise in the overall net return, before taxes, on credit card plans at respondent banks to about 3½ percent in 1984. So it may be that a growing number of credit card issuers now are in a position to consider offering somewhat lower finance rates to credit card holders.

Factors on the demand side of the market may have contributed also to the observed stability of credit card rates. As previously mentioned, a substantial proportion of card holders either use their credit cards infrequently or usually pay off their bills in full; these holders are likely to be largely unconcerned about the level of finance charges.

Even card holders who "roll over" their balances and pay finance charges may often be relatively insensitive to the rate of interest charged. Other features of credit card borrowing, such as convenience and suitability for small transactions, may outweigh any rate disadvantage. In any case, credit card debt has expanded rapidly during the past two years—a sign that consumers view credit card use as a desirable source of short-term financing despite what many observers regard as high rates of interest.

Furthermore, the recent appearance of above-average returns to bank credit card lending may not lead to an immediate, widespread reduction in rates. Credit card issuers may be uncertain whether such favorable conditions will persist, especially given the continuing large federal budget deficits. Until actions are taken that curtail the deficits and thereby reduce uncertainty about the likely future course of financing costs, many credit card issuers may remain reluctant to cut finance rates much, if at all, especially in view of their experience with intense cost pressures in previous years. Also, instead of offering lower finance rates, creditors may choose to compete by easing credit standards somewhat or by making nonrate credit terms more attractive.

In this connection, one should keep in mind that finance rates on credit cards already have shown some tendency to decline. One large bank announced in early October that it had cut its finance rate; at the same time, it established separate fees for some types of services for which credit cards are used. Various issuers have adopted floating finance rates of the general kind that are proposed by the legislation under your review. However, those adjustable rates often have been paired with annual fees. This degree of diversity and experimentation may be regarded as further evidence of active competition.

An effort to establish a federally mandated ceiling on credit card interest rates can be expected to encounter difficulties. From experience with the imposition of credit controls in 1980 and the sharp, unexpected contraction in consumer spending that accompanied them, we know that regulatory measures can have unpredictable and unwanted consequences. Setting a federal ceiling rate of interest on credit card debt below those rates that currently prevail in many states would likely reduce the amount of credit that was made available. Moreover, such a curtailment would likely fall most heavily on less affluent borrowers with relatively limited access to other sources of credit. Based on recent levels of three-month Treasury bill rates and on the Federal Reserve discount rate, the ceiling for credit card rates under either of the proposed bills would be 12½ to 13½ percent, well below the finance rates that have been typical since credit cards emerged in the early 1960s as a major method of consumer financing.

Furthermore, imposition of stringent rate ceilings might be countered by adjustments in nonrate credit card terms such as increased annual fees, processing charges levied on each purchase or cash advance, and penalties for late payments or for exceeding the authorized credit limit. Some card issuers also might begin applying the reduced finance charges from the date of purchase, when permitted, rather than after the grace period expires, and might seek to increase merchant discount fees.

Turning to the central provisions of the two bills before the Congress, it should be emphasized that credit cards are issued by a broad variety of retail merchants and financial institutions that differ both as to their sources of funding and their liability structures. Under these circumstances, a single index rate would be unlikely to mirror changes in either marginal or average costs for such a diverse array of card issuers. In any case, short-term rates, such as on Treasury bills, fluctuate a good deal more widely than costs of funds of most lenders. They do so because a lender's overall average cost of funds at any point is partly determined by previously issued liabilities, and because market rates on longer-term liabilities—which make up part of the cost of funds—typically vary less than shorter-term rates.

If the Congress should nonetheless decide to enact legislation, the Federal Reserve strongly recommends against designating the discount rate as an index for setting ceilings on credit card rates. The discount rate, as you know, is the interest rate charged by the Federal Reserve Banks on extensions of short-term credit to depository institutions. Because it typically applies to very short-term loans, the discount rate is an inexact measure of either marginal or average costs of loanable funds, which may reflect borrowing at a wide range of maturities. Furthermore, the discount rate is a tool of monetary policy. As such, it is an administered rate that reflects broad policy considerations that frequently are complex, and so may deviate from other market rates, even those for instruments of comparable maturity. It would be wrong, in the Board's view, to employ a tool of monetary policy for this use.

Another question at issue is whether any regulation of credit card interest rates is more appropriately a matter for federal or for state intervention. The establishment of interest rate ceilings has long been a state prerogative, and one that the Board feels should not be preempted lightly. In recent years, virtually every state has reviewed and overhauled its laws regulating consumer interest rates. After studying the situation in their own jurisdictions, many of these states have opted to raise or remove interest rate ceilings for credit card borrowings. The Board is inclined to respect the collective judgment of a growing number of states that higher—not lower—ceilings are appropriate to the viability of the credit card market, and to note that these states retain the authority to lower the ceilings if convincing evidence of noncompetitive rate determination appeared.

In closing, I would like to re-emphasize the Board's conviction that financial markets distribute credit most efficiently and productively when interest rates are determined in markets that are as free from artificial restraints as possible. In the credit card business, the balance of the evidence suggests that reasonably competitive conditions exist, notwithstanding the lack of variation in finance rates. Furthermore, recent developments have reflected some tendency for credit card rates to decline. Efforts to constrain credit card rates through federal regulation are likely to have undesirable side effects in the form of reduced credit availability or less efficient means of recapturing credit costs. Accordingly, the Board concludes that it would be inappropriate to impose a federal ceiling on credit card rates. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON AUGUST 20, 1985

Domestic Policy Directive

The information reviewed at this meeting suggested that economic activity was probably expanding in the current quarter at a moderately faster pace than in the first half of the year. Broad measures of prices and wages continued to indicate that inflation was running at about the same pace as in 1984.

The index of industrial production rose 0.2 percent in July, about the same increase as in each of the preceding two months. Output of consumer goods was relatively strong, reflecting gains in the production of automobiles and home goods. Production of construction supplies and of materials also increased in July; but production of business equipment fell, and output of defense and space equipment declined after several months of extraordinarily rapid growth. Capacity utilization for total industry was 80.8 percent in July, unchanged since April and 1.2 percentage points below its year-earlier level.

Total nonfarm payroll employment rose 240,000 in July, a little above the average monthly increase during the first half of the year. Job gains remained uneven across industries, as employment in manufacturing declined slightly further while employment in service-producing industries continued to account for the bulk of the advance. The civilian unemployment rate remained at 7.3 percent in July, unchanged since February.

The nominal value of retail sales increased 0.4 percent in July after two months of decline. Sales of general merchandise recovered somewhat after falling in May and June, and sales of furniture and appliances rose at about the average pace of the preceding two months. In the automotive sector, however, sales of domestic automobiles dropped to an annual rate of 7½ million units—1 million below the average level earlier in the year when foreign cars were in short supply and financing incentive programs for domestic cars were prevalent. Sales slipped still further in early August to an annual rate of around 7 million units, with some of the slowing perhaps attributable to the recent strike by auto-haulers. The tentative settlement of that strike and the reintroduction of below-market-rate financing programs pointed to a likely rebound in sales of domestically produced autos.

Total private housing starts fell slightly in July to an annual rate of 1.65 million units. The lower pace reflected a drop in starts of multifamily units, as starts of single-family structures edged higher. Other indicators suggested some pickup in construction activity in the near term: newly issued permits for residential building remained at a high level relative to starts, consumer attitudes toward buying houses were quite positive, and informal trade reports from homebuilders indicated heightened buyer interest and sales activity.

Trends in business capital spending have been obscured lately by extreme volatility in monthly data, but available information suggested further growth over the period ahead, though probably at a relatively modest pace, following the extraordinarily rapid growth earlier in the economic expansion. In June, the latest month for which data on business investment were available, new orders and shipments of nondefense capital goods rebounded. On the other hand, outlays for nonresidential construction weakened.

The producer price index for finished goods rose 0.3 percent in July, after declining 0.2 percent in June. The rise in July reflected in part a surge in prices of fresh vegetables that boosted the index for finished foods 1.3 percent; other food prices generally declined, however, and prices of crude foods fell in July for the seventh consecutive month. The consumer price index rose 0.2 percent in June, the same as in May. Food prices changed little over the two-month period and consumer commodity prices declined, but service prices continued to rise at a comparatively rapid rate. Thus far in 1985, producer and consumer prices and the index of average hourly earnings had risen at rates close to those recorded in 1984.

Since the Committee's meeting in July, the trade-weighted value of the dollar against major foreign currencies had fallen nearly 4¾ percent further, to a level about 17 percent below its peak in late February. Most of the recent decline was in the early part of the intermeeting period; since late July the dollar's value had declined only slightly further on balance. The U.S. merchandise trade deficit widened in the second quarter to a record annual rate of nearly $134 billion. Both agricultural and nonagricultural exports fell substantially, while imports registered a small increase. The rise in imports was attributable to a substantial increase in the volume of oil imports after a sharp decline in the first quarter.

At its meeting on July 9–10, 1985, the Committee had adopted a directive that called for maintaining the existing degree of pressures on reserve positions, keeping in mind the possibility of some increase in those pressures if growth of the monetary aggregates exceeded intentions. That action was expected to be consistent with growth of both M2 and M3 at an annual rate of around 7½ percent for the period from June to September. Over the same period the expansion of M1 was expected to slow substantially to an annual rate of 5 to 6 percent. The members agreed that somewhat lesser restraint on reserve positions might be acceptable in the event of growth in the monetary aggregates that was substantially slower than expected while somewhat greater restraint would be acceptable if monetary growth were substantially faster. In either case, adjustments in the degree of reserve pressures would be considered against the background of developments relating to the strength of the business expansion, progress against inflation, and conditions in domestic credit and foreign exchange markets. The intermeeting range for the federal funds rate was retained at 6 to 10 percent.

Though slowing from the quite rapid May–June pace, M1 had shown relatively strong growth since midyear; it increased at an annual rate of about 9 percent in July and data for early August indicated the likelihood of stronger growth in the current month. Thus, its expansion appeared to be well above the Committee's expectations for the June-to-September period. The strength in M1 reflected an acceleration in other checkable deposits while demand deposits, though increasing little on balance, remained at high levels as the extraordinary surge of late spring in such deposits showed no signs of unwinding. Expansion in the broader aggregates slowed in July from the average pace over the previous two months, to annual rates of about 8½ percent for M2 and 4¼ percent for M3. For the period from the fourth quarter of 1984 through July, growth in M2 was around the upper end of its range for 1985, while the recent sluggish growth in M3 had brought its growth to around the midpoint of its range. Expansion in total domestic nonfinancial debt remained high relative to the Committee's monitoring range for the year.

Early in the intermeeting interval open market operations were directed at maintaining the existing degree of pressures on reserves. By early August, with M1 running well above the Committee's expectations at the time of the July meeting, and with M2 also on the high side, against the background of a weaker dollar and sustained economic activity, desk operations were conducted with a view toward more cautious provision of reserves. The level of adjustment plus seasonal borrowing, which had been artificially high around the time of the July meeting because of seasonal strains associated with the midyear statement date and July 4 holiday period, averaged about $410 million in the two-week maintenance period ending July 31 and rose to $480 million in the first half of August.

The weekly average federal funds rate was generally in the 7¾ to 7⅞ percent area during the intermeeting interval, though average daily rates ranged from about 7⅜ percent to as high as 8¾ percent. Most other short-term interest rates rose about 20 to 45 basis points over the intermeeting interval, mainly reflecting a reassessment by market participants of the outlook for the economy and for monetary policy. Yields on intermediate- and long-term Treasury securities increased about 20 to 30 basis points, while yields on corporate bonds generally rose somewhat more. The average contract rate on new commitments for fixed-rate conventional home mortgage loans moved up slightly to around 12¼ percent.

The staff projections presented at this meeting suggested that growth in real GNP would pick up somewhat in the second half of the year from the sluggish pace in the first half, and would continue at a modest pace through 1986. Although domestic final demand was projected to rise less rapidly than earlier this year, a larger share of the increase was expected to be met out of domestic production rather than from imports or reduced inventory investment. The unemployment rate was projected to edge down only slightly over the forecast horizon and the rate of increase in prices was projected to remain close to that experienced in recent years.

In the Committee's discussion of the economic situation and outlook, the members focused on various uncertainties and risks inherent in current economic and financial conditions. They noted with some concern the absence of clear evidence that business activity might be strengthening, as they had expected earlier, following sluggish growth during the first half of 1985. Nonetheless, with domestic final demands remaining relatively buoyant, most of the members agreed that some pickup in the rate of economic expansion continued to be a reasonable expectation for the second half of the year. They recognized that various imbalances and financial strains in the economy constituted ongoing threats to the economic expansion and raised the danger that growth would be more sluggish than anticipated. Some members also observed that unexpected developments stemming from domestic or international financial problems or from other difficulties in specific sectors of the economy, if not contained, could interrupt the expansion itself. On the other hand, a few members remained relatively optimistic about the prospective performance of the economy; it was also suggested that the rapid growth in M1 in recent months might well lead with some lag to faster economic expansion than was currently anticipated.

Particular emphasis was given during the Committee's discussion to the prospect that domestic economic developments would depend importantly on international conditions, including the economic performance of industrialized countries, the ability and willingness of developing countries to manage their foreign debt problems, the global energy situation, and the foreign exchange value of the dollar. The members continued to stress, as they had at previous meetings, the strongly adverse impact that foreign competition, fostered by a high value of the dollar in foreign exchange markets, was having on overall domestic economic activity and in particular on many manufacturing firms and on agriculture. Some members commented that the prospects for near-term improvement in the balance of trade seemed to be relatively remote.

While a further decline in the dollar would tend with some lag to have a favorable impact on the balance of trade, a sense of "free fall" in the dollar would represent a major threat to progress toward price stability and to interest rates. In general, while a decline over time would not be disturbing, it was viewed as important to maintain a certain confidence in the dollar, given the large net inflows of funds from abroad needed to bridge the gap between the relatively limited availability of domestic saving and the funds required to finance the federal budget deficit and private capital outlays. Without provision of such funds relatively willingly from abroad, pressures on domestic interest rates would be greater than otherwise. The members agreed that the transition to a lower trade deficit and a more sustainable pattern of international transactions generally, presumably accompanied by a lower dollar, would be greatly facilitated by substantial progress in reducing future deficits in the federal budget and by the avoidance of protectionist legislation that could have a highly unfavorable effect on international trade, on the ability of developing countries to resolve their external debt problems, and on the overall performance of the domestic economy. Several members noted that the risks associated with the underlying distortions and problems in the domestic economy and the persisting strains in domestic and international financial markets posed dilemmas that were not amenable to a monetary policy solution.

As they had at earlier meetings, the members commented on the uneven pattern of developments in various sectors of the economy. They gave special emphasis to the problems in agriculture but also cited other problem or lagging areas of the economy. In most parts of the country, however, strength in a number of industries such as services and defense production currently tended to outweigh the economic weaknesses. In the construction area, one member called attention to recent indications of reduced nonresidential building activity and other members commented that vacancy rates in office structures were relatively high in several parts of the country. On the other hand, there were reports of growing buyer interest in housing, although recent data on housing starts were weaker than expected. With regard to financial conditions, a number of members referred to various financial practices and the buildup or incautious use of debt that had rendered many borrowers and their lenders more vulnerable to economic adversity. In the case of consumers, rising debt burdens together with the possibility of reduced income growth were viewed by at least some members as likely to restrain expansion in consumer expenditures.

At its meeting in July the Committee had reviewed the basic policy objectives that it had established in February for growth of the monetary and credit aggregates in 1985 and had set tentative objectives for expansion in 1986. For the period from the fourth quarter of 1984 to the fourth quarter of 1985, the Committee had reaffirmed the ranges for the broader aggregates set in February of 6 to 9 percent for M2 and 6 to 9½ percent for M3. The associated range for total domestic nonfinancial debt was also reaffirmed at 9 to 12 percent for 1985. With respect to M1, the base was moved forward to the second quarter of 1985 and a range of 3 to 8 percent at an annual growth rate was established for the period to the fourth quarter of the year. For 1986 the Committee agreed on tentative monetary growth objectives that included reductions of 1 percentage point in the upper end of the M1 range and ½ percentage point in the upper end of the M3 range. The provisional range for total domestic nonfinancial debt was reduced by 1 percentage point for 1986.

In the Committee's discussion of policy implementation for the weeks immediately ahead, the members took particular account of the disparate behavior of M1 and the economy. Under the circumstances, a consensus emerged against making a substantial change for the time being in the degree of reserve restraint that had been sought recently. The members recognized that the behavior of M1 was subject to unpredictable fluctuations. Nonetheless, they continued to expect that the expansion in M1 would moderate appreciably over the months ahead, if something like the current degree of restraint on reserve positions was maintained.

In the course of the Committee's discussion, a number of members emphasized the uncertainties surrounding the behavior of M1 and the downside risks they saw in the economy. Under prevailing circumstances, the surge in M1 growth might not have the usual inflationary implications. The demand for assets in M1 appeared to have been influenced by the relatively low level of interest rates on market instruments and also on small time certificates of deposit, and the velocity of money seemed to be continuing to decline sharply. Moreover, there had been no signs of increasing price pressures in aggregate price indicators or in commodity markets. It was also argued that the objective of achieving M1 growth within the Committee's long-run range might receive somewhat reduced emphasis, at least for a time, pending evaluation of further developments including the performance of the broader aggregates.

Other members expressed more concern that further M1 growth at rates substantially above the Committee's long-run range would have inflationary consequences over time. They noted the persisting strength of M1 in recent weeks, and should that continue, they felt that added reserve restraint would probably be desirable to bring M1 closer to the upper end, or within, the Committee's long-run range by the fourth quarter. Continued strength in M1 could also raise questions about the Committee's commitment to an anti-inflationary policy, with potentially adverse implications for inflationary expectations. Some members also commented that the rapid growth in M1 had already built up considerable liquidity that would tend to sustain the expansion over the months ahead.

While there were shadings of opinion with regard to the appropriate degree of reserve pressure under the circumstances, on balance a majority of the members indicated their acceptance of a directive that called for maintaining the slightly firmer degree of reserve restraint that had been sought in recent weeks. The members expected such an approach to policy implementation to be consistent with growth of M2 and M3 at annual rates of around 8½ and 6½ percent respectively for the period from June to September, not much changed from expectations at the time of the July meeting. Growth in M1 was expected to slow from its recent pace, but given the rapid expansion since June, M1 was now anticipated to grow at an annual rate of about 8 to 9 percent over the three-month period, considerably above earlier expectations. Two members argued for immediate adjustments in the degree of reserve pressures—although in opposing directions—based on their differing evaluations of the significance of recent monetary growth for inflation and economic activity as against the risks to sustained expansion stemming from the financial vulnerabilities and the underlying imbalances in the economy.

In keeping with the Committee's usual practice, the members contemplated the possible need for some intermeeting adjustment in the degree of reserve restraint. They agreed that somewhat greater restraint on reserve positions would be acceptable if growth in the monetary aggregates were substantially faster than expected, while somewhat lesser restraint would be acceptable if monetary growth were substantially slower. As in the past, any such adjustment should not be made automatically in response to the behavior of the monetary aggregates alone, but should take broader economic and financial developments into account, including conditions in domestic and international financial markets. For the period ahead, several members believed that policy implementation should be especially alert to developments in the foreign exchange markets. The members agreed that the intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee when its boundaries are persistently exceeded, should be left unchanged at 6 to 10 percent.

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

The information reviewed at this meeting suggests that economic activity is probably expanding in the current quarter at a moderately faster rate than in the first half of the year. In July, industrial production continued to move somewhat higher and total retail sales rose modestly after two months of decline. On the other hand, housing starts fell somewhat in July. Information on business capital spending suggests further growth, though at a much less rapid pace than earlier in the economic expansion. Total nonfarm payroll employment continued to increase in July, although employment in manufacturing declined slightly further. The civilian unemployment rate remained at 7.3 percent in July, unchanged since February. Broad measures of prices and wages appear to be rising at rates close to those recorded in 1984.

Since the Committee's meeting in July, the trade-weighted value of the dollar against major foreign currencies has depreciated further. The merchandise trade deficit widened in the second quarter to the highest rate on record. Both agricultural and nonagricultural exports fell substantially, while imports registered a small increase.

Based on data for July and early August, M1 has been growing relatively rapidly. Demand deposits have shown little change on balance, but other checkable deposits have expanded substantially. Growth in M2 has continued at around the upper end of its 1985 range, while relatively sluggish growth in M3 recently has brought this aggregate to the midpoint of its range. Expansion in total domestic nonfinancial debt has remained high relative to the Committee's monitoring range for the year. Most interest rates have risen somewhat since the July meeting of the Committee.

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

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

In the implementation of policy for the immediate future, the Committee seeks to maintain the degree of pressure on reserve positions sought in recent weeks. This action is expected to be consistent with growth in M2 and M3 at annual rates of around 8½ and 6½ percent, respectively, during the period from June to September. M1 growth is expected to slow from its recent pace, but given the rapid growth in recent weeks, expansion over the June-to-September period may be at an 8 to 9 percent annual rate. Somewhat greater restraint would be acceptable in the event of substantially higher growth in the monetary aggregates. Somewhat lesser restraint would be acceptable in the event of substantially slower growth. In either case such a change would be considered in the context of appraisals of the strength of the business expansion, developments in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The 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, Corrigan, Balles, Forrestal, Keehn, Martin, Partee, Rice, and Wallich. Votes against this action: Mr. Black and Ms. Seger. (Absent and not voting: Mr. Gramley.)

Mr. Black dissented because he preferred to direct open market operations promptly toward a somewhat greater degree of reserve restraint and thereby improve the prospects of moderating M1 growth to within the Committee's range for the second half of the year. Ms. Seger dissented because she favored some reduction in the degree of reserve restraint in light of the financial vulnerability of some sectors of the economy and in order to encourage sustained economic expansion.

At a telephone consultation on September 23, the Committee discussed the possible implications for intervention in foreign exchange markets of the deliberations during the weekend of the Ministers of Finance and Central Bank Governors of the G-5 countries. In the course of discussion, it was indicated that the likely potential for U.S. sales of dollars and acquisitions of foreign currencies over the near term fell generally within existing Committee authorizations.

Announcements

Policy on Supervision of State Member Banks and Bank Holding Companies

The Federal Reserve Board announced on October 7, 1985, two policies to strengthen Reserve Bank supervision of state member banks and bank holding companies.

The policies generally increase the frequency of Federal Reserve examinations of state member banks and inspections of bank holding companies and strengthen the procedures for reporting deficiencies to bank management and boards of directors.

The Board's action was taken in light of developments and trends within the banking system over the past several years. The policies are aimed at two broad supervisory areas: (1) the early identification of problems in banking organizations through more frequent and in-depth onsite examinations; and (2) the correction of weaknesses through more frequent and clearer communications between bank supervisors and boards of directors.

Also, the Board has identified the following areas in which steps to strengthen the supervisory process are being considered and where action will be taken if appropriate and necessary: the prevention of supervisory problems in banking organizations through tightened prudential standards; improved coordination and cooperation with other federal and state banking departments; and strengthened examination staffs and improved examiner training programs.

The first policy provides for a general increase in the frequency of examinations of state member banks and inspection of bank holding companies. In general the policy provides for the following:

- Bank organizations for which the Federal Reserve is primary supervisor will be examined or inspected at least annually.
- The largest organizations and those with significant problems will be examined or inspected semiannually.
- As an exception to the general rule, small "shell" holding companies with no known problems and low levels of debt relative to the book value of their subsidiary bank's stock are to be inspected on a more limited basis.

The second policy strengthens and formalizes current practices for communicating the findings of examinations and inspections to bank management and boards of directors when significant problems exist. This policy provides for the following:

- Establishes specific criteria for determining which examination findings require follow-up meetings with boards of directors and sets out guidelines for such meetings.
- Requires that, in addition to providing a complete examination or inspection report to the bank or bank holding company, a written summary of findings be sent to the bank or bank holding company for distribution to each director.
- Requires that senior Reserve Bank officials become more involved in presenting examination findings to boards of directors.

The policies are effective immediately, with initial implementation expected January 1, 1986.

Revised List of OTC Stocks Subject to Margin Regulations

The Federal Reserve Board has published a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective November 12, 1985.

The list includes all over-the-counter securities designated by the Board pursuant to its established criteria as well as all securities qualified for trading in the national market system (NMS). This list includes all securities qualified for trading in tier 1 of the NMS through November 12 and those in tier 2 through October 15, 1985. Additional OTC securities may be designated as NMS securities in the interim between the Board's quarterly publications and will be immediately marginable. The next publication of the Board's list is scheduled for February 1986.

This List of Marginable OTC Stocks supersedes the revised List of Marginable OTC Stocks that was effective on August 13, 1985. Changes that have been made in the list, which now includes 2,520 OTC stocks, are as follows: 116 stocks have been included for the first time, 102 under NMS designation; 36 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; 36 stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

In addition to NMS-designated securities, the Board will continue to monitor the market activity of other OTC stocks to determine which stocks meet the requirements for inclusion and continued inclusion on the list.

Regulation J: Temporary Amendment

The Federal Reserve Board announced on October 3, 1985, a temporary amendment to Regulation J (Collection of Checks and Other Items and Wire Transfers of Funds) to provide for a uniform holiday schedule that will apply to its new notice of nonpayment provision that went into effect on October 1.

On February 8, the Board amended Regulation J to require that a paying bank provide notice that a check is being returned unpaid to the bank of first deposit ("depository bank") by midnight of the second banking day after the paying bank's deadline for return of the check to its Reserve Bank.

Because of problems that arise due to different banking holiday schedules across the country—for example, Saturdays are regarded as banking days by many institutions—the Board has provided, effective immediately, for a uniform holiday schedule consisting of 10 federal holidays and all Saturdays and Sundays.

Before adoption of a final rule, the Board requested public comment on the temporary amendment by November 4, 1985.

Bank Holding Company Application

The Federal Reserve Board has requested public comment by November 25, 1985, on an application by National Westminster Bank PLC, London, England, and its U.S. subsidiary, NatWest Holdings, Inc., New York, New York (collectively, "NatWest"), to engage through a wholly owned subsidiary in the following activities: (1) investment advisory services for "Institutional Customers;" and (2) securities brokerage services and related securities credit activities for these institutional customers.[1]

Change in Board Staff

The Board of Governors has announced the resignation of Richard J. Manasseri, Assistant Director in the Division of Information Services, effective October 8, 1985.

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period October 1 through November 1, 1985:

Colorado
Denver .... Prudential Bank
Wheat Ridge .... International Bank of Wheat Ridge

Florida
Ocala .... Merchants & Southern Bank of Ocala
Tampa .... Gulf Bay Bank

Georgia
Roswell..... Sentry Bank & Trust Company

Minnesota
Minneapolis .... Fidelity Bank Northeast

1. Institutional customers are defined by NatWest to include the following: companies or employee benefit plans with $5 million in assets; individuals with net worth exceeding $5 million; and securities professionals.

Legal Developments

AMENDMENT TO RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors is amending 12 C.F.R. Part 265, its Rules Regarding Delegation of Authority, to delegate to the Director of the Division of Banking Supervision and Regulation authority to waive the prior notice period on notices by U.S. banking organizations to establish foreign branches.

Effective October 29, 1985, the Board hereby amends 12 C.F.R. Part 265 as follows:

1. The authority citation for Part 265 continues to read as follows:

Authority: Sec. 11, 38 Stat. 261; 12 U.S.C. 248.

2. 12 C.F.R. Part 265 is amended by revising § 265.2(c)(27) to read as follows:

Section 265.2—Specific functions delegated to Board employees and to Federal Reserve Banks

(c) * * *

(27) Under sections 25 and 25(a) of the Federal Reserve Act and part 211 of this chapter (Regulation K), to waive the 45 days' prior notice period for establishment of a branch by a U.S. banking organization under section 211.3(a)(3) and for an investment that qualifies for the prior notification procedures set forth in section 211.5(c)(2) of Regulation K (12 C.F.R. 211.3(a)(3) and 211.5(c)(2)).

* * * * *

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

Orders Issued Under Section 3 of the Bank Holding Company Act

Americorp Financial, Inc.
Rockford, Illinois

Order Approving Acquisition of a Bank

Americorp Financial, Inc., Rockford, Illinois, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Illinois National Bank and Trust Company of Rockford, Rockford, Illinois ("Bank").

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

Applicant is the 19th largest banking organization in Illinois, with five subsidiary banks that control aggregate deposits of $544.2 million, representing 0.6 percent of the total deposits in commercial banks in the state.[1] Bank is the 44th largest banking organization in Illinois, controlling deposits of $237.2 million, representing 0.2 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed acquisition, Applicant would become the tenth largest banking organization in Illinois, controlling 0.8 percent of the total deposits in commercial banks in the state. Consummation of the proposed transaction would not have a significant effect on the concentration of banking resources in Illinois.

Both Applicant and Bank operate in the Rockford banking market.[2] Applicant is the largest of 17 commercial banking organizations operating in the Rockford market, controlling two banks with deposits of $395 million, representing 21.7 percent of the total deposits in commercial banks therein. Bank is the fourth largest banking organization in the market, controlling deposits of $237.2 million, representing 13 percent of deposits in commercial banks in the market. Upon consummation of this proposal Applicant would control 34.7 percent of the total deposits in commercial banks in the market.

The Rockford banking market is not highly concentrated, with the four largest commercial banking organizations controlling 70.2 percent of the total deposits

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

2. The Rockford banking market is approximated by Boone and Winnebago Counties plus Marion, Scott, Byron, and Monroe townships in Ogle County, all in Illinois.

in commercial banks in the market. The Herfindahl-Hirschman Index ("HHI") is 1438 and would increase by 564 points, to 2002 upon consummation of this proposal, making this transaction one that would be subject to challenge under the Department of Justice Merger Guidelines.[3]

Although consummation of the proposal would eliminate existing competition between Applicant and Bank in the Rockford banking market, numerous other commercial banking organizations would remain as competitors after consummation of the proposal. In addition, the Board has concluded that the effect of this proposal on existing competition is mitigated by the extent of competition offered by thrift institutions in the market.[4] Nine thrift institutions in the market hold 29 percent of the total deposits in the market. These institutions compete with the commercial banks in the market for transaction accounts, consumer loans and commercial loans. In view of these facts, the Board considers the presence of thrift institutions a significant factor in assessing the competitive effects of this proposal.[5] Accordingly, in view of the competition provided by thrift institutions and the number and size of competitors remaining in the market, the Board concludes that consummation of the proposed acquisition is not likely to have a significant adverse effect on competition in the Rockford banking market.

The financial and managerial resources of Applicant, its subsidiary banks and Bank are generally satisfactory and consistent with approval. Although Applicant will incur debt as a result of this transaction, Applicant appears capable of servicing its debt while maintaining adequate capital.

Considerations relating to banking factors are consistent with approval of this proposal. Considerations relating to the convenience and needs of the community to be served are consistent with approval.

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

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

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

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

Cayman Investment Company (Delta)
George Town, Grand Cayman

Delta South Bankcorp, Inc.
Dover, Delaware

Order Approving Formation of Holding Companies and the Establishment of Bank

Cayman Investment Company (Delta), George Town, Grand Cayman ("Cayman Delta"), and Delta South Bankcorp, Inc., Dover, Delaware ("South Bankcorp") (Cayman Delta and South Bankcorp, will be referred to as "Applicants"), have 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 become bank holding companies through the acquisition of the voting shares of Delta National Bank and Trust Company of Florida, Miami, Florida ("Bank"), a proposed *de novo* bank.

Notice of the application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the BHC 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 BHC Act (12 U.S.C. § 1842(c)).

3. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Department is likely to challenge any merger that produces an increase in the HHI of more than 50 points unless other factors indicate that the merger will not substantially lessen competition. If the increase in the HHI exceeds 100 points and the HHI substantially exceeds 1800, the Department has indicated that only in extraordinary cases will other factors establish that the merger is not likely substantially to lessen competition. Other factors include the post-merger HHI, the increase in the HHI, changing market conditions, the financial condition of the firm to be acquired, ease of entry, nature of the product, substitute products, similarities in firms that are subject to the transaction, and increased efficiencies that may result from the transaction.

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

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

5. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, Applicant would control 17.5 percent of the total deposits in the market and Bank would control 10.5 percent. Consummation of the proposal would increase the HHI by 368 points, from 1018 to 1386, and the four-firm concentration ratio would be 64.4 percent.

Applicants, which are wholly owned by a foreign individual, are nonoperating corporations recently organized for the sole purpose of becoming bank holding companies and establishing Bank.[1]

Bank would be located in the Miami-Fort Lauderdale, Florida banking market.[2] Applicants' principal controls Banco Real S.A., Sao Paulo, Brazil ("Banco Real"), which operates a state-chartered agency in this market. Based on the limited deposit-taking and lending authority granted to state agencies in Florida, the fact that Bank is a *de novo* institution, and all the other facts of record, the Board has concluded that consummation of the proposed transaction would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant area. Accordingly, competitive considerations are consistent with approval.

The financial and managerial resources and future prospects of Applicants and Bank appear to be satisfactory. In this connection, Applicants currently have no debt and will not incur any debt as a result of the establishment of Bank. Moreover, Applicants have committed to consent to the jurisdiction of the United States, to appoint an agent for service of process in the United States, and to maintain adequate books and records in the United States available to the Board on request, together with any additional information that the Board may require concerning Applicants' business and financial condition. Based on all the facts of record, including the commitments made by Applicants' principal, the Board has determined that the considerations relating to banking factors are consistent with approval of the proposed acquisition. The Board has determined that considerations relating to the convenience and needs of the community to be served are also consistent with approval of this proposal.

On the basis of the record and commitments made by Applicants and their principal, and for the reasons summarized above the application is approved. The acquisition 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, and Bank shall be opened for business not later than six months after the effective date of this Order. The latter two periods may be 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 October 11, 1985.

This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 C.F.R. §§ 265.1a(c)) by a committee of Board members. Voting for this action: Vice Chairman Martin and Governors Partee and Rice.

WILLIAM W. WILES
Secretary of the Board

[SEAL]

1. Applicants' principal has also applied to establish a *de novo* bank in New York City. By order of even date, the Board has approved this application. Because of the common ownership by Applicants' principal of banks in Florida and New York, the banks have been deemed part of a chain banking organization for purposes of the Board's analysis of these applications.

2. The Miami-Fort Lauderdale banking market is defined as Dade and Broward Counties, Florida.

Cayman Investment Company (Omega) George Town, Grand Cayman

Delta North Bankcorp, Inc. Dover, Delaware

Order Approving Formation of Holding Companies and the Establishment of Bank

Cayman Investment Company (Omega), George Town, Grand Cayman ("Cayman Omega"), and Delta North Bankcorp, Inc., Dover, Delaware ("North Bankcorp") (Cayman Omega and North Bankcorp will be referred to as "Applicants"), have 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 become bank holding companies through the acquisition of the voting shares of Delta National Bank and Trust Company of New York, New York, New York ("Bank"), a proposed *de novo* bank.

Notice of the application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the BHC 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 BHC Act (12 U.S.C. § 1842(c)).

Applicants, which are wholly owned by a foreign individual, are nonoperating corporations recently organized for the sole purpose of becoming bank holding companies and establishing Bank.[1] Bank would be located in the Metropolitan New York banking mar-

1. Applicants' principal has also applied to establish a *de novo* bank in Miami, Florida. By order of even date, the Board has approved this application. Because of the common ownership by Applicants' principal of banks in New York and Florida, the banks have been deemed part of a chain banking organization for purposes of the Board's analysis of these applications.

ket,[2] in which it would be one of the smallest commercial banking organizations. Applicants' principal controls Banco Real S.A., Sao Paulo, Brazil ("Banco Real"), which also operates in the Metropolitan New York banking market through a state-chartered branch. Based on the fact that the state-chartered branch of Banco Real controls less than one percent of the total deposits in commercial banks in the market, that Bank is as a *de novo* bank, and all of the other facts of record, the Board has concluded that consummation of the proposed transaction would not result in any significant adverse effects upon competition or increase the concentration of banking resources in any relevant area. Accordingly, competitive considerations are consistent with approval.

The financial and managerial resources and future prospects of Applicants and Bank appear to be satisfactory. In this connection, Applicants currently have no debt and will not incur any debt as a result of the establishment of Bank. Moreover, Applicants have committed to consent to the jurisdiction of the United States, to appoint an agent for service of process in the United States, and to maintain adequate books and records in the United States available to the Board on request, together with any additional information that the Board may require concerning Applicants' business and financial condition. Based on all the facts of record, including the commitments made by Applicants' principal, the Board has determined that the considerations relating to banking factors are consistent with approval of the proposed acquisition. The Board has determined that considerations relating to the convenience and needs of the community to be served are also consistent with approval of this proposal.

On the basis of the record and commitments made by Applicants and their principal, and for the reasons summarized above, the application is approved. The acquisition 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, and Bank shall be opened for business not later than six months after the effective date of this Order. The latter two periods may be 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 October 11, 1985.

2. The Metropolitan New York banking market includes New York City; Nassau, Putnam, Rockland, Westchester, and western Suffolk Counties in New York State; the northeastern two-thirds of Bergen County and eastern Hudson County in New Jersey; and southwestern Fairfield County in Connecticut.

This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 C.F.R. § 265.1a(c)) by a committee of Board members. Voting for this action: Vice Chairman Martin and Governors Partee and Rice.

WILLIAM W. WILES
Secretary of the Board

[SEAL]

The Chase Manhattan Corporation New York, New York

Order Approving Acquisition of Bank and Formation of Bank Holding Company

The Chase Manhattan Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act" or "Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) and under section 225.14 of the Board's Regulation Y (12 C.F.R. § 225.14) to acquire control of all of the voting shares of Chase Bank of Maryland ("Chase Bank-Maryland"), a state-chartered commercial bank to be located in Maryland.

Chase Bank-Maryland will be the successor by merger to three Maryland-chartered savings and loan associations formerly privately insured by the Maryland Savings-Share Insurance Corporation ("MSSIC"): Chesapeake Savings and Loan Association of Annapolis, Inc. ("Chesapeake"), Annapolis, Maryland; Merritt Commercial Savings & Loan Association ("Merritt"), Baltimore, Maryland; and Friendship Savings and Loan Association ("Friendship"), Bethesda, Maryland. Bank will be held directly by Chase Manhattan National Holding Corporation ("Chase Holding"), a wholly-owned subsidiary of Applicant proposed to be formed in connection with this acquisition.

Applicant proposes to acquire Chase Bank-Maryland, a commercial bank to be chartered by the state of Maryland, pursuant to recently enacted emergency legislation. Md. House Am. Emerg. Bill No. 1 (October 25, 1985). Upon consummation of the acquisition, Chase Bank-Maryland will operate approximately 13 commercial bank branches within the state.

The establishment of Chase Bank-Maryland and its acquisition by Applicant is a significant component of the solution to the financial crisis in Maryland involving MSSIC-insured savings and loan associations that has now extended for over five months. As the Board previously has noted,[1] on May 9, 1985, there was a

1. *See* generally *Baltimore Bancorp*, 71 FEDERAL RESERVE BULLETIN 901 (1985).

public announcement of "management problems" at Old Court Savings and Loan of Baltimore, one of the largest savings and loan associations privately insured by MSSIC, and that an investigation was being instituted. This announcement, and the publicity surrounding private insurance generally and the activities of several MSSIC institutions in particular, resulted in a severe liquidity crisis at several of these institutions. Within four days of the announcement, conservators had been appointed to manage the affairs of two MSSIC institutions, including Merritt, and the Governor of Maryland had imposed withdrawal limitations of $1,000 per month on the remaining MSSIC-insured institutions, including Chesapeake and Friendship, the remaining components of the proposed Chase Bank-Maryland.

On May 17, 1985, the Maryland General Assembly, meeting in emergency session, passed legislation which, among other things, abolished MSSIC and merged it into the state-funded Maryland Deposit Insurance Fund Corporation ("MDIFC") and required all institutions previously insured by MSSIC to apply for insurance from the Federal Savings and Loan Insurance Corporation ("FSLIC"). Institutions with assets over $40,000,000 were required to apply for FSLIC insurance before June 1, 1985, in order to retain insurance coverage from MDIFC and were required to receive FSLIC insurance before December 31, 1985. Otherwise, such institutions would face liquidation.

As of October 17, 1985, 86 of the 101 Maryland S&Ls formerly insured by MSSIC were open on a full-service basis. Twenty-nine of these S&Ls, with combined assets of $4.6 billion, have received final approval for FSLIC insurance. Thirteen S&Ls, with assets of $597.5 million, have received conditional FSLIC approval. Forty-four institutions were open on a full-service basis without final or conditional FSLIC approval. Fifteen institutions, including Merritt, Chesapeake, and Friendship (with combined assets of $3 billion), remain subject to the Governor's executive order limiting withdrawals and are not open for full service.

Two of the thrifts proposed to be acquired by Applicant, Chesapeake and Friendship, operated under these withdrawal limitations until October 17, 1985, when the Governor of Maryland temporarily froze deposits in these institutions during a pause in negotiations regarding this proposal. Prior to the freeze, and despite the account withdrawal limitations, these institutions (with combined assets of approximately $342 million as of September 30, 1985) continued to experience substantial deposit outflows. Merritt, with $345 million in assets, remains in conservatorship: no deposit withdrawals are permitted except for funds deposited after the commencement of the conservatorship.

The write-off of these institutions' required capital contribution to MSSIC, and the write-down of these institutions' assets on the basis of supervisory examinations, would reduce their net worth below the levels required by all federal and state regulatory authorities and would not be sufficient to allow the institutions to operate independently on a full-service basis. Merritt and Friendship have, in fact, a negative net worth. Moreover, the State of Maryland, through the MDIFC, considered it necessary to provide $25 million of assistance in the form of a capital contribution to Chase Holding as an inducement to Applicant to purchase these institutions, based on a determination that this capital contribution is less than the amount MDIFC would incur as an insurance loss if Merritt were liquidated and if insurance claims were made.

On October 22, 1985, the Maryland legislature passed the emergency legislation upon which the subject application is predicated, in part to allow consummation of the transaction proposed in this application.[2] This legislation was signed by the Governor of the State of Maryland on October 25, 1985. Specifically, the Maryland law authorizes the Maryland Bank Commissioner to approve the organization and acquisition by a bank holding company located outside of Maryland of a bank in Maryland that results from the conversion of, or the assumption of all or a significant portion of the deposit liabilities of, one or more savings and loan associations under certain specified conditions. The Maryland law further provides that such an acquisition of a bank by a non-Maryland bank holding company is authorized by the laws of the State of Maryland for purposes of the Douglas Amendment to the BHC Act.

By letter dated October 23, 1985, the Maryland Bank Commissioner requested that the Board approve this application and that the Board act immediately in this matter under the emergency procedures of the BHC Act. The Commissioner advised the Board that an emergency situation exists in the State of Maryland with respect to savings and loan associations formerly insured by MSSIC. The Commissioner also has advised that (until the recently imposed freeze on withdrawals) the three institutions proposed to be acquired by Applicant as a group continued to experience severe deposit outflows. Moreover, the Commissioner has indicated that there is a substantial probability that none of the institutions would qualify for FSLIC insurance. As indicated earlier, if these institutions did

2. Md. House Am. Emerg. Bill No. 1, *to be codified at*, Md. Fin. Inst. Code Ann. § 5-1101 *et seq.*

not receive federal insurance by December 31, 1985, they would be forced to liquidate by the terms of the Maryland General Assembly's May 17, 1985, emergency legislation.

In view of these and other facts of record, the Board believes that an emergency exists that requires expeditious action under section 3(b) of the Act and section 225.14(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.14(b)(2)). Accordingly, the Board has determined that it is appropriate in these cases to shorten the period for interested persons to submit comments regardings these applications. In this regard, the Board promptly published notice of the applications in the *Federal Register* (50 *Federal Register* 42,094 (1985)) and in newspapers of general circulation within Maryland, providing for a period of public comment on the applications. The time for filing comments has expired, and the Board has considered the section 3 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). No hearing was requested in this case, and the Board has not received any comments concerning the merits of the proposed acquisition.

Applicant, with total assets of $87.8 billion, controls four bank subsidiaries, including The Chase Manhattan Bank, N.A., New York, New York, the second largest commercial banking organization in New York State.[3] Applicant also engages in a variety of nonbanking activities.

Chesapeake (assets of $85 million), Friendship (assets of $257.2 million), and Merritt (assets of $345 million) compete in separate banking markets. Applicant currently operates no banking subsidiaries within Maryland. In view of the relatively small sizes of the institutions involved, the number of potential entrants into the relevant markets, and the fact that Chase's bank subsidiaries operate in separate banking markets, the Board finds that these acquisitions would not have any significant adverse effect on existing or potential competition in any relevant market.

The financial and managerial resources and future prospects of Applicant are satisfactory and consistent with approval of this application. In consideration of the commitment by Applicant to the continuing future support of Chase Bank-Maryland, the financial and managerial resources and future prospects of Bank are consistent with approval of the proposal. While the Board considers as an adverse factor any significant dilution of capital or increase in leverage by a bank holding company in connection with a proposed acquisition, the Board believes that any adverse effects of this proposal are mitigated by the special circumstances involved in the proposed acquisition of the three troubled thrift institutions. In addition, the Board notes that the proposed acquisition has a *de minimis* impact on the capital and leverage position of Applicant.

Consummation of Applicant's proposal will provide adequate capitalization and continuing financial support to the successor to the thrift institutions involved in the application. At consummation, Applicant will inject a total of $94.1 million in new capital into Chase Bank-Maryland. Bank thereafter will have a level of primary capital in excess of the minimum standards set forth in the Board's Capital Adequacy Guidelines, and Applicant has committed to maintain at least this level of capital. This will ensure that service provided by the thrift institutions to the convenience and needs of their relevant communities will resume and that depositors of these institutions will have immediate and full access to their funds — access that has been denied for over five months. Accordingly, the Board concludes that convenience and needs factors lend substantial weight to approval of this application.

Applicant represents that the proposed transaction is the most feasible solution to permit Merritt, Chesapeake, and Friendship, as Chase Bank-Maryland, to resume full operations promptly and to allow their depositors immediate and full access to their funds at least cost to the State of Maryland. The Board notes that the proposed acquisition of these thrifts, particularly Merritt, involves very complex transactions that have been approved by the State of Maryland. The Board has also been advised that the financial affairs of Merritt, its affiliate companies and certain individuals associated with Merritt, are under investigation by appropriate state and federal law enforcement authorities. These investigations do not affect the financial viability of Chase Bank-Maryland.

On the basis of all of the above, including particularly the compelling benefits of the proposal to the depositors of these institutions and to the public, the Board concludes that approval of the proposed transaction would be in the public interest.

Section 3(d) of the BHC Act prohibits a bank holding company from acquiring a bank outside of the bank holding company's home state unless the statute laws of the state where the target bank is located specifically authorize such an acquisition.[4] Section 5–1102(b) of the Financial Institutions Article of the Maryland Code, effective today, provides specific

3. Financial data are as of September 30, 1985.

4. 12 U.S.C. § 1842(d). The home state of the acquiring holding company is defined for Douglas Amendment purposes as the state in which the operations of the bank holding company's bank subsidiaries were principally conducted on the later of July 1, 1966, or the date on which the company became a bank holding company. *Id.*

statutory authorization for Chase's proposed acquisition of Bank. Accordingly, the instant proposal would not violate the Douglas Amendment to the Act.[5]

Applicant has also applied for approval under section 9 of the Federal Reserve Act, 12 U.S.C. § 321 *et seq.*, and section 208.4 of Regulation H, 12 C.F.R. § 208.4, for Chase Bank-Maryland to become a member of the Federal Reserve System upon consummation of these acquisitions. Bank appears to meet all the criteria for admission to membership, including capital requirements and considerations related to management character and quality. Accordingly, Bank's membership application is approved.[6]

In connection with Bank's membership application, Applicant's audits of the institutions to be acquired have revealed assets (primarily real estate related assets) which are not eligible for ownership by a state member bank or a bank holding company. Applicant has requested a five-year period, with a provision for extensions totalling an additional five years, to divest any nonconforming assets and has agreed to certain limits on the conduct of these activities during this divestiture period. The Board is of the opinion, however, that it would not be appropriate or consistent with the conditions for membership in the Federal Reserve System to authorize the retention of nonconforming assets for the length of time requested by Applicant.

In view of the special circumstances of this case, particularly the emergency nature of the acquisition, these institutions' extensive involvement in real estate, and the substantial public benefit in restoring these institutions to viable operating condition, the Board believes it to be in the public interest to grant Applicant a two-year period to effect divestiture of the nonconforming assets of Chase Bank-Maryland. Moreover, in view of the circumstances noted above, the Board would, in addition, be prepared to give sympathetic consideration to any requests by Applicant for extension of this two-year period for three additional one-year periods.

On the basis of the record, the section 3 applications to acquire control of Chase Bank-Maryland, and to form an intermediate bank holding company to hold the voting shares of Chase Bank-Maryland, are approved for the reasons summarized above. The transaction shall not be consummated before the fifth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of New York pursuant to delegated authority.

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

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

WILLIAM W. WILES
[SEAL] *Secretary of the Board*

5. In this regard, the Board has considered that the Maryland statute involved in this case is similar in effect to statutes in other states that contain limited authorizations for acquisitions of depository institutions in those states by out-of-state bank holding companies in emergency situations.

6. In view of the facts of record and at the request of the Maryland Bank Commissioner, the Board has determined that an emergency exists requiring expeditious action on the membership application. Accordingly, the Board hereby waives the notice and other procedural requirements for membership under the provisions of section 262.3(*l*) of the Board's Rules of Procedure. (12 C.F.R.§ 262.3(*l*)).

First Railroad & Banking Company of Georgia Augusta, Georgia

Order Approving Acquisition of a Bank

First Railroad & Banking Company of Georgia, Augusta, Georgia, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.* ("Act")), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Georgia State Bank, Martinez, Georgia ("Bank").

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

Applicant is the fourth largest banking organization in Georgia, with 16 subsidiary banks that control aggregate deposits of $2.1 billion, representing 7.5 percent of the total deposits in commercial banks in the state.[1] Bank is one of the smaller banking organizations in Georgia, controlling deposits of $41.0 million, representing approximately 0.2 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed acquisition, Applicant would remain the fourth largest banking organization in Georgia, controlling 7.7 percent of the total deposits in commercial banks in the state. Consummation of the proposed transaction would not have a significant effect on the concentration of banking resources in Georgia.

1. All banking data are as of June 30, 1984.

Both Applicant and Bank operate in the Augusta, Georgia banking market.[2] Applicant is the largest of 11 commercial banking organizations operating in the market, controlling deposits of $448.9 million, representing 39.9 percent of the total deposits in commercial banks therein. Bank is the seventh largest banking organization in the market, controlling deposits of $41.0 million, representing 3.6 percent of the total deposits in commercial banks in the market. Upon consummation of this proposal Applicant would control 43.5 percent of the total deposits in commercial banks in the market.

The share of deposits held by the four largest commercial banking organizations in the Augusta market is 78.6 percent and would increase to 82.3 percent upon consummation of this proposal. On a banks only basis, the Herfindahl-Hirschman Index ("HHI") is 2220 and would increase by 287 points, to 2507 upon consummation of this proposal, making this transaction one that would be subject to challenge under the Department of Justice Merger Guidelines.[3]

Although consummation of the proposal would eliminate existing competition between Applicant and Bank in the Augusta banking market, numerous other commercial banking organizations would remain as competitors after consummation of the proposal. In addition, the Board has concluded that the effect of this proposal on existing competition is mitigated by the extent of competition offered by thrift institutions in the market.[4] Five thrift institutions in the market hold 40.1 percent of the total deposits in depository institutions in the market. One of the thrift institutions, Bankers First Federal Savings and Loan Association, Augusta, Georgia ("Bankers First"), is the second largest depository institution in the market with deposits of $353.1 million. The fourth and sixth largest depository institutions in the market are also thrifts. Thrift institutions actively compete with commercial banks in the market. These thrifts offer transaction accounts, and have been making consumer loans since 1982. The record indicates that, as of June 1984, approximately 15 percent of the market's consumer loans were made by thrifts. In addition, two of the thrifts compete for commercial loans in the market. One of these thrifts, Bankers First, has embarked on a program to triple the size of its commercial loan portfolio. In view of these facts, the Board considers the presence of thrift institutions a significant factor in assessing the competitive effects of this proposal.[5] Accordingly, in view of the competition provided by thrift institutions, and the number and size of competitors remaining in the market, the Board concludes that consummation of the proposed acquisition is not likely to have a significant adverse effect on competition in the Augusta banking market.

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

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

By order of the Board of Governors, effective October 22, 1985.

This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 C.F.R. § 265.1a(c)) by a committee of Board members. Voting for this action: Governors Wallich, Partee, and Seger.

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

2. The Augusta banking market is approximated by Richmond and Columbia Counties in Georgia and Aiken County, South Carolina.

3. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Department is likely to challenge any merger that produces an increase in the HHI of more than 50 points unless other factors indicate that the merger will not substantially lessen competition. If the increase in the HHI exceeds 100 points and the HHI substantially exceeds 1800, the Department has indicated that only in extraordinary cases will other factors establish that the merger is not likely substantially to lessen competition. Other factors include the post-merger HHI, the increase in the HHI, changing market conditions, the financial condition of the firm to be acquired, ease of entry, nature of the product, substitute products, similarities in firms that are subject to the transaction and increased efficiencies that may result from the transaction. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating an anticompetitive effect) unless the merger increases the HHI by at least 200 points and the post-merger HHI is at least 1800.

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

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

5. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, Applicant would control 29.9 percent of the total deposits in the market and Bank would control 2.7 percent. Consummation of the proposal would increase the HHI by 164 points to 1601, and would increase the four-firm concentration ratio to 63.3 percent.

Great American Corporation
Baton Rouge, Louisiana

Order Approving the Acquisition of a Bank

Great American Corporation, Baton Rouge, Louisiana, a bank holding company within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 *et seq.*), has applied for Board approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire the successor by merger to State Bank and Trust Company of Golden Meadow, Golden Meadow, Louisiana ("Bank").

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

Applicant, a one-bank holding company that owns American Bank and Trust Company, Baton Rouge, Louisiana, has total assets of $730 million and is the eighth largest banking organization in Louisiana, controlling 1.9 percent of total deposits in commercial banking organizations in the state.[1] Bank has total assets of $65 million and ranks as the 93rd largest commercial bank in the state, with less than 0.25 percent of deposits in commercial banking organizations statewide. Upon consummation of the proposed transaction, Applicant would become the seventh largest commercial banking organization in Louisiana, controlling approximately 2.15 percent of deposits in commercial banking organizations in the state. Thus, the proposed transaction would have no significant effect on the concentration of banking resources in Louisiana.

Applicant's only current bank subsidiary operates in the Baton Rouge, Louisiana, banking market.[2] Bank is the fourth largest commercial banking organization in the Lafourche Parish, Louisiana, banking market[3] and controls approximately 11 percent of total deposits in commercial banking organizations in that market. Consummation of the proposed transaction would not eliminate existing competition in any relevant market. Based on all the facts of record, including the size of Bank, the Board also concludes that consummation of the proposed transaction would have no significant effect on future competition in any relevant market.

1. All banking data are as of June 30, 1985.
2. The Baton Rouge, Louisiana, banking market is approximated by the Baton Rouge SMSA, and includes the Parishes of East Baton Rouge, West Baton Rouge, Ascension, and Livingston, Louisiana.
3. The Lafourche Parish banking market is approximated by Lafourche Parish, Louisiana.

The Board has indicated on previous occasions that a bank holding company should serve as a source of financial and managerial strength to its subsidiary bank and that the Board will closely examine the condition of an applicant in each case with this consideration in mind.[4] The proposed transaction will strengthen the condition of Bank through an injection of capital. In addition, Applicant has proposed taking certain steps to improve the operations and policies of Bank. Based on these and all of the facts of record, the Board believes the financial and managerial factors are consistent with approval.

Considerations relating to the convenience and needs of the community to be served are also consistent with approval of this application. Accordingly, the Board finds the proposed acquisition would be in the public interest.

On the basis of the record, the Board has determined that the application should be and hereby is approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later that 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 Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective October 15, 1985.

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

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

Key Bancshares of West Virginia, Inc.
Huntington, West Virginia

Order Approving Merger of Bank Holding Companies

Key Bancshares of West Virginia, Inc., Huntington, West Virginia, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("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

4. *See State Bond and Mortgage Company*, 71 FEDERAL RESERVE BULLETIN 772 (1985); *Singer & Associates*, 70 FEDERAL RESERVE BULLETIN 883 (1984); *Central Minnesota Bancshares, Inc.*, 70 FEDERAL RESERVE BULLETIN 877 (1984); *Cambridge Financial Corporation*, 69 FEDERAL RESERVE BULLETIN 796 (1983).

Centurion Bancorp Inc., Charleston, West Virginia ("Centurion"),[1] and thereby indirectly to acquire Centurion's three subsidiary banks in West Virginia: Charleston National Bank, Charleston; Cardinal State Bank, N.A., Beckley; and Citizens National Bank of St. Albans, St. Albans.

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

Applicant is the second largest commercial banking organization in West Virginia. Its three subsidiary banks hold total deposits of $450.9 million, representing approximately 4 percent of the total deposits in commercial banks in West Virginia.[2] Centurion, the third largest commercial banking organization in West Virginia, controls total deposits of $392.1 million, representing 3.5 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed merger, Applicant would become the largest banking organization in West Virginia and would control 7.5 percent of the total deposits in commercial banks in the state.

The Board has carefully considered the effects of the proposal on statewide banking structure and on competition in the relevant markets. This proposal involves the consolidation of two of the largest banking organizations in West Virginia. In terms of concentration of deposits in commercial banks, however, West Virginia is, and would remain following the proposed merger, one of the least concentrated states in the United States. Following consummation, the ten largest commercial banking organizations in West Virginia would control only 29 percent of the total deposits in the state's commercial banks. Accordingly, it is the Board's view that the proposed merger would not have a significantly adverse effect on the concentration of banking resources in West Virginia.

Since Applicant's subsidiary banks do not operate in the same markets as Centurion's subsidiary banks, consummation of the proposed merger would not have a significant adverse effect on existing competition in any relevant market. The Board has also examined the effects of the proposed merger on probable future competition in the relevant geographic markets in light of the Board's proposed guidelines for assessing the competitive effects of market-extension mergers or acquisitions.[3] In evaluating the effects of a proposal on probable future competition, the Board considers market concentration, the number of probable future entrants into the market, the size of the bank to be acquired, and the attractiveness of the market for entry on a *de novo* or foothold basis absent approval of the acquisition. After consideration of these factors in the context of the specific facts of this case, the Board has concluded that consummation of the proposed merger would not have a significant adverse effect on probable future competition in any relevant market.

Applicant's subsidiary banks operate in three banking markets in which Centurion is not represented: the Huntington-Ashland Ranally Metropolitan Area market, the Boone County-Logan County market, and the Mason County market. The record indicates that the Huntington-Ashland market is unconcentrated, with the three largest commercial banks holding only 29.7 percent of the total deposits in the market. Applicant's other two banking markets are not located in Metropolitan Statistical Areas. Thus, none of Applicant's markets is subject to intensive analysis under the Board's guidelines. On the basis of these and other facts of record, the Board concludes that elimination of Centurion as a probable future entrant into the markets served by Applicant would not have a substantial anticompetitive effect in any of those markets.

Centurion's subsidiary banks operate in two banking markets in which Applicant is not represented, the Charleston and the Raleigh County markets. The Charleston market, in which the three largest commercial banks hold 55.9 percent of total deposits, is not highly concentrated. In the Raleigh County market, Centurion's bank subsidiary is not a market leader; furthermore, the market is not located in a Metropolitan Statistical Area. On the basis of these considerations and other facts of record, the Board concludes that elimination of Applicant as a probable future entrant into the markets served by Centurion would not have a substantial anticompetitive effect in either of those markets.

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

Based on the foregoing and other facts of record, the Board has determined that consummation of the proposed merger would be in the public interest and that

1. Following consummation of the proposed merger, Applicant would change its name to Key Centurion Bancshares, Inc., and would move its headquarters to Charleston.

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

3. 47 *Federal Register* 9017 (1982). While the proposed guidelines have not been adopted by the Board, the Board is using the guidelines in its analysis of the effect of a proposal on probable future competition.

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

By order of the Board of Governors, effective October 24, 1985.

This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 C.F.R. § 265.1a(c)) by a committee of Board members. Voting for this action: Chairman Volcker and Governors Martin and Partee.

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

Mt. Zion Bancorp, Inc.
Mt. Zion, Illinois

Order Approving Acquisition of a Bank

Mt. Zion Bancorp, Inc., Mt. Zion, Illinois, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval pursuant to section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 70.4 percent or more of the voting shares of First National Bank of Mt. Zion, Mt. Zion, Illinois ("Bank").

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

Applicant is one of the smaller commercial banking organizations in Illinois, controlling two banks with total deposits of $37.7 million, representing less than 0.1 percent of total deposits in commercial banks in the state.[1] Bank is one of the smaller commercial banks in Illinois, with total deposits of $7.3 million, representing less than 0.1 percent of total deposits in commercial banks in the state. Upon consummation of this proposal, Applicant would remain one of the smaller commercial banking organizations in Illinois, controlling total deposits of $45.0 million, representing less than 0.1 percent of total deposits in commercial banks in Illinois. Consummation of the transaction would not have a significant adverse effect on the concentration of banking resources in Illinois.

Bank operates in the Decatur banking market,[2] where it is the 15th largest of 16 commercial banking organizations, controlling 0.8 percent of total deposits in commercial banks. Applicant has one subsidiary bank in the Decatur banking market, Mt. Zion State Bank, Mt. Zion, Illinois ("State Bank"). State Bank is the sixth largest commercial banking organization, with total deposits of $31.7 million, representing 3.6 percent of total deposits in commercial banks in the market. Upon consummation of this proposal, Applicant would remain the sixth largest commercial banking organization, with total deposits of $39 million, representing 4.4 percent of total deposits in commercial banks in the market.

The Decatur banking market is moderately concentrated, with a four-firm concentration ratio of 73.3 percent and a Herfindahl-Hirschman Index ("HHI") of 1581.[3] Upon consummation of this transaction, the four-firm concentration ratio would remain unaffected and the HHI would increase by only 6 points to 1587. The Board concludes that consummation of this transaction would not result in any significant adverse effects upon competition in the market.[4]

The financial and managerial resources and future prospects of Applicant, its subsidiary banks, and Bank are consistent with approval.[5] Applicant has proposed

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

2. The Decatur banking market is defined as all of Macon County, Illinois, plus the township of Moweaqua in Shelby County, Illinois.

3. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (1984)) a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated, and the Department is likely to challenge a merger that increases the HHI by more than 100 points, unless other facts of record indicate that the merger is not likely substantially to lessen competition. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

4. Two Protestants allege that consummation of the transaction would result in a monopoly due to the fact that Applicant already owns State Bank, the only other commercial bank in Mt. Zion. Based upon the facts of record, however, the relevant geographic market for assessing the competitive effects of this transaction is the Decatur banking market. As noted above, the Board concludes that this transaction would not result in any significant adverse competitive effects within this market.

5. One of the Protestants claims that a conflict of interest may exist because the Mt. Zion School District is a large depositor in State Bank and the President of State Bank is a member of the Mt. Zion School District Board. One Protestant also questioned Applicant's management, alleging that it had hired a former executive officer of Bank who, Protestant believed, may have been removed for improper management of Bank. The Board has investigated these allegations and has determined that they are not supported by any evidence in the record.

no new services for Bank. However, there is no evidence in the record that the banking needs of the communities to be served are not being met. Accordingly, considerations relating to the convenience and needs of the communities to be served are consistent with approval.

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

By order of the Board of Governors, effective October 24, 1985.

This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 C.F.R. § 265.1a(c)) by a committee of Board members. Voting for this action: Chairman Volcker and Governors Martin and Partee.

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

United New Mexico Financial Corporation Albuquerque, New Mexico

Order Approving Acquisition of a Bank Holding Company and Bank

United New Mexico Financial Corporation, Albuquerque, New Mexico, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (the "Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all the voting shares of Gallup Bancshares, Inc., Gallup, New Mexico ("Company), and thereby indirectly to acquire First State Bank of Gallup, Gallup, New Mexico ("Bank").

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

Applicant is the fourth largest banking organization in New Mexico, controlling eleven banks with total deposits of $609.3 million, representing 8.1 percent of total deposits in commercial banks in the state.[1] Company is the 22nd largest banking organization in New Mexico, controlling Bank with total deposits of $71.4 million, representing 0.9 percent of total deposits in commercial banks in the state. New Mexico's banking structure is relatively unconcentrated with the state's four largest banking organizations holding 51.5 percent of the deposits in commercial banks in the state. Upon consummation of the proposal, Applicant would become the third largest banking organization in New Mexico, controlling twelve banks with total deposits of $680.7 million, representing 9.0 percent of total deposits in the state, and the four-firm concentration ratio would increase to 52.4 percent. The Board has concluded that consummation of the transaction would not have a significant adverse effect on the concentration of banking resources in New Mexico.

Bank is the second largest of three commercial banking organizations in the the McKinley County banking market,[2] controlling 41.6 percent of total deposits in commercial banks. Applicant does not operate in the McKinley County banking market, and principals of Applicant are not affiliated with any other banking organization in the market. Consummation of this proposal would not result in the elimination of existing competition in the market.

The Board has considered the effects of the proposal on probable future competition in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions, and the Board does not believe that consummation of this transaction would have any significant effects on probable future competition.[3] Accordingly, the Board concludes that consummation of this transaction would not result in any adverse effects upon competition or significantly increase the concentration of banking resources in any relevant area.

The financial and managerial resources and future prospects of Applicant, Company, and Bank are consistent with approval of this application. Applicant has indicated that it will expand the types of deposit accounts available to Bank's customers, provide Bank's customers with a full range of personal and corporate trust services, and provide ATM services.

1 All deposit data are as of December 31, 1984. All banking structure data are as of June 30, 1985.

2. The McKinley County banking market is defined as McKinley County, New Mexico.

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

Accordingly, considerations relating to the convenience and needs of the community to be served are consistent with approval of the proposal.

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

By order of the Board of Governors, effective October 16, 1985.

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

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

Zions Utah Bancorporation
Salt Lake City, Utah

Order Approving Acquisition of a Bank

Zions Utah Bancorporation, Salt Lake City, Utah, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares of Nevada State Bank, Las Vegas, Nevada ("Bank").

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

Applicant is the second largest commercial banking organization in Utah. Its one subsidiary bank controls domestic deposits of approximately $1.5 billion, representing 20.2 percent of the total deposits in commercial banks in Utah.[1] Bank is the fifth largest commercial banking organization in Nevada with domestic deposits of approximately $157 million, representing 3.6 percent of the total deposits in commercial banks in Nevada.

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the holding company's home state,[2] unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication." The statute laws of Nevada authorize the acquisition of a bank in Nevada by a financial institution located in another state in a defined western region.[3] Such acquisitions are authorized if the laws of the acquiring institution's home state permit Nevada bank holding companies to acquire banks or holding companies in that state "under terms and conditions which are substantially comparable to or less restrictive than" those imposed under Nevada law.[4]

Utah has enacted a similar reciprocal statute, which permits the acquisition of a Utah bank by a Nevada bank holding company.[5] Based on its review of the relevant Nevada and Utah statutes, the Board has determined that the Utah statute fulfills the reciprocity requirement of Nevada law and that Nevada has by statute expressly authorized a Utah bank holding company, such as Applicant, to acquire a Nevada bank, such as Bank.[6] Accordingly, the Board concludes that approval of Applicant's proposal to acquire a bank in Nevada is not barred by the Douglas Amendment.

All of Bank's offices are located in the Las Vegas, Nevada, metropolitan banking market.[7] Since Applicant's subsidiary bank does not operate in Nevada, consummation of the proposed acquisition would have no effect on existing competition in any relevant market. The Board has also examined the effect of Applicant's acquisition of Bank on probable future competition in the relevant geographic markets in light of the Board's proposed guidelines for assessing the competitive effect of market-extension mergers or

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

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

3. Nevada's interstate banking region includes Alaska, Arizona, Colorado, Hawaii, Idaho, Montana, New Mexico, Oregon, Utah, Washington, and Wyoming.

4. 1985 Nev. Stat. Ch. 656, § 14.

5. Utah Code Ann. §§ 7-1-102 *et seq.*

6. As required by Nevada law, the Administrator of the Financial Institutions Division of Nevada has made a formal finding that the terms and conditions of the Utah statute are "substantially comparable to or less restrictive than" those of the Nevada statute. The Administrator issued an order approving the proposed acquisition on October 9, 1985.

7. The Las Vegas metropolitan banking market is approximated by the Las Vegas Ranally Metropolitan Area.

acquisitions.[8] In view of the existence of numerous other potential entrants from Utah and other states in Nevada's western interstate banking region into the market served by Bank, the Board has concluded that consummation of the proposed transaction would not have any significant adverse effects on probable future competition in any relevant market.

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

Based on the foregoing and other facts of record, the Board has determined that the proposed acquisition would be in the public interest and that the application should be approved. Accordingly, the application is approved for the reasons summarized above. The acquisition of Bank 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 San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective October 10, 1985.

This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 C.F.R. § 265.1a(c)) by a committee of Board members. Voting for this action: Vice Chairman Martin and Governors Partee and Rice.

WILLIAM W. WILES
[SEAL] *Secretary of the Board*

Orders Issued Under Section 4 of the Bank Holding Company Act

Bank of Montreal
Quebec, Canada

Order Approving Application to Execute and Clear Futures Contracts on Stock Indexes, Options Thereon, and Futures Contracts on a Municipal Bond Index

Bank of Montreal, Montreal, Quebec, Canada, a bank holding company within the meaning of the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.* ("BHC Act"), has applied pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(3)) to engage *de novo* indirectly through its subsidiaries, Bankmont Financial Corp., New York, New York ("Bankmont"), and Harris Bankcorp, Inc., Chicago, Illinois ("Harris"), and through Harris' wholly-owned subsidiary, Harris Futures Corporation, also of Chicago ("HFC"), in the execution and clearance, on major commodity exchanges, of futures contracts on stock indexes and options thereon, and of futures contracts on a municipal bond index.

Applicant proposes to execute and clear: the Bond Buyer Municipal Bond Index futures contract and the Major Market Index futures contract, both currently traded on the Chicago Board of Trade; the Standard & Poor's 100 Stock Price Index futures contract, the Standard & Poor's 500 Stock Price Index futures contract ("S&P 500"), and options on the S&P 500, all of which are currently traded on the Index and Option Division of the Chicago Mercantile Exchange; and the FT-SE 100 Equity Index futures contract, currently traded on the London International Financial Futures Exchange. Applicant proposes to offer these services to financial institutions, corporations, pension and endowment funds, mutual funds, insurance companies and other sophisticated customers.

Notice of the application, affording interested persons an opportunity to submit comments on the relation of the proposed activities to banking and on the balance of public interest factors, has been duly published (50 *Federal Register* 30,761 (1985)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Bank of Montreal, with total assets of approximately $55.4 billion,[1] is the second largest bank in Canada. In the United States, Bank of Montreal owns all of the outstanding voting shares of Bankmont, Harris, and Harris' nonbanking subsidiaries. Bank of Montreal also operates Harris Bank International Corporation, New York, New York, a corporation organized pursuant to section 25(a) of the Federal Reserve Act (the "Edge Act") (12 U.S.C. § 611 *et seq.*), and two nondeposit trust companies, Bank of Montreal (California), San Francisco, California, and Bank of Montreal Trust Company, New York, New York, operated pursuant to the requirements of section 225.25(b)(3) of the Board's Regulation Y.

Harris, with approximately $8.8 billion in total assets, is the third largest commercial banking organiza-

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

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

tion in Illinois, with approximately $479.4 million in total deposits, representing 4.8 percent of deposits held by commercial banking organizations statewide. The bank subsidiaries of Harris, which include Harris Trust and Savings Bank, the third largest commercial bank in Illinois, and several smaller commercial banks, all operate in the Chicago, Illinois, banking market[2] and together hold approximately 7.3 percent of the deposits held by commercial banking organizations in that market.

HFC is a futures commission merchant ("FCM"), registered with the Commodity Futures Trading Commission ("CFTC"), that engages in futures activities permissible for bank holding companies under section 225.25(b)(18) of the Board's Regulation Y, 12 C.F.R. § 225.25(b)(18).

The Board has previously determined that the execution and clearance of futures contracts on a municipal bond index is closely related to banking. *Bankers Trust New York Corporation,* 71 FEDERAL RESERVE BULLETIN 111 (1985). The Board has also previously determined that the execution and clearance of futures contracts and options on futures contracts based on stock indexes is closely related to banking. *J.P. Morgan & Co. Incorporated,* 71 FEDERAL RESERVE BULLETIN 251 (1985). The proposed activities of HFC are essentially identical to those activities previously approved by the Board. Thus, the Board concludes that Applicant's proposal to execute and clear futures contracts on stock indexes, options thereon, and futures contracts on a municipal bond index is closely related to banking.

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

Consummation of Applicant's proposal would provide added convenience to those clients of Applicant and its subsidiaries that trade in the cash, forward and futures markets for these instruments. The Board expects that the *de novo* entry of Applicant into the market for these services would increase the level of competition among providers of these services already in operation. Accordingly, the Board concludes that the performance of the proposed activities by Applicant can reasonably be expected to provide benefits to the public.

The Board also has considered the potential for adverse effects that may be associated with this proposal. There is no evidence in the record that consummation of the proposed FCM activities would result in any adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. In addition, the Board has taken into account and has relied on the regulatory framework established pursuant to law by the CFTC for the trading of futures, as well as the conditions set forth in section 225.25(b)(18) of Regulation Y with respect to executing and clearing futures contracts.

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

This determination is also subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

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

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

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

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

First Union Corporation
Charlotte, North Carolina

Order Approving Acquisition of a Bank Holding Company

First Union Corporation, Charlotte, North Carolina, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire the successor by merger to Atlantic Bancor-

2. The Chicago banking market is approximated by Cook, DuPage, and Lake Counties, Illinois.

poration, Inc., Jacksonville, Florida ("Atlantic").[1] As a result of the acquisition, Applicant would acquire indirectly Atlantic's two subsidiary banks, Atlantic National Bank of Florida, Jacksonville, Florida, and Atlantic National Bank of Miami, Miami, Florida.

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23) to acquire Atlantic's nonbanking subsidiary, Atlantic Mortgage & Investment Corporation, Jacksonville, Florida ("Atlantic Mortgage"), a company that engages in originating and servicing residential real estate loans and in making other mortgage and construction loans. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies, 12 C.F.R. § 225.25(b)(1).

Notice of the applications, affording an opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act (50 *Federal Register* 31,427 (1985)). 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 and the considerations specified in section 4(c)(8) of the Act.[2]

Applicant is the third largest commercial banking organization in North Carolina. Its one subsidiary bank controls total domestic deposits of approximately $3.6 billion, representing 13.8 percent of the total deposits in commercial banks in North Carolina.[3] Atlantic, the eighth largest commercial banking organization in Florida, has two subsidiary banks that control aggregate domestic deposits of approximately $2.7 billion, representing 4.5 percent of the total deposits in commercial banks in Florida.

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the holding company's home state,[4] unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication." The statute laws of Florida authorize the acquisition of a bank in Florida by a bank holding company that controls a bank located in other states in a defined southeastern region, including North Carolina.[5] Such acquisitions are permitted if the laws of the acquiring institution's home state permit the acquisition of a bank in that state by a Florida bank holding company on a reciprocal basis.[6] North Carolina has enacted a similar reciprocal statute,[7] which permits the acquisition of a North Carolina bank by a bank holding company located in Florida.

Based on its review of the relevant Florida and North Carolina statutes, the Board has determined that the North Carolina statute satisfies the conditions of the Florida regional interstate banking statute and that Florida has by statute expressly authorized a North Carolina bank holding company, such as Applicant, to acquire a Florida bank or bank holding company, such as Atlantic.[8] Accordingly, the Board concludes that approval of Applicant's proposal to acquire banks in Florida is not barred by the Douglas Amendment.

Atlantic's banking subsidiaries operate in 18 markets in Florida. Since Applicant's subsidiary bank does not operate in Florida, consummation of the proposed acquisition would have no effect on existing competition in any relevant market. The Board has also examined the effect of Applicant's acquisition of Atlantic on probable future competition in the relevant geographic markets in light of the Board's proposed guidelines for assessing the competitive effects of market-extension mergers or acquisitions.[9] In view of the existence of numerous other potential entrants

1. Applicant has also applied under section 3(a)(1) of the Act (12 U.S.C. § 1842(a)(1)) for approval for its wholly-owned inactive subsidiary, Queen City Special Company A, Charlotte, North Carolina ("Queen City"), to become a bank holding company through merger with Atlantic. Queen City is of no significance except as a means to facilitate this transaction.

2. The Board received a protest from Greater Orlando Area Legal Services, Inc., Orlando; Central Florida Legal Services, Inc., Daytona Beach; Legal Services of Greater Miami, Inc., Miami; and Community Economic Development Work Group, Inc., Sarasota, alleging that Atlantic's subsidiary banks are not fulfilling their responsibility under the Community Reinvestment Act to help meet the credit needs of their communities. The protestants withdrew their protest following Several meetings with Applicant and Applicant's adoption of an Undertaking designed to help meet the credit needs of the communities served by Atlantic.

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

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

5. Fla. Stat. Ann. § 658.295 (Supp. 1984).

6. Fla. Stat. Ann. § 658.295(3)(a).

7. N.C. Gen. Stat. §§ 53–209 *et seq.* (Supp. 1984).

8. The Board previously has made a similar determination with respect to the Florida statute's authorization of acquisitions of Florida banks by bank holding companies located in Georgia, which has enacted a statute parallel to North Carolina's statute. *See SunTrust Banks, Inc.*, 71 FEDERAL RESERVE BULLETIN 176, 177 (1985); *Citizens and Southern Corporation*, 71 FEDERAL RESERVE BULLETIN 728, 729 (1985).

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

from states within the southeastern interstate banking region into each of the markets served by Atlantic or Applicant, the Board has concluded that consummation of the proposed transaction would not have any significant adverse effects on probable future competition in any relevant market.

The financial and managerial resources and future prospects of Applicant, Atlantic, and their respective subsidiaries are consistent with approval of the applications. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval, particularly in light of Applicant's adoption of a formal Undertaking regarding the Community Reinvestment Act obligations of its proposed subsidiary banks.

Applicant has also applied, pursuant to section 4(c)(8) of the Act, to acquire Atlantic Mortgage, a nonbanking company that engages in originating and servicing residential real estate loans and in making other mortgage and construction loans. Applicant currently engages in mortgage banking activities in Florida and nationwide through its subsidiary, Cameron-Brown Corporation ("Cameron-Brown").

In the market for one- to four-family mortgage originations,[10] this proposal would eliminate existing competition between Atlantic Mortgage and Cameron-Brown in the Jacksonville, Orlando, and Tampa markets.[11] However, in each case, the market for this product is unconcentrated, with numerous bank and nonbank competitors, and few barriers to entry exist. Moreover, Cameron-Brown's market share of residential mortgage originations is not substantial in any of the three markets. Accordingly, the proposed acquisition would not have a significant adverse effect on competition for residential mortgage originations in any relevant market.

The markets for mortgage servicing, construction lending, and the origination of non-residential and multi-family residential mortgage loans are national in scope.[12] Atlantic Mortgage's market share in each of these product markets is *de minimis*, and the markets are unconcentrated, with a large number of bank and nonbank participants. Accordingly, the combination of Cameron-Brown and Atlantic Mortgage would have no significant effect on competition in these nationwide product markets.

After consideration of the above facts and other facts of record, the Board concludes that Applicant's acquisition of Atlantic's nonbanking subsidiary would not significantly affect existing or probable future competition in any relevant market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the application to acquire Atlantic's nonbanking subsidiary.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be, and hereby are, approved. The acquisition of Atlantic's subsidiary banks shall not be consummated before the thirtieth calendar day following the effective date of this Order, and neither the banking acquisition nor the nonbanking acquisition shall occur later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority. The determination with respect to Applicant's acquisition of Atlantic Mortgage is subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b) (12 C.F.R. §§ 225.4(d) and 225.23(b)), and to the Board's authority to require such modifications or termination of activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and prevent evasions of, the provisions and purposes of the Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective October 16, 1985.

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

JAMES MCAFEE
Associate Secretary of the Board

[SEAL]

10. This product market has been determined to be local in scope. *See, e.g., NBD Bancorp, Inc.*, 71 Federal Reserve Bulletin 258, 261 (1985).
11. The Jacksonville, Orlando, and Tampa markets are defined as the Ranally Metropolitan Areas for those three cities.
12. *See NBD Bancorp, Inc.*, 71 Federal Reserve Bulletin 258, 261 (1985).

Orders Approved Under Bank Holding Company Act

By the Board of Governors

Recent applications have been approved by the Board of Governors as listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
Arlington Commonwealth Corporation, Arlington, Texas	Mercantile National Bank, Arlington, Texas	October 10, 1985
Associated Bank Shares Corporation, Colorado Springs, Colorado	First Bank, Colorado Springs, Colorado	October 21, 1985
Commerce & Energy Bank Holding Company, Lafayette, Louisiana	Commerce & Energy Bank of Lafayette, Lafayette, Louisiana	October 28, 1985
Financial Consortium of America, Solana Beach, California	Bank of La Costa, Carlsbad, California	October 28, 1985
Lake Hamilton Enterprises, Inc., Little Rock, Arkansas	The Bank of Harrisburg, Harrisburg, Arkansas	October 9, 1985
Republic Bank Corporation, Dallas, Texas	Republic Bank Preston North, N.A., Plano, Texas	October 18, 1985
Security North Corporation, Amarillo, Texas	BancCentral, Amarillo, Texas	October 15, 1985
Summit Bancorporation, Inc., Minneapolis, Minnesota	Summit County Bank, Frisco, Colorado	October 28, 1985

By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies of the orders are available upon request to the Reserve Banks.

Section 3

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Allied Bankshares, Inc., Thomson, Georgia	Bank of Millen, Millen, Georgia	Atlanta	September 26, 1985
American Fletcher Corporation, Indianapolis, Indiana	Union Bank and Trust Company, Franklin, Indiana	Chicago	October 16, 1985
American National Bancshares, Inc., Ruston, Louisiana	American Bank of Ruston, N.A., Ruston, Louisiana	Dallas	October 9, 1985
ARSEBCO, Inc., Falls City, Nebraska	The Richardson County Bank and Trust Co., Falls City, Nebraska	Kansas City	October 15, 1985
Bank Shares Incorporated, Minneapolis, Minnesota	Fidelity Bank Northeast, Minneapolis, Minnesota	Minneapolis	August 29, 1985

Section 3—Continued

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Bankvest, Inc., Wilkes-Barre, Pennsylvania	Peoples National Bank of Edwardsville, Edwardsville, Pennsylvania	Philadelphia	October 7, 1985
Brunswick Bancorp, New Brunswick, New Jersey	Brunswick Bank & Trust Company, Manalapan Township, New Jersey	New York	October 18, 1985
Canebrake Bancshares, Inc., Uniontown, Alabama	Canebrake Bank, Uniontown, Alabama	Atlanta	October 4, 1985
CB&T Bancshares, Inc., Hartselle, Alabama	Community Bank & Trust, Hartselle, Alabama	Atlanta	September 23, 1985
Chemical Financial Corporation, Midland, Michigan	Chemical Bank West, Cadillac, Michigan	Chicago	September 27, 1985
Citizens Bancshares of Loyal, Inc., Loyal, Wisconsin	Citizens State Bank of Loyal, Loyal, Wisconsin	Chicago	October 21, 1985
Citizens State Bancorp, Silverton, Ohio	Citizens State Bank, Silverton, Ohio	Cleveland	October 23, 1985
City Financial Corp. of Tampa, Tampa, Florida	City Bank of Tampa, Tampa, Florida	Atlanta	September 27, 1985
CommerceAmerica Corp., Jeffersonville, Indiana	Old Capital Bank & Trust Company, Corydon, Indiana	St. Louis	October 9, 1985
Commercial Bancshares, Inc., Jersey City, New Jersey	Edgewater National Bank, Englewood Cliffs, New Jersey	New York	October 4, 1985
Community Bancorp, Inc., Rhinebeck, New York	The First National Bank of Rhinebeck, Rhinebeck, New York	New York	October 4, 1985
Community Banks, Inc., Middleton, Wisconsin	Farmers and Merchants Bank, Richland Center, Wisconsin	Chicago	October 11, 1985
Community Financial Corp., Edgewood, Iowa	Community Savings Bank, Edgewood, Iowa	Chicago	September 25, 1985
Community Holding Company, Inez, Kentucky	The First National Bank of Louisa, Louisa, Kentucky	Cleveland	September 26, 1985
Country Club Bancorporation, Inc., Country Club Hills, Illinois	Heritage Bank of Country Club Hills, Country Club Hills, Illinois	Chicago	October 16, 1985
Ellinwood Bankshares, Inc., Salina, Kansas	The Peoples State Bank and Trust Company, Ellinwood, Kansas	Kansas City	October 10, 1985
Farmers State Bancorp., College Corner, Ohio	State Bank of Carthage, Carthage, Indiana The First National Bank of Mays, Mays, Indiana	Chicago	October 15, 1985
F&M National Corporation, Winchester, Virginia	Albemarle Bank and Trust Company, Charlottesville, Virginia	Richmond	October 2, 1985
FIRSNABANCO, INC., Viroqua, Wisconsin	Citizens State Bank, Trempealeau, Wisconsin	Chicago	September 27, 1985

Section 3—Continued

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
First Bankers Corporation of Florida, Pompano Beach, Florida	The Island Bank, Holmes Beach, Florida	Atlanta	September 16, 1985
First Commerce Bancorp, Inc., Phoenix, Arizona	First Commerce National Bank, Phoenix, Arizona	San Francisco	October 9, 1985
First Geneva Banqueshares, Inc., Geneva, Illinois	The First National Bank of Geneva, Geneva, Illinois	Chicago	October 8, 1985
First Huntsville Corporation, Huntsville, Texas	First National Bank of Madisonville, Madisonville, Texas	Dallas	October 22, 1985
First Indiana Bancorp, Elkhart, Indiana	Syracuse Bancorp, Inc., Syracuse, Indiana	Chicago	October 23, 1985
First Jersey National Corporation, Jersey City, New Jersey	The Broad Street National Bank of Trenton, Trenton, New Jersey	New York	October 8, 1985
First National Bancorp of Cullom, Inc., Cullom, Illinois	The First National Bank of Cullom, Cullom, Illinois	Chicago	October 11, 1985
1st Source Corporation, South Bend, Indiana	Marco Capital Corporation, Plymouth, Indiana	Chicago	October 4, 1985
First United Bancshares, Inc., Park City, Kentucky	Park City State Bank, Park City, Kentucky	St. Louis	October 3, 1985
Fourth Financial Corporation, Wichita, Kansas	Citizens National Bank and Trust Company of Emporia, Emporia, Kansas	Kansas City	October 8, 1985
Franklin Capital Corporation, Wilmette, Illinois	First Security Bank, Addison, Illinois	Chicago	October 11, 1985
Grant County Bancorporation, Inc., Carson, North Dakota	First Bank Southwest—Carson, Carson, North Dakota	Minneapolis	October 21, 1985
Finest Financial Corp., Pelham, New Hampshire	Pelham Bank and Trust Company, Pelham, New Hampshire	Boston	October 17, 1985
HCB Financial Corp., Hastings, Michigan	The Hastings City Bank, Hastings, Michigan	Chicago	September 24, 1985
The Hongkong and Shanghai Banking Corporation, Hong Kong	Golden Pacific National Bank, New York, New York	New York	October 11, 1985
Howard Bancorp, Burlington, Vermont	The Woodstock National Bank, Woodstock, Vermont	Boston	October 22, 1985
The Indiana National Corporation, Indianapolis, Indiana	The Fidelity Bank of Indiana, Carmel, Indiana	Chicago	October 11, 1985
The Indiana National Corporation, Indianapolis, Indiana	Lowell National Bancorp, Lowell, Indiana The Lowell National Bank, Lowell, Indiana	Chicago	October 1, 1985
The Indiana National Corporation, Indianapolis, Indiana	Union Bank and Trust Company, Delphi, Indiana	Chicago	October 22, 1985

Section 3—Continued

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Junction City Holding Company, Junction City, Arkansas	Junction City Bancshares, Inc., Junction City, Arkansas	St. Louis	October 7, 1985
Kansas Bank Corporation, Liberal, Kansas	Citizens Bank Services, Inc., Abilene, Kansas	Kansas City	October 1, 1985
Kennett Bancshares, Inc., Kennett, Missouri	Kennett National Bank, Kennett, Missouri	St. Louis	September 23, 1985
Klein Bancshares, Inc., Houston, Texas	Klein Bank-Cypresswood, N.A., Houston, Texas	Dallas	October 2, 1985
Malta Bancshares, Inc., Malta, Illinois	Community Bank of Utica, Utica, Illinois	Chicago	September 25, 1985
McLaughlin Bancshares, Inc., Ralls, Texas	Security State Bank & Trust Company, Ralls, Texas South Plains Bancshares, Inc. Idalou, Texas	Dallas	September 25, 1985
Middlebury National Corporation, Middlebury, Vermont	The National Bank of Middlebury, Middlebury, Vermont	Boston	September 23, 1985
New Bedford Community Bancorp, New Bedford, Massachusetts	Luzo Bank and Trust Company, New Bedford, Massachusetts	Boston	October 4, 1985
Ohio Bancorp, Youngstown, Ohio	The Minerva Banking Company, Minerva, Ohio	Cleveland	September 25, 1985
Ottawa Bancshares, Inc., Ottawa, Kansas	First Kansas Bank, Hoisington, Kansas	Kansas City	October 3, 1985
Pinnacle Bancshares, Incorporated, Paw Paw, Illinois	State Bank of Paw Paw, Paw Paw, Illinois	Chicago	September 27, 1985
P.T.C. Bancorp, Brookville, Indiana	The First National Bank of Vevay, Vevay, Indiana	Chicago	September 25, 1985
Putnam County Bancorp, Inc., Hennepin, Illinois	Putman County Bank, Hennepin, Illinois	Chicago	October 7, 1985
San Mateo County Bancorp, Redwood City, California	San Mateo County National Bank, Redwood City, California	San Francisco	October 15, 1985
Security State Corporation, Centralia, Washington	Security State Bank, Centralia, Washington	San Francisco	October 9, 1985
Signal Hills Associates, Inc., West St. Paul, Minnesota	State Bank of Hampton, Hampton, Minnesota	Minneapolis	October 3, 1985
Society Corporation, Cleveland, Ohio	Society National Bank of Northwest Ohio, Port Clinton, Ohio	Cleveland	September 26, 1985
South Ottumwa Bancshares, Inc., Ottumwa, Iowa	South Ottumwa Savings Bank, Ottumwa, Iowa	Chicago	September 27, 1985
Taylor Bancshares, Inc., North Mankato, Minnesota	Valley National Bank of North Mankato, North Mankato, Minnesota	Minneapolis	September 26, 1985

Section 3—Continued

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Toledo Trustcorp, Inc., Toledo, Ohio	The Society National Bank of Mid-Ohio, Bucyrus, Ohio	Cleveland	September 26, 1985
Toledo Trustcorp, Inc., Toledo, Ohio	The Society National Bank of Northwest Ohio, Fostoria, Ohio	Cleveland	September 26, 1985
Tri City Bankshares Corporation, Oak Creek, Wisconsin	The First National Bank of Eagle River, Eagle River, Wisconsin	Chicago	September 26, 1985
The TrustCompany Bancorporation, Jersey City, New Jersey	The Trust Company of New Jersey, Jersey City, New Jersey	New York	September 30, 1985
United New Mexico Financial Corporation, Albuquerque, New Mexico	United Bancshares, Inc., Hobbs, New Mexico United Bank of Lea County, Hobbs, New Mexico	Dallas	August 30, 1985
Valley Bancorp, Inc., El Paso, Texas	Montwood Bancshares, Inc., El Paso, Texas	Dallas	October 4, 1985
Wiregrass Bancorporation, Ashford, Alabama	The First National Bank of Ashford, Ashford, Alabama	Atlanta	October 15, 1985

Section 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Barclays PLC London, England Barclays U.S. Holdings Inc., New York, New York Barclays USA Inc., Wilmington, Delaware BarclaysAmericanCorporation, Charlotte, North Carolina	Northwestern Mortgage Corporation, Charlotte, North Carolina	New York	October 4, 1985
Community Bank System, Inc., Syracuse, New York	data processing services	New York	October 18, 1985
First Golden Bancorporation, Golden, Colorado	sale of credit-related insurance	Kansas City	October 3, 1985
First Railroad & Banking Company of Georgia, Augusta, Georgia	Bob White Computing Services, Inc., Bloomington, Illinois	Atlanta	October 4, 1985
Fishkill National Corporation, Beacon, New York	North Atlantic Leasing Corporation, Millbrook, New York	New York	October 9, 1985
Manufacturers Hanover Corporation, New York, New York	AmHoist Credit Corporation, St. Paul, Minnesota	New York	October 9, 1985

Section 4—Continued

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
MCorp, Dallas, Texas; MCorp Financial, Inc., Wilmington, Delaware	Ohio Valley Data Control, Inc., Belpre, Ohio	Dallas	October 18, 1985
RIHT Financial Corporation, Providence, Rhode Island	American Financial Systems Corporation, Tampa, Florida	Boston	October 11, 1985
Security Pacific Corporation, Los Angeles, California	New England Mutual Association Budget Plan, Inc., Keene, New Hampshire	San Francisco	October 15, 1985
Security State Agency of Aitkin, Inc., Aitkin, Minnesota	John F. Solien Agency, Aitkin, Minnesota	Minneapolis	October 18, 1985

Section 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Bellcorp, Inc., Manhattan, Kansas	Citizens State Bancorp., Inc., Manhattan, Kansas sale of credit life insurance	Kansas City	October 18, 1985

ORDERS APPROVED UNDER BANK MERGER ACT

By Board of Governors

Applicant	Bank(s)	Effective date
The Fifth Third Bank, Cincinnati, Ohio	The Fifth Third Bank of Miami Valley, Kettering, Ohio	September 18, 1985

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
Bibb Interim Bank, West Blocton, Alabama	First State Bank of Bibb County, West Blocton, Alabama	Atlanta	October 4, 1985
1st Source Bank, South Bend, Indiana	1st Source Bank of Marshall County, Plymouth, Indiana	Chicago	October 4, 1985
Independence Bank, Plano, Texas	New Independence Bank, Plano, Texas	Dallas	October 21, 1985
Princeton Bank, Princeton, New Jersey	The Bank of New Jersey, N.A., Moorestown, New Jersey	Philadelphia	October 22, 1985

Pending Cases Involving the Board of Governors

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

First National Bank of Blue Island Employee Stock Ownership Plan v. Board of Governors, No. 85–2615 (7th Cir., filed Sept. 23, 1985).

First National Bancshares II v. Board of Governors, No. 85–3702 (6th Cir., filed Sept. 4, 1985).

Independent Community Bankers Association of South Dakota v. Board of Governors, No. 84–1496 (D.C. Cir., filed Aug. 7, 1985).

Florida Bankers Association, et al. v. Board of Governors, No. 85–193 (U.S., filed Aug. 5, 1985).

Populist Party of Iowa v. Federal Reserve Board, No. 85–626-B (S.D. Iowa, filed Aug. 2, 1985).

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

Broad Street National Bank of Trenton v. Board of Governors, No. 85–3387 (3d Cir., filed July 17, 1985).

Wight, et al. v. Internal Revenue Service, et al., No. CIV S-85–0012 MLS (E.D. Cal., filed July 12, 1985).

Cook v. Spillman, et al., No. CIV S-85–0953 EJG (E.D. Cal. filed July 10, 1985).

Calhoun, et al. v. Board of Governors, No. 85–1750 (D.D.C., filed May 30, 1985).

Florida Bankers Association v. Board of Governors, No. 84–3883 and No. 84–3884 (11th Cir., filed Feb. 15, 1985).

Florida Department of Banking v. Board of Governors, No. 84–3831 (11th Cir., filed Feb. 15, 1985), and No. 84–3832 (11th Cir., filed Feb. 15, 1985).

Dimension Financial Corporation v. Board of Governors, No. 84–1274 (U.S., filed Feb. 6, 1985).

Lewis v. Volcker, et al., No. C-1–85–0099 (S.D. Ohio, filed Jan. 14, 1985).

Brown v. United States Congress, et al., No. 84–2887–6(IG) (S.D. Cal., filed Dec. 7, 1984).

Seattle Bancorporation, et al. v. Board of Governors, No. 84–7535 (9th Cir., filed Aug. 15, 1984).

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

State of Ohio v. Board of Governors, No. 84–1270 (10th Cir., filed Jan. 30, 1984).

Colorado Industrial Bankers Association v. Board of Governors, No. 84–1122 (10th Cir., filed Jan. 27, 1984).

First Bancorporation v. Board of Governors, No. 84–1011 (10th Cir., filed Jan. 5, 1984).

Oklahoma Bankers Association v. Federal Reserve Board, No. 83–2591 (10th Cir., filed Dec. 13, 1983).

The Committee For Monetary Reform, et al. v. Board of Governors, No. 84–5067 (D.D.C., filed June 16, 1983).

Securities Industry Association v. Board of Governors, No. 80–2614 (D.C. Cir., filed Oct. 24. 1980), and No. 80–2730 (D.C. Cir., filed Oct. 24, 1980).

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SECURITIES HOLDINGS AND TRANSACTIONS

INTEREST AND EXCHANGE RATES

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1984	1985			1985				
	Q4	Q1	Q2	Q3	May	June	July	Aug.[r]	Sept.
Reserves of depository institutions[2]									
1 Total	3.8	17.4	12.2	16.4	18.1	24.8	12.2	16.5	8.7
2 Required	3.0	16.9	12.3	17.1	16.4	22.3	13.9	17.7	13.3
3 Nonborrowed	36.3	57.3	14.1	18.2	18.3	29.5	15.4	18.0	2.8
4 Monetary base[3]	4.7	8.2	7.5	10.3	10.6	13.5	6.8	13.4	7.0
Concepts of money, liquid assets, and debt[4]									
5 M1	3.2	10.6	10.2	15.0	14.0	19.8	9.3	20.3	11.3
6 M2	9.1	12.1[r]	5.3	10.2	8.5[r]	13.7[r]	8.5	11.1	7.0
7 M3	11.0	10.7	5.2	7.8	7.6	10.5	4.3[r]	9.2	9.7
8 L	9.6	10.0	5.8	n.a.	5.7[r]	9.5	5.7	n.a.	n.a.
9 Debt	14.0[r]	13.6[r]	11.7	11.8[r]	12.2[r]	11.8	11.9	11.5	n.a.
Nontransaction components									
10 In M2[5]	10.9	12.5	3.8[r]	8.7	6.9	11.8[r]	8.3[r]	8.2	5.6
11 In M3 only[6]	18.7	5.5	4.8	−1.5	4.2[r]	−2.1[r]	−12.0[r]	1.2	21.0
Time and savings deposits									
Commercial banks									
12 Savings[7]	−10.4	−8.7	−1.7	11.3	8.0	14.9	12.8	9.7	3.9
13 Small-denomination time[8]	6.9	−1.8	6.5	−4.4	7.4	2.2	−7.1	−13.3	−4.1
14 Large-denomination time[9,10]	12.2	2.6	8.3	−3.2	−4.0	−19.4	−9.0[r]	8.6	22.9
Thrift institutions									
15 Savings[7]	−6.6	2.2	3.1	14.7	4.3	8.5[r]	19.0[r]	22.9	6.1
16 Small-denomination time	15.2	1.7	3.9	−4.5	10.1[r]	3.6[r]	−8.1[r]	−13.7	−5.6
17 Large-denomination time[9]	29.8	21.0	2.6	−2.8	13.2	2.3	−16.9	−3.9	14.8
Debt components[4]									
18 Federal	16.1[r]	15.3	12.6	14.2	15.9[r]	13.8[r]	15.9[r]	13.7	n.a.
19 Nonfederal	13.3	13.0	11.4[r]	11.0	11.2	11.1	10.7	10.8	n.a.
20 Total loans and securities at commercial banks[11]	9.2	9.9	9.6	9.5	13.3	9.3	10.2	6.9	8.6

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

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

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

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

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

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

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

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

11. Changes calculated from figures shown in table 1.23.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1985			1985						
	July	Aug.	Sept.	Aug. 14	Aug. 21	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**191,521**	**190,759**	**194,350**	**191,539**	**190,147**	**189,887**	**193,890**	**193,579**	**192,973**	**196,331**
2 U.S. government securities[1]	168,803	168,440	171,246	168,361	168,551	168,429	170,774	170,965	170,589	173,146
3 Bought outright	168,183	165,378	170,503	168,361	168,551	168,154	170,124	170,332	170,589	171,243
4 Held under repurchase agreements	620	62	743	0	0	275	650	633	0	1,903
5 Federal agency obligations	8,448	8,249	8,428	8,244	8,227	8,278	8,581	8,364	8,227	8,598
6 Bought outright	8,302	8,238	8,227	8,244	8,227	8,227	8,227	8,227	8,227	8,227
7 Held under repurchase agreements	146	11	201	0	0	51	354	137	0	371
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	1,180	1,109	1,283	1,144	1,079	1,096	1,692	1,091	1,079	1,262
10 Float	703	488	779	572	659	148	582	784	396	468
11 Other Federal Reserve assets	12,387	12,473	12,614	13,219	11,631	11,935	12,261	12,375	12,683	12,856
12 Gold stock	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090
13 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
14 Treasury currency outstanding	16,794	16,843	16,899	16,833	16,847	16,860[r]	16,870	16,884	16,898	16,912
ABSORBING RESERVE FUNDS										
15 Currency in circulation	187,579	187,859[r]	188,371	188,337	187,902	187,243[r]	188,755	189,370	188,677	187,527
16 Treasury cash holdings	577	552	546	553	550	550	547	545	546	546
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	3,918	2,925	4,275	3,032	3,182	2,436	3,339	3,790	3,354	6,601
18 Foreign	228	204	235	209	202	198	223	215	215	221
19 Service-related balances and adjustments	1,660	1,661	1,607	1,607	1,650	1,654	1,649	1,583	1,610	1,670
20 Other	367	485	466	413	661	394	410	426	586	446
21 Other Federal Reserve liabilities and capital	6,243	6,238	6,274	6,216	6,165	6,150	6,241	6,349	6,269	6,239
22 Reserve balances with Federal Reserve Banks[2]	23,451	23,386	25,183	23,712	22,389	23,829	25,305	23,894	24,322	25,700

Factors	End-of-month figures			Wednesday figures						
	1985			1985						
	July	Aug.	Sept.	Aug. 14	Aug. 21	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**190,923**	**192,693**	**194,148**	**194,358**	**190,009**	**191,952**	**196,782**	**197,749**	**192,816**	**198,919**
24 U.S. government securities[1]	167,095	170,109	169,702	169,474	167,837	169,862	172,449	173,904	169,976	174,646
25 Bought outright	167,095	170,109	169,702	169,474	167,837	167,934	170,497	169,474	169,976	170,800
26 Held under repurchase agreements	0	0	0	0	0	1,928	1,952	4,430	0	3,846
27 Federal agency obligations	8,257	8,227	8,227	8,227	8,227	8,581	9,422	9,184	8,227	8,852
28 Bought outright	8,257	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227
29 Held under repurchase agreements	0	0	0	0	0	354	1,195	957	0	625
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	1,567	2,068	2,520	2,397	1,441	1,098	967	1,381	1,190	2,121
32 Float	−571	−152	69	282	517	172	1,410	550	720	225
33 Other Federal Reserve assets	14,575	12,441	13,630	13,978	11,987	12,239	12,534	12,730	12,703	13,075
34 Gold stock	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090
35 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
36 Treasury currency outstanding	16,817	16,868[r]	16,924	16,845	16,859	16,868[r]	16,882	16,896	16,910	16,924
ABSORBING RESERVE FUNDS										
37 Currency in circulation	187,040	188,548	187,336	188,331	187,600[r]	187,630[r]	189,532	189,257	188,241	187,302
38 Treasury cash holdings	577	548	546	550	550	548	545	546	546	544
Deposits, other than reserve balances with Federal Reserve Banks										
39 Treasury	2,656	3,656	4,174	2,754	4,172	2,561	2,598	2,918	4,070	8,009
40 Foreign	274	223	535	215	198	188	185	202	234	230
41 Service-related balances and adjustments	1,395	1,435	1,444	1,407	1,421	1,421	1,435	1,435	1,441	1,445
42 Other	323	389	497	346	413	423	428	437	684	401
43 Other Federal Reserve liabilities and capital	6,325	6,240	6,530	6,024	5,987	5,994	6,111	6,192	6,078	6,073
44 Reserve balances with Federal Reserve Banks[2]	24,858	24,230	25,718	27,284	22,235	25,763	28,538	29,366	24,140	27,546

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

2. Excludes required clearing balances and adjustments to compensate for float.

NOTE. For amounts of currency and coin held as reserves, see table 1.12.

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages[8]									
	1982	1983	1984	1985						
	Dec.	Dec.	Dec.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 Reserve balances with Reserve Banks[1]	24,939	21,138	21,738	20,416	22,065	23,217	22,385	23,367	23,503	23,973
2 Total vault cash[2]	20,392	20,755	22,316	23,927	21,863	21,567	21,898	22,180	22,530	22,839
3 Vault cash used to satisfy reserve requirements[3]	17,049	17,908	18,958	19,857	18,429	18,435	18,666	18,985	19,300	19,548
4 Surplus vault cash[4]	3,343	2,847	3,358	4,070	3,434	3,132	3,231	3,196	3,230	3,291
5 Total reserves[5]	41,853	38,894	40,696	40,273	40,494	41,652	41,051	42,352	42,803	42,963
6 Required reserves	41,353	38,333	39,843	39,370	39,728	40,914	40,247	41,447	41,948	42,135
7 Excess reserve balances at Reserve Banks[6]	500	561	853	903	766	738	804	905	855	827
8 Total borrowings at Reserve Banks	697	774	3,186	1,289	1,593	1,323	1,334	1,205	1,107	1,073
9 Seasonal borrowings at Reserve Banks	33	96	113	71	88	135	165	151	167	221
10 Extended credit at Reserve Banks[7]	187	2	2,604	803	1,059	868	534	665	507	507
	Biweekly averages of daily figures for weeks ending									
	1985									
	June 5	June 19	July 3	July 17	July 31	Aug. 14	Aug. 28	Sept. 11	Sept. 25	Oct. 9p
11 Reserve balances with Reserve Banks[1]	22,610	23,861	23,084	24,256	22,840	23,468	23,102r	43,509	44,800	45,521
12 Total vault cash[2]	21,692	21,688	23,029	22,019	22,935	22,829	23,052	21,887	22,705	23,067
13 Vault cash used to satisfy reserve requirements[3]	18,472r	18,724	19,550	19,043	19,505	19,550	19,689r	18,880	19,766	19,963
14 Surplus vault cash[4]	3,220	2,964	3,480	2,977	3,431	3,280	3,363r	3,008	2,939	3,105
15 Total reserves[5]	41,082	42,585	42,633	43,298	42,344	43,018	42,791r	43,509	44,800	45,521
16 Required reserves	40,260	41,861	41,461	42,608	41,392	42,280	41,841r	42,838	44,133	44,853
17 Excess reserve balances at Reserve Banks[6]	823	724	1,172	690	953	738	950r	672	667	668
18 Total borrowings at Reserve Banks	1,518	1,123	1,167	1,284	917	990	1,088	1,392	1,171	1,395
19 Seasonal borrowings at Reserve Banks	171	142r	153	152	185	224	225	196	212	195
20 Extended credit at Reserve Banks[7]	914	612r	620	483	506	509	610	669	656	627

1. Excludes required clearing balances and adjustments to compensate for float.
2. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements. Under contemporaneous reserve requirements, maintenance periods end 30 days after the lagged computation periods in which the balances are held.
3. Equal to all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.
4. Total vault cash at institutions having no required reserve balances less the amount of vault cash equal to their required reserves during the maintenance period.
5. Total reserves not adjusted for discontinuities consist of reserve balances with Federal Reserve Banks, which exclude required clearing balances and adjustments to compensate for float, plus vault cash used to satisfy reserve requirements. Such vault cash consists of all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.
6. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves.
7. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.
8. Before February 1984, data are prorated monthly averages of weekly averages; beginning February 1984, data are prorated monthly averages of biweekly averages.

NOTE. These data also appear in the Board's H.3 (502) release. For address, see inside front cover.

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

Averages of daily figures, in millions of dollars

By maturity and source	1985 week ending Monday								
	Aug. 19	Aug. 26	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30	Oct. 7	Oct. 14
One day and continuing contract									
1 Commercial banks in United States	63,841	58,282	58,562	68,597	65,553	60,498	62,753	65,738	65,534
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	29,258	28,111	28,068	26,700	27,636	25,896	24,687	26,195	28,202
3 Nonbank securities dealers	10,776	10,228	8,754	10,060	9,735r	9,877	10,673	10,977	9,982
4 All other	25,572	25,649	26,307	25,236	25,193	25,469	26,760	25,290	25,303
All other maturities									
5 Commercial banks in United States	8,693	9,308	9,759	9,402	9,751	9,507	9,596	9,004	10,014
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	7,544	7,693	7,701	7,822	7,735	7,792	7,494	7,290	7,881
7 Nonbank securities dealers	9,602	9,290	10,563	9,801	10,172	9,931	9,770	9,222	9,906
8 All other	7,368	7,574	8,325	8,079	7,900r	7,535	7,542	7,223	7,342
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	29,686	27,009	29,438	31,030	30,163	29,777	32,734	30,977	30,925
10 Nonbank securities dealers	7,357	7,578	6,728	8,126	8,286	7,863	7,662	9,011	9,316

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit[1]			Extended credit[2]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 10/28/85	Effective date	Previous rate	Rate on 10/28/85	Previous rate	Rate on 10/28/85	Previous rate	Rate on 10/28/85	Previous rate	
Boston	7½	5/20/85	8	7½	8	8½	9	9½	10	5/20/85
New York		5/20/85								5/20/85
Philadelphia		5/24/85								5/24/85
Cleveland		5/21/85								5/21/85
Richmond		5/20/85								5/20/85
Atlanta		5/20/85								5/20/85
Chicago		5/20/85								5/20/85
St. Louis		5/21/85								5/21/85
Minneapolis		5/20/85								5/20/85
Kansas City		5/20/85								5/20/85
Dallas		5/20/85								5/20/85
San Francisco	7½	5/21/85	8	7½	8	8½	9	9½	10	5/21/85

Range of rates in recent years[3]

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1978— July 3	7–7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
5	13–14	14

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1981— May 8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982— July 20	11½–12	11½
23	11½	11½
Aug. 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov. 22	9–9½	9
26	9	9
Dec. 14	8½–9	9
15	8½–9	8½
17	8½	8½
1984— Apr. 9	8½–9	9
13	9	9
Nov. 21	8½–9	8½
26	8½	8½
Dec. 24	8	8
1985— May 20	7½–8	7½
24	7½	7½
In effect Oct. 28, 1985	7½	7½

1. A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was set at 8½ percent at that time. On May 20 this rate was lowered to 8 percent.

2. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures. As an alternative, for loans outstanding for more than 150 days, a Federal Reserve Bank may charge a flexible rate that takes into account rates on market sources of funds, but in no case will the rate charged be less than the basic rate plus one percentage point. Where credit provided to a particular depository institution is anticipated to be outstanding for an unusually prolonged period and in relatively large amounts, the time period in which each rate under this structure is applied may be shortened. See section 201.3(b)(2) of Regulation A.

3. Rates for short-term adjustment credit. For description and earlier data see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941*, and *1941–1970; Annual Statistical Digest, 1970–1979, 1980, 1981*, and *1982*.

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

Type of deposit, and deposit interval	Member bank requirements before implementation of the *Monetary Control Act*	
	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–$29.8 million	3	1/1/85
Over $29.8 million	12	1/1/85
Nonpersonal time deposits[9]		
By original maturity		
Less than 1½ years	3	10/6/83
1½ years or more	0	10/6/83
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. Effective with the reserve maintenance period beginning Jan. 1, 1985, the amount of the exemption is $2.4 million. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) authorized under 12 CFR section 1204.122; (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

6. For nonmember banks and thrift institutions that were not members of the Federal Reserve System on or after July 1, 1979, a phase-in period ends Sept. 3, 1987. For banks that were members on or after July 1, 1979, but withdrew on or before Mar. 31, 1980, the phase-in period established by Public Law 97–320 ends on Oct. 24, 1985. For existing member banks the phase-in period of about three years was completed on Feb. 2, 1984. All new institutions will have a two-year phase-in beginning with the date that they open for business, except for those institutions that have total reservable liabilities of $50 million or more.

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

8. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage increase in transaction accounts held by all depository institutions determined as of June 30 each year. Effective Dec. 31, 1981, the amount was increased accordingly from $25 million to $26 million; effective Dec. 30, 1982, to $26.3 million; effective Dec. 29, 1983, to $28.9 million; and effective Jan. 1, 1985, to $29.8 million.

9. In general, nonpersonal time deposits are time deposits, including savings deposits, that are not transaction accounts and in which a beneficial interest is held by a depositor that is not a natural person. Also included are certain transferable time deposits held by natural persons, and certain obligations issued to depository institution offices located outside the United States. For details, see section 204.2 of Regulation D.

NOTE. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmembers may maintain reserve balances with a Federal Reserve Bank indirectly on a pass-through basis with certain approved institutions.

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions[1]

Percent per annum

Type of deposit	Commercial banks		Savings and loan associations and mutual savings banks (thrift institutions)[1]	
	In effect Oct. 31, 1985		In effect Oct. 31, 1985	
	Percent	Effective date	Percent	Effective date
1 Savings	5½	1/1/84	5½	7/1/79
2 Negotiable order of withdrawal accounts	5¼	12/31/80	5¼	12/31/80
3 Negotiable order of withdrawal accounts of $1,000 or more[2]	....	1/5/83	....	1/5/83
4 Money market deposit account[2]	(3)	12/14/82	(3)	12/14/82
Time accounts				
5 7–31 days of less than $1,000[4]	5½	1/1/84	5½	9/1/82
6 7–31 days of $1,000 or more[2]	....	1/5/83	....	1/5/83
7 More than 31 days	....	10/1/83	....	10/1/83

1. Effective Oct. 1, 1983, restrictions on the maximum rates of interest payable by commercial banks and thrift institutions on various categories of deposits were removed. For information regarding previous interest rate ceilings on all categories of accounts see earlier issues of the FEDERAL RESERVE BULLETIN, the *Federal Home Loan Bank Board Journal,* and the *Annual Report of the Federal Deposit Insurance Corporation.*
2. Effective Dec. 1, 1983, IRA/Keogh (HR10) Plan accounts are not subject to minimum deposit requirements. Effective Jan. 1, 1985, the minimum denomination requirement was lowered from $2,500 to $1,000.
3. Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of $2,500 and an average maintenance balance of $2,500 not subject to interest rate restrictions. Effective Jan. 1, 1985, the minimum denomination and average maintenance balance requirements was lowered to $1,000. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days, notice before withdrawals. When the average balance is less than $1,000, the account is subject to the maximum ceiling rate of interest for NOW accounts; compliance with the average balance requirement may be determined over a period of one month. Depository institutions may not guarantee a rate of interest for this account for a period longer than one month or condition the payment of a rate on a requirement that the funds remain on deposit for longer than one month.
4. Effective Jan. 1, 1985, the minimum denomination requirement was lowered from $2,500 to $1,000. Deposits of less than $1,000 issued to governmental units continue to be subject to an interest rate ceiling of 8 percent.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1982	1983	1984	1985						
				Feb.	Mar.	Apr.	May	June	July	Aug.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	17,067	18,888	20,036	2,976	916	6,026	274	2,099	0	3,056
2 Gross sales	8,369	3,420	8,557	214	554	0	417	0	0	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	3,000	2,400	7,700	400	500	0	800	0	200	0
Others within 1 year										
5 Gross purchases	312	484	1,126	0	961	245	0	0	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	17,295	18,887	16,354	1,987	1,299	1,129	2,443	1,312	1,238	4,895
8 Exchange	−14,164	−16,553	−20,840	−2,739	0	−1,463	−2,945	0	−1,778	−3,275
9 Redemptions	0	87	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	1,797	1,896	1,638	0	465	846	0	0	0	6
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−14,524	−15,533	−13,709	−1,902	−1,299	−1,114	−2,101	−1,312	−1,153	−3,760
13 Exchange	11,804	11,641	16,039	1,645	0	1,463	1,940	0	1,778	1,825
5 to 10 years										
14 Gross purchases	388	890	536	0	0	108	0	0	0	6
15 Gross sales	0	0	300	0	0	0	0	0	0	0
16 Maturity shift	−2,172	2,450	−2,371	−54	0	−16	42	0	−85	−1,136
17 Exchange	2,128	2,950	2,750	600	0	0	600	0	0	800
Over 10 years										
18 Gross purchases	307	383	441	0	0	0	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	−601	−904	−275	−30	0	0	−384	0	0	0
21 Exchange	234	1,962	2,052	493	0	0	405	0	0	650
All maturities										
22 Gross purchases	19,870	22,540	23,476	2,976	2,343	7,321	274	2,099	0	3,068
23 Gross sales	8,369	3,420	7,553	214	554	0	417	0	0	0
24 Redemptions	3,000	2,487	7,700	400	500	0	800	0	200	0
Matched transactions										
25 Gross sales	543,804	578,591	808,986	57,076	54,718	65,845	78,870	81,016	60,980	64,263
26 Gross purchases	543,173	576,908	810,432	57,283	57,288	64,001	77,597	83,782	59,165	64,209
Repurchase agreements										
27 Gross purchases	130,774	105,971	139,441	19,584	4,922	11,540	21,716	2,801	10,486	1,928
28 Gross sales	130,286	108,291	139,019	17,077	7,429	4,088	29,168	2,801	10,486	1,928
29 Net change in U.S. government securities	8,358	12,631	8,908	5,077	1,351	12,931	−9,668	4,865	−2,015	3,014
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	189	292	256	17	n.a.	n.a.	8	60	46	30
Repurchase agreements										
33 Gross purchases	18,957	8,833	1,205	2,428	445	983	1,336	120	2,439	354
34 Gross sales	18,638	9,213	817	2,048	825	452	1,867	120	2,439	354
35 Net change in federal agency obligations	130	−672	132	363	−380	531	−540	−60	−46	−30
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	1,285	−1,062	−418	0	0	0	0	0	0	0
37 **Total net change in System Open Market Account**	**9,773**	**10,897**	**6,116**	**5,440**	**971**	**13,462**	**−10,208**	**4,805**	**−2,061**	**2,984**

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		
	1985					1985		
	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25	July	Aug.	Sept.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090
2 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
3 Coin	487	469	475	499	510	486	484	518
Loans								
4 To depository institutions	1,098	967	1,381	1,190	2,121	1,567	2,068	2,520
5 Other	0	0	0	0	0	0	0	0
Acceptances—Bought outright								
6 Held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	8,227	8,227	8,227	8,227	8,227	8,257	8,227	8,227
8 Held under repurchase agreements	354	1,195	957	0	625	0	0	0
U.S. government securities								
Bought outright								
9 Bills	77,113	79,676	78,653	79,155	79,979	76,286	79,288	79,231
10 Notes	66,422	66,422	66,422	66,422	66,422	67,066	66,422	66,072
11 Bonds	24,399	24,399	24,399	24,399	24,399	23,743	24,399	24,399
12 Total bought outright[1]	167,934	170,497	169,474	169,976	170,800	167,095	170,109	169,702
13 Held under repurchase agreements	1,928	1,952	4,430	0	3,846	0	0	0
14 Total U.S. government securities	169,862	172,449	173,904	169,976	174,646	167,095	170,109	169,702
15 Total loans and securities	**179,541**	**182,838**	**184,469**	**179,393**	**185,619**	**176,919**	**180,404**	**180,449**
16 Cash items in process of collection	5,835	9,919	6,429	7,447	6,051	7,394	5,445	4,297
17 Bank premises	590	589	590	594	595	588	590	594
Other assets								
18 Denominated in foreign currencies[2]	4,508	4,591	4,601	4,604	4,681	4,493	4,591	4,963
19 All other[3]	7,141	7,354	7,539	7,505	7,799	9,494	7,260	8,073
20 Total assets	**213,810**	**221,468**	**219,811**	**215,750**	**220,963**	**215,082**	**214,482**	**214,602**
LIABILITIES								
21 Federal Reserve notes	171,797	173,664	173,382	172,376	171,433	171,286	172,712	171,476
Deposits								
22 To depository institutions	27,184	29,973	30,801	25,581	28,991	26,253	25,665	27,162
23 U.S. Treasury—General account	2,561	2,598	2,918	4,070	8,009	2,656	3,656	4,174
24 Foreign—Official accounts	188	185	202	234	230	274	223	535
25 Other	423	428	437	684	401	323	389	497
26 Total deposits	**30,356**	**33,184**	**34,358**	**30,569**	**37,631**	**29,506**	**29,933**	**32,368**
27 Deferred availability cash items	5,663	8,509	5,879	6,727	5,826	7,965	5,597	4,228
28 Other liabilities and accrued dividends[4]	2,182	2,242	2,381	2,259	2,244	2,212	2,232	2,272
29 Total liabilities	**209,998**	**217,599**	**216,000**	**211,931**	**217,134**	**210,969**	**210,474**	**210,344**
CAPITAL ACCOUNTS								
30 Capital paid in	1,748	1,747	1,748	1,749	1,752	1,741	1,748	1,753
31 Surplus	1,626	1,626	1,626	1,626	1,626	1,626	1,626	1,626
32 Other capital accounts	438	496	437	444	451	746	634	879
33 Total liabilities and capital accounts	**213,810**	**221,468**	**219,811**	**215,750**	**220,963**	**215,082**	**214,482**	**214,602**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	124,059	127,611	128,208	129,130	128,042	125,643	124,404	126,128
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	204,535	204,866	205,308	205,353	205,595	201,968	204,511	205,459
36 LESS: Held by bank	32,738	31,202	31,926	32,977	34,162	30,682	31,799	33,983
37 Federal Reserve notes, net	171,797	173,664	173,382	172,376	171,433	171,286	172,712	171,476
Collateral held against notes net:								
38 Gold certificate account	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090
39 Special drawing rights certificate account	4,618	4,618	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	156,089	157,956	157,674	156,668	155,725	155,578	157,004	155,768
42 Total collateral	**171,797**	**173,664**	**173,382**	**172,376**	**171,433**	**171,286**	**172,712**	**171,476**

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Assets shown in this line are revalued monthly at market exchange rates.
3. Includes special investment account at Chicago of Treasury bills maturing within 90 days.
4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

NOTE: Some of these data also appear in the Board's H.4.1 (503) release. For address, see inside front cover.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1985					1985		
	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25	July 31	Aug. 30	Sept. 30
1 Loans—Total	1,098	967	1,381	1,190	2,121	1,567	2,153	2,520
2 Within 15 days	1,079	875	1,292	1,168	2,063	1,494	2,074	2,452
3 16 days to 90 days	19	92	89	22	58	73	79	68
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	169,862	172,449	173,904	169,976	174,646	167,095	170,109	169,702
10 Within 15 days[1]	10,845	11,370	10,031	8,677	12,241	9,291	6,209	5,823
11 16 days to 90 days	34,680	37,529	38,228	35,554	36,510	35,609	35,438	38,796
12 91 days to 1 year	52,773	52,078	54,173	54,273	54,423	49,831	56,898	53,899
13 Over 1 year to 5 years	35,235	35,143	35,143	35,143	35,143	36,355	35,235	34,855
14 Over 5 years to 10 years	14,866	14,866	14,866	14,866	14,866	15,196	14,866	14,866
15 Over 10 years	21,463	21,463	21,463	21,463	21,463	20,813	21,463	21,463
16 Federal agency obligations—Total	8,581	9,422	9,184	8,227	8,852	8,257	8,227	8,227
17 Within 15 days[1]	566	1,295	1,015	205	786	120	213	162
18 16 days to 90 days	476	585	691	544	529	635	475	529
19 91 days to 1 year	1,813	1,837	1,722	1,722	1,762	1,783	1,813	1,762
20 Over 1 year to 5 years	4,070	4,059	4,091	4,091	4,109	4,080	4,070	4,109
21 Over 5 years to 10 years	1,257	1,247	1,266	1,266	1,267	1,240	1,257	1,266
22 Over 10 years	399	399	399	399	399	399	399	399

1. Holdings under repurchase agreements are classified as maturing within 15 days in accordance with maximum maturity of the agreements.

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE

Billions of dollars, averages of daily figures

Item	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1985 Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]	Seasonally adjusted											
1 **Total reserves**[2]	**32.10**	**34.28**	**36.14**	**39.08**	**40.43**	**40.47**	**40.71**	**41.32**	**42.18**	**42.61**	**43.19**	**43.51**
2 Nonborrowed reserves	31.46	33.65	35.36	35.90	39.14	38.88	39.39	39.99	40.97	41.50	42.12	42.22
3 Nonborrowed reserves plus extended credit[3]	31.61	33.83	35.37	38.50	39.95	39.94	40.26	40.52	41.64	42.01	42.69	42.87
4 Required reserves	31.78	33.78	35.58	38.23	39.53	39.71	39.97	40.52	41.27	41.75	42.37	42.84
5 Monetary base[4]	158.10	170.14	185.49	199.03	202.05	202.95	203.56	205.35	207.66	208.83	211.15	212.39
	Not seasonally adjusted											
6 **Total reserves**[2]	**32.82**	**35.01**	**36.86**	**40.13**	**39.88**	**40.07**	**41.25**	**40.64**	**41.96**	**42.41**	**42.60**	**43.22**
7 Nonborrowed reserves	32.18	34.37	36.09	36.94	38.59	38.47	39.93	39.31	40.75	41.30	41.52	41.93
8 Nonborrowed reserves plus extended credit[3]	32.33	34.56	36.09	39.55	39.39	39.53	40.80	39.84	41.42	41.81	42.09	42.59
9 Required reserves	32.50	34.51	36.30	39.28	38.97	39.30	40.52	39.84	41.05	41.55	41.77	42.55
10 Monetary base[4]	160.94	173.17	188.76	202.02	199.54	200.86	203.42	204.54	207.99	210.26	211.23	211.82
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 **Total reserves**[2]	**41.92**	**41.85**	**38.89**	**40.70**	**40.27**	**40.49**	**41.65**	**41.05**	**42.35**	**42.80**	**42.96**	**44.45**
12 Nonborrowed reserves	41.29	41.22	38.12	37.51	38.98	38.90	40.33	39.72	41.15	41.70	41.89	43.16
13 Nonborrowed reserves plus extended credit[3]	41.44	41.41	38.12	40.09	39.83	40.03	40.77	40.45	41.88	42.23	42.50	43.83
14 Required reserves	41.61	41.35	38.33	39.84	39.37	39.73	40.91	40.25	41.45	41.95	42.14	43.78
15 Monetary base[4]	170.47	180.52	192.36	202.59	199.94	201.29	203.81	204.94	208.39	210.65	211.60	213.05

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

2. Total reserves not adjusted for discontinuities consist of reserve balances with Federal Reserve Banks, which exclude required clearing balances and adjustments to compensate for float, plus vault cash used to satisfy reserve requirements. Such vault cash consists of all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.

3. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

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

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

5. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with implementation of the Monetary Control Act or other regulatory changes to reserve requirements.

NOTE. Latest monthly and biweekly figures are available from the Board's H.3(502) statistical release. Historical data and estimates of the impact on required reserves of changes in reserve requirements are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

Item[1]	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1985 June	1985 July	1985 Aug.^{r}	1985 Sept.
	Seasonally adjusted							
1 M1	441.8	480.8	528.0	558.5	591.2	595.8	605.9	611.7
2 M2	1,794.4	1,954.9	2,188.8	2,371.7	2,473.0^{r}	2,490.5^{r}	2,513.7	2,528.4
3 M3	2,235.8	2,446.8	2,701.8	2,995.0	3,103.0^{r}	3,114.2^{r}	3,137.8	3,163.4
4 L	2,596.5	2,854.7	3,168.8	3,539.4	3,669.1	3,686.5	*	n.a.
5 Debt	4,255.8^{r}	4,649.8^{r}	5,177.2^{r}	5,927.1^{r}	6,287.3^{r}	6,349.7^{r}	6,410.3	n.a.
M1 components								
6 Currency[2]	124.0	134.3	148.4	158.7	164.5	165.4	167.1	167.9
7 Travelers checks[3]	4.4	4.3	4.9	5.2	5.7	5.9	5.9	5.9
8 Demand deposits[4]	235.2	238.6	243.5	248.6	260.7	260.9	264.0	266.8
9 Other checkable deposits[5]	78.2	103.5	131.3	146.0	160.3	163.6	168.9	171.2
Nontransactions components								
10 In M2[6]	1,352.6	1,474.0	1,660.8	1,813.3	1,881.8^{r}	1,894.8^{r}	1,907.8	1,916.7
11 In M3 only[7]	441.4	492.0	512.9	623.3	630.0	623.7^{r}	624.1	635.0
Savings deposits[9]								
12 Commercial Banks	158.6	163.5	133.4	122.6	121.9	123.2	124.2	124.6
13 Thrift institutions	185.8	194.4	173.6	166.0	170.2	172.8	176.1	177.0
Small denomination time deposits[9]								
14 Commerical Banks	347.8	379.8	350.7	387.0	390.7	388.4	384.1	382.8
15 Thrift institutions	475.8	471.7	433.8	498.6	503.5	500.2	494.5	492.3
Money market mutual funds								
16 General purpose and broker/dealer	150.6	185.2	138.2	167.5	175.4	175.8	176.7	176.4
17 Institution-only	38.0	51.1	43.2	62.7	67.1	65.0^{r}	63.6	62.3
Large denomination time deposits[10]								
18 Commercial Banks[11]	247.5	262.0	228.9	264.4	267.7	265.7^{r}	267.6	272.6
19 Thrift institutions	54.6	66.2	101.9	151.8	156.4	154.2	153.7	155.5
Debt components								
20 Federal debt	825.9	979.2^{r}	1,173.0	1,367.3	1,459.5	1,478.9^{r}	1,495.8	n.a.
21 Non-federal debt	3,429.9^{r}	3,670.6^{r}	4,004.3	4,559.8^{r}	4,827.8^{r}	4,870.7^{r}	4,914.6	n.a.
	Not seasonally adjusted							
22 M1	452.2	491.8	539.7	570.4	592.3	599.1	601.5	608.4
23 M2	1,798.7	1,959.6	2,194.0	2,376.7	2,476.7^{r}	2,496.6^{r}	2,507.0	2,517.0
24 M3	2,243.4	2,454.4	2,709.2	3,002.1	3,105.7^{r}	3,116.4^{r}	3,132.6	3,151.6
25 L	2,604.7	2,859.5	3,172.7	3,540.9	3,672.4	3,688.5	*	n.a.
26 Debt	4,251.1^{r}	4,644.2^{r}	5,171.6	5,920.9^{r}	6,262.4^{r}	6,326.4^{r}	6,388.2	n.a.
M1 components								
27 Currency[2]	126.2	136.5	150.5	160.9	165.2	166.8	167.7	167.6
28 Travelers checks[3]	4.1	4.0	4.6	4.9	6.0	6.6	6.5	6.2
29 Demand deposits[4]	243.4	247.2	252.2	257.4	259.8	262.2	260.9	265.4
30 Other checkable deposits[5]	78.5	104.1	132.4	147.2	161.3	163.5	166.4	169.2
Nontransactions components								
31 M2[6]	1,346.5	1,467.8	1,654.2	1,806.3	1,884.4^{r}	1,897.4^{r}	1,905.4	1,908.6
32 M3 only[7]	444.7	494.8	515.2	625.4	629.0	619.9^{r}	625.7	634.6
Money market deposit accounts								
33 Commercial banks	*	26.3	230.5	267.1	307.3	313.0	317.7	321.1
34 Thrift institutions	.0	16.9	148.7	147.9	167.8	171.0	174.1	175.1
Savings deposits[8]								
35 Commercial Banks	157.5	162.1	132.2	121.4	123.2	124.4	124.0	123.7
36 Thrift institutions	184.7	193.2	172.5	164.9	172.6	175.1	175.5	175.9
Small denomination time deposits[9]								
37 Commercial Banks	347.7	380.1	351.1	387.6	386.4	386.4	385.3	385.2
38 Thrift institutions	475.5	471.7	434.2	499.4	496.8	497.6	494.2	493.0
Money market mutual funds								
39 General purpose and broker/dealer	150.6	185.2	138.2	167.5	175.4	175.8	176.7	176.4
40 Institution-only	38.0	51.1	43.2	62.7	67.1	65.0^{r}	63.6	62.3
Large denomination time deposits[10]								
41 Commercial Banks[11]	251.7	265.2	230.8	265.9	267.3	264.9^{r}	269.4	274.3
42 Thrift institutions	54.4	65.9	101.4	151.1	156.0	154.3	155.1	156.0
Debt components								
43 Federal debt	823.0	976.4	1,170.2	1,364.7	1,457.9	1,475.8	1,495.8	n.a.
44 Non-federal debt	3,428.2^{r}	3,667.7^{r}	4,001.4	4,556.2^{r}	4,804.5^{r}	4,850.6^{r}	4,892.4	n.a.

For notes see following page.

NOTES TO TABLE 1.21

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

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

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

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

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

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. The source of data on domestic nonfinancial debt is the Federal Reserve Board's flow of funds accounts. Debt data are on an end-of-month basis.

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

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

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

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

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

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

8. Savings deposits exclude MMDAs.

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

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

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

NOTE: Latest monthly and weekly figures are available from the Board's H.6 (508) release. Historical data are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1.22 BANK DEBITS AND DEPOSIT TURNOVER

Debits are shown in billions of dollars, turnover as ratio of debits to deposits. Monthly data are at annual rates.

Bank group, or type of customer	1982[1]	1983[1]	1984[1]	1985					
				Mar.	Apr.	May	June	July	Aug.
DEBITS TO	Seasonally adjusted								
Demand deposits[2]									
1 All insured banks	90,914.4	109,642.3	128,440.8	139,608.3	156,513.2	149,252.8	146,714.9	157,128.3	147,455.5
2 Major New York City banks	37,932.9	47,769.4	57,392.7	62,523.7	70,621.4	66,394.3	66,615.5	69,952.8	65,645.6
3 Other banks	52,981.5	61,873.1	71,048.1	77,084.6	85,891.8	82,858.4	80,099.4	87,175.5	81,809.9
4 ATS-NOW accounts[3]	1,036.2	1,405.5	1,588.7	1,567.0	1,689.3	1,771.1	1,614.3	1,870.1	2,008.8
5 Savings deposits[4]	720.3	741.4	633.1	539.2	589.0	636.4	544.4	584.3	550.7
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	324.2	379.7	434.4	456.3	515.4	484.6	471.4	506.4	469.6
7 Major New York City banks	1,287.6	1,528.0	1,843.0	1,967.0	2,183.9	2,079.6	2,104.9	2,131.4	1,965.4
8 Other banks	211.1	240.9	268.6	281.1	316.5	300.2	286.5	314.2	291.5
9 ATS-NOW accounts[3]	14.5	15.6	15.8	14.4	15.4	16.1	14.4	16.4	17.1
10 Savings deposits[4]	4.5	5.4	5.0	4.6	5.0	5.4	4.6	4.9	4.6
DEBITS TO	Not seasonally adjusted								
Demand deposits[2]									
11 All insured banks	91,031.8	109,517.6	128,059.1	143,154.3	151,536.1	151,342.3	148,651.5	157,898.2	152,985.1
12 Major New York City banks	38,001.0	47,707.4	57,282.4	64,188.9	67,422.3	67,249.3	67,999.4	70,496.1	68,401.8
13 Other banks	53,030.9	64,310.2	70,776.9	78,965.4	84,113.8	84,093.0	80,652.1	87,402.1	84,583.3
14 ATS-NOW accounts[3]	1,027.1	1,397.0	1,579.5	1,624.7	1,946.1	1,775.5	1,744.0	1,807.5	1,770.5
15 MMDA[5]	....	567.4	848.8	1,032.5	1,221.4	1,146.7	1,077.9	1,183.3	1,201.2
16 Savings deposits[4]	720.0	742.0	632.9	552.9	644.4	621.1	549.7	586.0	538.4
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	325.0	379.9	433.5	480.9	498.1	505.5	480.6	509.5	499.3
18 Major New York City banks	1,295.7	1,510.0	1,838.6	1,990.7	2,138.6	2,205.8	2,125.9	2,185.9	2,189.4
19 Other banks	211.5	240.5	267.9	297.5	308.4	312.7	290.8	314.8	307.4
20 ATS-NOW accounts[3]	14.4	15.5	15.7	14.9	17.2	16.2	15.5	15.9	15.3
21 MMDA[5]	....	2.8	3.5	3.5	4.2	3.9	3.5	3.5	3.8
22 Savings deposits[4]	4.5	5.4	5.0	4.7	5.4	5.2	4.6	4.8	4.5

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

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

These data also appear on the Board's G.6 (406) release. For address, see inside front cover.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1984			1985								
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Seasonally adjusted											
1 **Total loans and securities[2]**	**1,682.8**	**1,701.0**	**1,714.8**	**1,724.0**	**1,742.3**	**1,758.9**	**1,765.8**	**1,785.3**	**1,799.1**	**1,814.3**	**1,824.8[r]**	**1,838.0**
2 U.S. government securities	257.0	259.4	260.2	260.1	265.8	266.9	261.1	265.9	266.6	271.0	270.9	272.5
3 Other securities	141.5	141.1	139.9	142.4	140.8	138.7	140.1	142.1	144.5	145.5	148.2	151.1
4 Total loans and leases[2]	1,284.3	1,300.6	1,314.7	1,321.5	1,335.6	1,353.3	1,364.6	1,377.3	1,388.0	1,397.8	1,405.7[r]	1,414.4
5 Commercial and industrial	463.0	467.1	468.1	468.4	473.6[r]	480.8[r]	481.3[r]	483.7[r]	483.9[r]	484.4[r]	485.7[r]	487.4
6 Bankers acceptances held[3]	5.6	6.0	5.2	5.0	6.1	6.4	5.4	4.9	4.7	5.1	5.0	4.7
7 Other commercial and industrial	457.3	461.1	462.9	463.4	467.4[r]	474.4[r]	475.9[r]	478.7[r]	479.2[r]	479.3[r]	480.7[r]	482.8
8 U.S. addressees[4]	446.7	450.7	453.3	453.7	457.0	463.7	465.2	468.7	469.7	469.9	471.2[r]	473.7
9 Non-U.S. addressees[4]	10.6	10.3	9.6	9.7	10.4[r]	10.7[r]	10.7[r]	10.0[r]	9.5	9.4[r]	9.5	9.1
10 Real estate	367.7	371.8	375.6	377.9	382.1	385.8	389.9	393.8	397.4	401.4	405.3	408.3
11 Individual	243.5	246.7	251.0	254.6	257.7	261.9	265.5	268.7	271.5	274.9	277.4	279.3
12 Security	30.3	30.2	31.4[r]	31.9	31.6	32.8	35.1	37.5	40.0	40.3	36.7	38.1
13 Nonbank financial institutions	31.1	31.2	31.3[r]	31.2	30.9	30.6	31.2	31.5	31.2	31.6	32.3	32.5
14 Agricultural	40.6	40.4	40.3	39.9	39.6	39.5	39.4	39.4	39.4	39.6	39.6	40.1
15 State and political subdivisions	41.4	42.3	44.2	47.0[r]	46.7[r]	46.9[r]	47.1	47.5	47.4	47.8[r]	48.7	48.7
16 Foreign banks	11.7	11.9	11.5	11.4	11.4	11.1	10.8	10.5	10.3	10.4	10.1	9.9
17 Foreign official institutions	8.5	8.4	8.3	7.9	7.9	7.7	7.8	7.8	7.6	7.2	6.5[r]	6.8
18 Lease financing receivables	15.1	15.3	15.5	15.6	15.8	16.1	16.4	16.7	16.9	17.3	17.5	17.6
19 All other loans	31.5	35.3	37.2	35.7[r]	38.4[r]	39.9[r]	40.1[r]	40.1[r]	42.3[r]	43.1[r]	45.8[r]	45.8
	Not seasonally adjusted											
20 **Total loans and securities[2]**	**1,684.0**	**1,701.9**	**1,725.8**	**1,732.0**	**1,740.4**	**1,755.0**	**1,766.0**	**1,781.4**	**1,800.0**	**1,807.9**	**1,818.1[r]**	**1,836.4**
21 U.S. government securities	254.1	255.2	256.9	260.1	266.8	269.0	266.6	268.0	270.3	270.8	269.3	270.2
22 Other securities	140.9	141.2	141.5	143.3	141.0	138.9	139.8	142.7	144.1	144.1	147.7	150.4
23 Total loans and leases[2]	1,289.0	1,305.5	1,327.4	1,328.7	1,332.6	1,347.1	1,359.7	1,370.7	1,385.5	1,392.9	1,401.1[r]	1,415.8
24 Commercial and industrial	463.8	467.3	471.2	470.3	473.1[r]	480.3[r]	481.5[r]	482.2[r]	482.4[r]	483.5[r]	483.6	487.4
25 Bankers acceptances held[3]	5.5	5.9	5.7	5.1	6.0	6.3	5.5	4.9	4.8	5.0	4.9	4.6
26 Other commercial and industrial	458.3	461.4	465.5	465.2	467.1[r]	474.0[r]	476.0[r]	477.3[r]	477.6[r]	478.5[r]	478.7[r]	482.8
27 U.S. addressees[4]	447.3[r]	450.5	455.0	455.4	457.2	463.9	466.1	467.8	468.3	469.0	469.2	473.4
28 Non-U.S. addressees[4]	11.1	11.0	10.5	9.8	9.9[r]	10.1[r]	9.9[r]	9.6[r]	9.3[r]	9.4[r]	9.5	9.4
29 Real estate	368.9	372.8	376.2	378.6	381.7	384.7	388.6	392.8	396.9	400.8	405.5	409.5
30 Individual	245.3	248.4	254.0	257.0	257.4	259.7	263.2	266.5	269.6	273.2	277.2	280.4
31 Security	30.2	31.7	35.2	33.0	30.8	32.2	35.0	36.0	39.9	38.3	35.8	36.7
32 Nonbank financial institutions	31.0	31.0[r]	31.5	31.2[r]	30.7	30.6	31.3	31.3	31.2	31.7	32.4	32.6
33 Agricultural	41.2	40.5	40.0	39.3	38.8	38.6	38.8	39.3	39.9	40.4	40.5	40.9
34 State and political subdivisions	41.4	42.3	44.2	47.0[r]	46.7[r]	46.9[r]	47.1	47.5	47.4	47.8[r]	48.7	48.7
35 Foreign banks	12.0	12.2	12.2	11.7	11.4	10.9	10.4	10.3	9.9	10.2	9.9	10.0
36 Foreign official institutions	8.5	8.4	8.3	7.9	7.9	7.7	7.8	7.8	7.6	7.2	6.5[r]	6.8
37 Lease financing receivables	15.0	15.1	15.5	15.8	16.0	16.3	16.4	16.7	16.9	17.2	17.4[r]	17.5
38 All other loans	31.7	35.5	39.2	37.0	38.2[r]	39.1[r]	39.6[r]	40.3[r]	43.8[r]	42.9[r]	43.7[r]	45.3

1. Data are prorated averages of Wednesday estimates for domestically chartered insured banks, based on weekly sample reports and quarterly universe reports. For foreign-related institutions, data are averages of month-end estimates based on weekly reports from large U.S. agencies and branches and quarterly reports from all U.S. agencies and branches, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

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

3. Includes nonfinancial commercial paper held.

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

NOTE. These data also appear in the Board's G.7 (407) release. For address, see inside front cover.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1984 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.
Total nondeposit funds												
1 Seasonally adjusted[2]	107.9	112.0	108.5	102.5	113.9	116.9	105.2	112.0	112.5	108.5	112.8	116.1
2 Not seasonally adjusted	109.6	117.5	111.1	104.8	117.4	119.4	108.3	117.2	114.8	107.3	114.6	116.2
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	141.4	145.0	140.5	138.8	146.8	147.2	138.8	142.0	146.7	146.9	144.1	146.3
4 Not seasonally adjusted	143.1	150.5	143.1	141.1	150.2	149.7	141.9	147.2	149.0	145.8	146.0	146.4
5 Net balances due to foreign-related institutions, not seasonally adjusted	33.5	−33.1	−32.0	−36.3	−32.8	−30.3	−33.6	−30.0	−34.2	−38.5	−31.3	30.2
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[4]	−34.2	−32.7	−31.4	−34.8	−31.6	−29.5	−32.4	−29.6	−32.5	−38.4	−32.9	−30.7
7 Gross due from balances	69.8	68.3	69.0	71.4	70.5	71.4	74.9	74.6	76.6	79.3	76.0	74.8
8 Gross due to balances	35.6	35.6	37.6	36.6	38.9	41.9	42.5	45.0	44.1	40.9	43.1	44.1
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[5]	.7	.4	−.6	−1.5	−1.2	−.8	−1.1	−.5	−1.6	.0	1.6	.5
10 Gross due from balances	50.8	50.7	52.0	53.1	54.1	53.4	51.8	52.4	53.8	54.9	55.3	56.1
11 Gross due to balances	51.5	50.4	51.4	51.6	52.8	52.7	50.7	52.0	52.1	54.9	56.9	56.6
Security RP borrowings												
12 Seasonally adjusted[6]	82.0	84.0	81.1	82.3	90.1	92.0	85.4	85.5	86.5	87.1	87.4	90.8
13 Not seasonally adjusted	81.2	87.0	81.1	82.2	91.1	92.0	86.0	88.3	86.3	83.4	86.8	88.4
U.S. Treasury demand balances[7]												
14 Seasonally adjusted	8.0	17.3	16.1	14.7	13.0	11.8	14.6	22.6	17.4	24.9	16.7	15.3
15 Not seasonally adjusted	11.0	10.4	12.5	18.5	15.8	12.8	15.4r	20.9	14.9	23.1	13.4	16.8
Time deposits, $100,000 or more[8]												
16 Seasonally adjusted	321.4	323.0	325.8	324.8	325.4	329.9	332.6	331.2	326.8	323.2	325.0	330.2
17 Not seasonally adjusted	322.2	322.9	327.3	325.6	324.9	330.3	330.1	329.1	326.4	322.3	326.8	331.8

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

NOTE. These data also appear in the Board's G.10 (411) release. For address see inside front cover.

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

Billions of dollars

Account	1984			1985							
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.
All Commercial Banking Institutions[1]											
1 Loans and securities	1,822.7	1,822.7	1,864.0	1,853.8	1,873.4	1,880.5	1,895.9	1,905.1	1,923.5	1,942.2	1,946.4
2 Investment securities	375.2	374.4	377.5	381.0	382.0	383.3	383.4	389.8	391.6	391.9	393.3
3 U.S. government securities	241.2	240.4	242.5	244.9	248.0	250.9	250.0	254.0	254.9	255.8	253.7
4 Other	134.0	133.9	134.9	136.1	134.1	132.5	133.4	135.8	136.7	136.1	139.5
5 Trading account assets	22.5	21.9	22.9	24.2	27.6	23.7	23.5	23.5	23.1	22.2	24.3
6 Total loans	1,424.9	1,426.4	1,463.7	1,448.7	1,463.7	1,473.5	1,489.0	1,491.8	1,508.7	1,528.1	1,528.9
7 Interbank loans	126.1	122.6	126.9	125.2	128.6	125.9	130.7	123.8	122.8	132.7	128.3
8 Loans excluding interbank	1,298.8	1,303.8	1,336.8	1,323.4	1,335.1	1,347.6	1,358.3	1,368.0	1,385.9	1,395.4	1,400.6
9 Commercial and industrial	467.7	468.7	476.8	469.8	476.5	482.7	481.5	482.8	483.6	486.1	484.8
10 Real estate	369.8	374.4	377.7	380.2	382.5	386.0	389.8	394.9	398.8	403.3	407.5
11 Individual	247.1	249.6	255.5	257.4	258.1	260.4	264.2	267.3	270.9	274.8	278.8
12 All other	214.2	211.1	226.8	216.1	218.0	218.4	222.8	223.0	232.6	231.2	229.6
13 Total cash assets	188.0	188.4	201.9	187.8	189.2	183.4	187.3	202.0	190.1	197.2	188.4
14 Reserves with Federal Reserve Banks	18.1	20.4	20.5	20.9	19.6	19.8	22.9	20.7	21.6	21.0	24.5
15 Cash in vault	21.4	23.9	23.3	21.9	21.8	21.3	21.3	23.3	22.2	22.0	22.6
16 Cash items in process of collection	70.2	66.5	75.9	66.9	68.8	63.9	64.1	76.5	68.4	71.3	62.4
17 Demand balances at U.S. depository institutions	32.0	30.9	34.5	30.9	32.2	31.6	30.1	35.1	31.2	32.5	30.6
18 Other cash assets	46.3	46.7	47.7	47.3	46.7	46.8	48.9	46.5	46.7	50.5	48.3
19 Other assets	201.6	190.1	196.8	191.7	195.4	188.5	188.7	183.4	189.4	195.2	179.1
20 Total assets/total liabilities and capital	**2,212.2**	**2,201.2**	**2,262.6**	**2,233.3**	**2,257.9**	**2,252.4**	**2,272.0**	**2,290.5**	**2,303.0**	**2,334.7**	**2,313.9**
21 Deposits	1,578.9	1,578.2	1,631.2	1,604.3	1,617.8	1,625.6	1,636.4	1,659.2	1,657.1	1,682.2	1,673.7
22 Transaction deposits	462.7	453.1	491.1	456.8	459.2	457.6	465.3	479.9	473.6	492.6	475.2
23 Savings deposits	371.1	378.1	386.3	400.0	406.8	409.8	409.4	418.0	424.8	433.2	435.3
24 Time deposits	745.0	747.0	753.8	747.5	751.8	758.2	761.7	761.3	758.7	756.4	763.1
25 Borrowings	314.3	298.8	304.1	306.5	308.8	300.6	309.8	304.9	315.4	319.4	306.1
26 Other liabilities	174.1[r]	179.4	181.1	173.7	182.2	176.9	175.3	175.6	179.3	181.0	181.4
27 Residual (assets less liabilities)	144.9[r]	144.8	146.2	148.8	149.2	149.2	150.5	150.8	151.3	152.1	152.7
Memo											
28 U.S. government securities (including trading account)	256.3	255.2	256.9	261.9	269.5	268.4	266.4	268.9	270.6	269.7	267.9
29 Other securities (including trading account)	141.5	141.1	143.4	143.2	140.2	138.7	140.6	144.3	144.2	144.5	149.7
Domestically Chartered Commercial Banks[3]											
30 Loans and securities	1,728.5	1,726.7	1,765.4	1,759.6	1,774.6	1,781.9	1,796.4	1,809.2	1,825.3	1,843.0	1,846.5
31 Investment securities	367.9	367.5	370.5	373.7	374.7	376.6	376.7	383.3	384.6	384.7	386.0
32 U.S. government securities	236.1	235.8	237.9	240.2	243.2	246.6	246.0	250.3	250.9	252.0	250.0
33 Other	131.8	131.6	132.6	133.5	131.5	130.0	130.6	133.0	133.7	132.7	136.0
34 Trading account assets	22.5	21.9	22.9	24.2	27.6	23.7	23.5	23.5	23.1	22.2	24.3
35 Total loans	1,338.0	1,337.3	1,372.1	1,361.7	1,372.3	1,381.6	1,396.2	1,402.5	1,417.6	1,436.1	1,436.2
36 Interbank loans	103.3	96.1	102.8	100.6	100.9	99.9	103.1	100.4	100.3	109.7	104.3
37 Loans excluding interbank	1,234.7	1,241.2	1,269.3	1,261.2	1,271.4	1,281.6	1,293.1	1,302.1	1,317.3	1,326.4	1,331.9
38 Commercial and industrial	423.0	424.7	430.2	425.7	431.5	435.5	436.0	435.9	435.3	437.4	435.6
39 Real estate	365.5	369.1	372.1	375.1	377.3	380.9	384.5	389.4	393.3	397.7	401.9
40 Individual	246.9	249.4	255.3	257.2	257.9	260.2	263.9	267.1	270.6	274.5	278.6
41 All other	199.3	198.0	211.7	203.1	204.8	205.0	208.7	209.6	218.1	216.7	215.9
42 Total cash assets	176.6	176.8	190.3	175.7	177.8	172.5	175.7	191.0	179.0	185.0	176.3
43 Reserves with Federal Reserve Banks	17.1	19.7	19.2	20.2	18.7	19.2	22.3	19.6	20.9	20.4	23.7
44 Cash in vault	21.4	23.9	23.3	21.9	21.8	21.3	21.3	23.2	22.2	22.0	22.6
45 Cash items in process of collection	69.9	66.3	75.6	66.7	68.5	63.7	63.9	76.2	68.1	71.0	62.1
46 Demand balances at U.S. depository institutions	30.7	29.4	32.9	29.5	30.9	30.3	28.7	33.7	29.7	31.2	28.9
47 Other cash assets	37.5	37.5	39.3	37.5	37.9	38.0	39.5	38.2	38.0	40.3	39.0
48 Other assets	147.9	139.7	142.1	137.6	139.0	137.2	137.6	131.6	137.8	143.7	129.5
49 Total assets/total liabilities and capital	**2,053.1**	**2,043.2**	**2,097.8**	**2,072.9**	**2,091.4**	**2,091.7**	**2,109.7**	**2,131.8**	**2,142.1**	**2,171.7**	**2,152.4**
50 Deposits	1,539.1	1,538.0	1,587.8	1,561.8	1,573.7	1,580.5	1,591.7	1,616.0	1,614.5	1,639.5	1,628.7
51 Transaction deposits	456.2	446.8	484.5	450.6	452.9	451.4	458.9	473.5	467.3	486.3	468.7
52 Savings deposits	370.1	377.1	385.2	398.9	405.6	408.6	408.3	416.8	423.5	431.8	434.0
53 Time deposits	712.8	714.1	718.1	712.3	715.2	720.5	724.5	725.8	723.7	721.4	726.0
54 Borrowings	251.3	240.9	243.1	246.5	247.0	239.9	247.9	245.6	253.3	256.0	246.9
55 Other liabilities	120.5	122.3	123.5	118.4	124.2	124.7	122.3	122.0	125.7	126.7	126.8
56 Residual (assets less liabilities)	142.1	142.0	143.4	146.1	146.5	146.6	147.8	148.1	148.6	149.4	150.0

1. Commercial banking institutions include insured domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.
2. Data are not comparable with those of later dates. See the Announcements section of the March 1985 Bulletin for a description of the differences.
3. Insured domestically chartered commercial banks include all member banks and insured nonmember banks.

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

1.26 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1.4 Billion or More on December 31, 1982, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1985								
	Aug. 7	Aug. 14	Aug. 21	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25	Oct. 2
1 Cash and balances due from depository institutions	86,622r	90,807r	85,928r	89,116r	107,631r	92,569	90,840	87,659	100,781
2 **Total loans, leases and securities, net**	**847,188r**	**850,216r**	**853,679r**	**852,232r**	**864,881r**	**862,081**	**859,278**	**860,082**	**867,628**
3 U.S. Treasury and government agency	84,733	86,486	86,590	84,736r	88,599r	86,850	86,243	87,309	84,707
4 Trading account	13,503	15,237	15,558	14,110r	17,415	16,303	16,074	17,031	15,257
5 Investment account, by maturity	71,230	71,249	71,032	70,626	71,183r	70,547	70,170	70,278	69,450
6 One year or less	21,867	21,743	21,302	21,130r	20,741r	20,319	20,305	19,821	19,522
7 Over one through five years	34,973	35,826	36,232	36,049r	36,462r	36,388	35,986	36,484	35,817
8 Over five years	14,390	13,680	13,497	13,447	13,980r	13,839	13,879	13,973	14,111
9 Other securities	50,686	51,953r	52,342r	53,080r	52,120	52,425	52,461	53,164	53,458
10 Trading account	5,319	6,126	6,013	6,380	5,240	5,249	5,117	5,674	5,384
11 Investment account	45,367r	45,827r	46,328r	46,700r	46,880	47,175	47,343	47,490	48,074
12 States and political subdivisions, by maturity	40,226	40,567	41,001	41,372	41,463	41,775	42,082	42,352	42,873
13 One year or less	5,160r	5,338r	5,540r	5,833r	5,885r	5,985	6,192	6,440	6,694
14 Over one year	35,067r	35,228r	35,461	35,539r	35,577r	35,790	35,890	35,912	36,179
15 Other bonds, corporate stocks, and securities	5,140r	5,260r	5,327r	5,328r	5,417	5,401	5,262	5,138	5,201
16 Other trading account assets	3,779r	3,977r	3,535r	3,735	4,163	3,658	3,406	3,673	3,986
17 Federal funds sold[1]	52,509	53,935	53,960	54,633	57,903	60,174	55,050	55,088	57,695
18 To commercial banks	34,803	36,062	33,892	35,839r	37,398	39,968	35,623	36,013	37,464
19 To nonbank brokers and dealers in securities	11,913	11,965	12,842	11,809r	12,970	12,620	12,234	12,006	13,433
20 To others	5,792	5,908	7,226	6,985	7,535	7,585	7,192	7,070	6,798
21 Other loans and leases, gross[2]	673,545r	671,984r	675,402r	674,203r	680,396r	677,306	680,480	679,160	685,965
22 Other loans, gross[2]	659,466r	657,844r	661,254r	659,992r	666,138r	663,074	666,226	664,888	671,652
23 Commercial and industrial[2]	252,952r	251,879r	251,203	251,661r	253,626r	252,829	253,759	252,908	254,374
24 Bankers acceptances and commercial paper	2,615	2,541	2,427	2,241	2,399	2,452	2,304	2,323	2,438
25 All other	250,338r	249,338r	248,776	249,420r	251,227r	250,377	251,455	250,584	251,936
26 U.S. addressees	245,351r	244,323r	243,811	244,495r	246,290r	245,466	246,558	245,738	246,991
27 Non-U.S. addressees	4,987	5,014	4,965	4,924	4,937	4,911	4,897	4,846	4,944
28 Real estate loans[2]	171,012	171,796	172,233	172,449	172,533r	173,178	173,531	174,143	174,886
29 To individuals for personal expenditures	122,727	122,773	123,200	123,687r	123,701r	124,069	124,196	124,769	124,964
30 To depository and financial institutions	40,966r	40,600r	40,966r	40,831r	41,627r	40,109	40,721	40,436	41,516
31 Commercial banks in the United States	11,128r	10,872r	10,887r	11,119	10,901r	10,098	10,560	10,778	10,569
32 Banks in foreign countries	5,314	5,048	5,216	4,917	5,863	5,006	5,421	5,309	6,039
33 Nonbank depository and other financial institutions	24,523	24,679	24,863	24,794	24,863	25,005	24,741	24,349	24,908
34 For purchasing and carrying securities	16,727r	15,858	18,168	16,052	17,171	17,719	17,962	16,466	17,566
35 To finance agricultural production	7,323	7,316	7,278	7,234	7,166	7,164	7,115	7,094	7,131
36 To states and political subdivisions	30,451	30,845	30,994	30,987r	30,975	30,705	30,730	30,846	31,031
37 To foreign governments and official institutions	3,304	3,142	3,117	3,298	3,329	3,335	3,269	3,371	3,459
38 All other	14,004r	13,635	14,095	13,793r	16,009r	13,966	14,943	14,855	16,725
39 Lease financing receivables	14,079	14,140	14,148	14,211	14,258r	14,232	14,253	14,272	14,312
40 LESS: Unearned income	5,202r	5,214r	5,211r	5,210r	5,153r	5,158	5,154	5,166	5,103
41 Loan and lease reserve[2]	12,861r	12,905	12,939	12,944	13,146	13,173	13,209	13,148	13,080
42 Other loans and leases, net[2]	655,481r	653,865r	657,252r	656,049r	662,096r	658,975	662,117	660,847	667,781
43 All other assets	133,721r	132,034r	126,787r	125,819r	130,340r	129,589	128,704	126,423	130,770
44 **Total assets**	**1,067,530r**	**1,073,057r**	**1,066,395r**	**1,067,167r**	**1,102,852r**	**1,084,239**	**1,078,822**	**1,074,164**	**1,099,180**
45 Demand deposits	190,303r	188,412r	186,530r	186,750r	212,752r	192,336	193,274	186,682	209,708
46 Individuals, partnerships, and corporations	143,882	146,237	142,477	142,789r	160,474r	148,388	146,638	142,330	158,664
47 States and political subdivisions	5,348	4,784	5,365	4,697	5,658	4,864	5,190	5,094	6,016
48 U.S. government	2,309	2,353	1,114	1,830	1,552r	2,521	3,979	1,839	1,414
49 Depository institutions in United States	22,714r	20,847r	22,975r	22,647r	27,780r	21,957	22,795	22,349	25,731
50 Banks in foreign countries	5,598	5,047	5,316	4,880	6,742	5,272	5,428	5,360	6,816
51 Foreign governments and official institutions	791	937	746	891	871r	1,208	784	1,042	794
52 Certified and officers' checks	9,660	8,207	8,536	9,015	9,675	8,125	8,459	8,669	10,272
53 Transaction balances other than demand deposits	39,669	38,976	38,567	38,361	41,426	40,291	39,595	38,079	39,932
54 Nontransaction balances	473,029	473,639	474,684	474,261	474,447	475,487	475,228	476,614	478,546
55 Individuals, partnerships and corporations	437,401r	437,416	438,118	437,559	438,109	438,892	438,265	439,566	441,426
56 States and political subdivisions	23,672r	24,210	24,429	24,510	24,258	24,476	24,710	24,901	25,181
57 U.S. government	399	419	465	488	472	466	475	486	467
58 Depository institutions in the United States	9,392	9,356	9,412	9,461	9,448	9,380	9,429	9,323	9,049
59 Foreign governments, official institutions and banks	2,163	2,237	2,258	2,244	2,160	2,272	2,350	2,339	2,423
60 Liabilities for borrowed money	193,528r	199,744	194,528	195,632	200,736r	201,392	201,299	203,334	204,998
61 Borrowings from Federal Reserve Banks	180	1,627	705	229	240	725	397	1,272	320
62 Treasury tax-and-loan notes	6,521	5,727	7,035	7,144	4,761r	3,396	15,833	16,886	7,322
63 All other liabilities for borrowed money[3]	186,826r	192,390	186,788	188,259	195,736r	197,272	185,069	185,176	197,356
64 Other liabilities and subordinated note and debentures	94,990r	96,134r	95,927r	96,149r	97,183r	98,145	93,091	93,243	88,868
65 **Total liabilities**	**991,520r**	**996,905r**	**990,235r**	**991,153r**	**1,026,545r**	**1,007,651**	**1,002,488**	**997,953**	**1,022,053**
66 Residual (total assets minus total liabilities)[4]	76,011	76,152	76,159	76,014	76,307r	76,588	76,334	76,212	77,126
MEMO									
67 Total loans and leases (gross) and investments adjusted[5]	819,320	821,401r	827,050r	823,428r	834,881r	830,346	831,458	831,605	837,778
68 Total loans and leases (gross) adjusted[2,5]	680,123	678,986r	684,584	681,878r	690,000r	687,414	689,347	687,458	695,626
69 Time deposits in amounts of $100,000 or more	154,623	155,440	156,063r	156,297r	155,097r	156,276	156,406	158,182	158,214
70 Loans sold outright to affiliates—total[6]	2,070r	2,033r	2,008r	1,990r	1,932r	1,964	2,094	2,209	2,185
71 Commercial and industrial	1,272	1,260	1,227	1,239	1,230	1,262	1,400	1,362	1,298
72 Other	798r	773r	781r	750r	703r	702	694	847	887
73 Nontransaction savings deposits (including MMDAs)	186,670	186,555	187,056	186,459	187,864	187,651	187,250	187,023	188,831

1. Includes securities purchased under agreements to resell.
2. Levels of major loan items were affected by the Sept. 26, 1984 transaction between Continental Illinois National Bank and the Federal Deposit Insurance Corporation. For details see the H.4.2 statistical release dated Oct. 5, 1984.
3. Includes federal funds purchased and securities sold under agreements to repurchase; *for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.*
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.
5. Exclusive of loans and federal funds transactions with domestic commercial banks.
6. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

NOTE. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.

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

Millions of dollars, Wednesday figures

Account	1985								
	Aug. 7	Aug. 14	Aug. 21	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25	Oct. 2
1 Cash and balances due from depository institutions	20,579r	22,348r	19,463r	22,000r	24,629r	20,974	20,999	21,406	24,556
2 **Total loans, leases and securities, net**[1]	**175,496r**	**177,621r**	**180,811r**	**178,465r**	**184,176r**	**180,786**	**181,493**	**180,879**	**183,833**
Securities									
3 U.S. Treasury and government agency[2]	......	......	......	......	......	......	......	......	......
4 Trading account[2]	......	......	......	......	......	......	......	......	......
5 Investment account, by maturity	9,689	9,667	10,002	9,869	9,791	9,359	9,424	10,109	10,121
6 One year or less	1,844	1,844	1,770	1,781	1,669	1,670	1,896	1,828	1,854
7 Over one through five years	6,203	6,051	6,457	6,425	6,330	6,038	5,896	6,639	6,612
8 Over five years	1,642	1,772	1,776	1,662	1,792	1,650	1,632	1,643	1,655
9 Other securities[2]	......	......	......	......	......	......	......	......	......
10 Trading account[2]	......	......	......	......	......	......	......	......	......
11 Investment account	10,216	10,422	10,481	10,482	10,544	10,550	10,510	10,518	10,792
12 States and political subdivisions, by maturity	9,177	9,231	9,268	9,270	9,273	9,319	9,329	9,430	9,616
13 One year or less	1,339	1,357	1,390	1,398	1,429	1,434	1,447	1,548	1,717
14 Over one year	7,837	7,874	7,878	7,872	7,844	7,884	7,882	7,882	7,899
15 Other bonds, corporate stocks and securities	1,040	1,190	1,213	1,212	1,271	1,230	1,181	1,088	1,176
16 Other trading account assets[2]	......	......	......	......	......	......	......	......	......
Loans and leases									
17 Federal funds sold[3]	21,119	23,714	23,736	23,238	25,070	24,696	22,571	22,851	22,822
18 To commercial banks	10,223	12,192	10,150	11,046	11,979	11,815	10,138	11,418	11,010
19 To nonbank brokers and dealers in securities	6,762	7,085	7,978	6,760	7,788	7,221	7,002	6,180	6,899
20 To others	4,134	4,437	5,608	5,432	5,303	5,660	5,431	5,252	4,913
21 Other loans and leases, gross	139,656r	139,056r	141,838r	140,127r	144,049r	141,513	144,342	142,726	145,372
22 Other loans, gross	136,971r	136,338r	139,133r	137,390r	141,314r	138,811	141,612	139,987	142,632
23 Commercial and industrial	60,208	59,870	59,770	59,703	60,751	60,336	60,836	60,450	60,602
24 Bankers acceptances and commercial paper	980	797	754	688	750	759	670	704	676
25 All other	59,227	59,074	59,017	59,015	60,000	59,576	60,166	59,745	59,926
26 U.S. addressees	58,556	58,354	58,310	58,325	59,313	58,886	59,464	59,058	59,244
27 Non-U.S. addressees	671	720	707	690	688	691	702	687	682
28 Real estate loans	27,306	27,473	27,636	27,685	27,688	27,848	28,060	28,121	27,980
29 To individuals for personal expenditures	17,254	17,347	17,342	17,433	17,527	17,578	17,654	17,725	17,778
30 To depository and financial institutions	11,508r	11,329r	11,786r	11,998	12,709r	11,560	12,244	12,014	12,794
31 Commercial banks in the United States	2,203r	2,100r	2,240r	2,717r	2,484r	2,184	2,467	2,684	2,686
32 Banks in foreign countries	2,004	1,734	2,042	1,784	2,695	1,916	2,302	2,106	2,872
33 Nonbank depository and other financial institutions	7,300	7,495	7,504	7,497	7,529	7,461	7,475	7,224	7,236
34 For purchasing and carrying securities	7,838	7,475	9,797	7,571	8,581	8,803	9,538	8,654	9,362
35 To finance agricultural production	367	352	342	340	315	309	303	303	349
36 To states and political subdivisions	8,014	8,395	8,421	8,286	8,274	8,128	8,147	8,119	8,168
37 To foreign governments and official institutions	767	626	648	829	865	872	786	918	986
38 All other	3,709	3,471	3,390	3,543	4,604	3,377	4,043	3,684	4,612
39 Lease financing receivables	2,685	2,718	2,706	2,737	2,735	2,702	2,730	2,738	2,741
40 LESS: Unearned income	1,450	1,450	1,452	1,454	1,428	1,430	1,430	1,438	1,412
41 Loan and lease reserve	3,734	3,788	3,794	3,796	3,850	3,902	3,925	3,886	3,862
42 Other loans and leases, net	134,472r	133,818r	136,592r	134,876r	138,771r	136,181	138,987	137,401	140,098
43 All other assets[4]	67,849	68,095	65,150	64,155	70,716	69,136	68,260	67,302	69,951
44 **Total assets**	**263,923r**	**268,064r**	**265,425r**	**264,620r**	**279,521r**	**270,896**	**270,751**	**269,588**	**278,340**
Deposits									
45 Demand deposits	47,212r	44,999r	45,764r	45,668r	53,329r	45,029	46,869	46,601	52,957
46 Individuals, partnerships, and corporations	30,833	31,552	30,295	30,528	35,561	30,517	31,150	31,261	34,898
47 States and political subdivisions	892	868	1,017	809	782	764	761	785	1,256
48 U.S. government	453	424	112	368	193	537	713	277	159
49 Depository institutions in the United States	5,253r	4,185r	5,922r	5,522r	6,202r	4,603	5,564	5,360	6,575
50 Banks in foreign countries	4,243	3,795	4,168	3,701	5,395	3,992	4,265	4,029	5,412
51 Foreign governments and official institutions	603	770	562	711	687	1,014	569	847	628
52 Certified and officers' checks	4,934	3,404	3,687	4,027	4,510	3,601	3,846	4,042	4,029
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	4,194	4,127	4,067	4,046	4,259	4,257	4,174	3,985	4,281
54 Nontransaction balances	85,896	85,562	85,461	84,925	85,632	85,405	85,423	85,684	86,417
55 Individuals, partnerships and corporations	78,144	77,709	77,719	77,252	77,874	77,608	77,447	77,792	78,168
56 States and political subdivisions	4,548	4,592	4,556	4,489	4,568	4,555	4,756	4,654	4,979
57 U.S. government	49	54	51	49	39	39	38	36	35
58 Depository institutions in the United States	2,136	2,170	2,098	2,122	2,164	2,163	2,058	2,070	2,060
59 Foreign governments, official institutions and banks	1,019	1,037	1,038	1,013	987	1,040	1,124	1,131	1,174
60 Liabilities for borrowed money	61,594	66,563	62,845	63,330	67,734	67,281	68,610	67,937	74,400
61 Borrowings from Federal Reserve Banks	......	1,290	425	......	......	375	......	350	......
62 Treasury tax-and-loan notes	1,490	1,379	1,694	1,995	1,366	793	3,752	4,014	1,699
63 All other liabilities for borrowed money[5]	60,104	63,894	60,726	61,335	66,368	66,113	64,859	63,573	72,702
64 Other liabilities and subordinated note and debentures	40,756	42,492	42,960	42,399	44,210	44,454	41,335	41,202	35,816
65 **Total liabilities**	**239,651r**	**243,744r**	**241,097r**	**240,368r**	**255,164r**	**246,426**	**246,411**	**245,410**	**253,871**
66 Residual (total assets minus total liabilities)[6]	24,272	24,320	24,328	24,252	24,358	24,470	24,340	24,178	24,469
MEMO									
67 Total loans and leases (gross) and investments adjusted[1,7]	168,254	168,567	173,667	169,953	174,990	172,119	174,243	172,102	175,411
68 Total loans and leases (gross) adjusted[7]	148,349	148,478	153,184	149,602	154,655	152,211	154,309	151,474	154,498
69 Time deposits in amounts of $100,000 or more	32,726	32,534	32,525	32,220	32,615	32,625	32,404	32,582	32,945

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

NOTE. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.

1.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS WITH ASSETS OF $750 MILLION OR MORE ON JUNE 30, 1980 Assets and Liabilities ▲

Millions of dollars, Wednesday figures

Account	1985								
	Aug. 7	Aug. 14	Aug. 21	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25	Oct. 2
1 Cash and due from depository institutions	7,004	6,874	6,828	6,886	6,617	6,768	6,710	6,924	6,516
2 Total loans and securities	45,074	46,888	46,633	46,964	47,607	48,935	47,934	49,770	50,836
3 U.S. Treasury and govt. agency securities	3,092	3,055	3,063	3,208	3,242	3,484	3,435	3,391	3,562
4 Other securities	2,066	2,033	2,058	2,090	2,156	2,189	2,248	2,348	2,375
5 Federal funds sold[1]	3,621	4,754	3,399	4,102	4,046	3,954	3,238	4,548	4,334
6 To commercial banks in the United States	3,258	4,402	3,163	3,652	3,695	3,407	2,812	4,126	3,887
7 To others	363	352	237	450	351	547	426	422	447
8 Other loans, gross	36,294	37,045	38,113	37,564	38,163	39,308	39,012	39,483	40,566
9 Commercial and industrial	21,991	22,311	23,030	22,399	22,900	23,276	23,339	23,494	23,874
10 Bankers acceptances and commercial paper	1,772	1,676	1,764	1,587	1,770	1,744	1,730	1,650	1,696
11 All other	20,219	20,635	21,266	20,812	21,130	21,532	21,608	21,844	22,178
12 U.S. addressees	18,807	19,246	19,854	19,298	19,707	20,150	20,253	20,543	20,906
13 Non-U.S. addressees	1,412	1,389	1,412	1,514	1,423	1,382	1,356	1,300	1,272
14 To financial institutions	10,027	10,354	10,984	11,018	10,655	11,127	10,966	11,295	12,024
15 Commercial banks in the United States	7,600	7,946	8,582	8,671	8,151	8,589	8,486	8,777	9,057
16 *Banks in foreign countries*	1,032	1,104	1,037	1,032	1,074	1,079	1,046	998	1,407
17 Nonbank financial institutions	1,395	1,304	1,365	1,316	1,430	1,459	1,434	1,520	1,560
18 To foreign govts. and official institutions	516	512	506	515	514	604	532	574	544
19 For purchasing and carrying securities	1,354	1,447	1,168	1,217	1,602	1,813	1,627	1,607	1,569
20 All other	2,406	2,420	2,426	2,415	2,492	2,488	2,548	2,514	2,554
21 Other assets (claims on nonrelated parties)	18,483	18,735	18,600	18,758	18,689	18,888	19,853	19,997	18,935
22 Net due from related institutions	9,243	8,852	8,648	8,188	8,777	8,641	8,730	9,365	8,792
23 Total assets	79,804	81,350	80,709	80,796	81,691	83,231	83,227	86,056	85,079
24 Deposits or credit balances due to other than directly related institutions	23,685	23,889	24,566	25,238	25,003	25,606	25,972	26,189	26,604
25 Credit balances	208	137	136	280	143	158	163	151	262
26 Demand deposits	1,759	1,762	1,643	1,755	1,745	1,908	1,881	1,912	2,146
27 Individuals, partnerships, and corporations	998	943	957	965	948	962	992	957	1,080
28 Other	761	818	686	790	797	946	889	955	1,067
29 Time and savings deposits	21,718	21,990	22,788	23,203	23,115	23,539	23,928	24,126	24,196
30 Individuals, partnerships, and corporations	17,059	17,248	18,420	18,615	18,587	18,925	19,003	19,276	19,265
31 Other	4,659	4,742	4,367	4,588	4,528	4,614	4,924	4,850	4,930
32 Borrowings from other than directly related institutions	29,572	28,930	28,763	28,206	30,488	30,236	29,380	30,689	31,610
33 Federal funds purchased[2]	11,426	11,000	11,060	11,200	13,799	13,320	12,484	13,119	13,878
34 From commercial banks in the United States	8,787	8,605	8,373	8,253	10,859	10,500	9,475	10,058	10,771
35 From others	2,639	2,395	2,687	2,946	2,940	2,820	3,010	3,060	3,107
36 Other liabilities for borrowed money	18,145	17,931	17,703	17,006	16,689	16,916	16,896	17,571	17,732
37 *To commercial banks in the United States*	16,813	16,287	16,131	15,736	15,516	15,699	15,843	16,455	16,575
38 To others	1,332	1,644	1,572	1,270	1,173	1,217	1,053	1,116	1,156
39 Other liabilities to nonrelated parties	20,903	20,789	20,643	21,078	20,827	21,214	21,385	21,567	21,026
40 Net due to related institutions	5,645	7,741	6,736	6,274	5,373	6,175	6,489	7,610	5,839
41 Total liabilities	79,804	81,350	80,709	80,796	81,691	83,231	83,227	86,056	85,079
MEMO									
42 Total loans (gross) and securities adjusted[3]	34,216	34,540	34,888	34,641	35,761	36,938	36,636	36,867	37,892
43 Total loans (gross) adjusted[3]	29,057	29,451	29,767	29,343	30,364	31,266	30,952	31,128	31,955

▲ Levels of many asset and liability items were revised beginning Oct. 31, 1984. For details, see the H.4.2 (504) statistical release dated Nov. 23, 1984.

1. Includes securities purchased under agreements to resell.
2. Includes securities sold under agreements to repurchase.
3. Exclusive of loans to and federal funds sold to commercial banks in the United States.

NOTE. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.

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

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

Type of holder	Commercial banks									
	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.	1984				1985	
					Mar.	June	Sept.	Dec.	Mar.[3]	June[p]
1 **All holders—Individuals, partnerships, and corporations**	**315.5**	**288.9**	**291.8**	**293.5**	**279.3**	**286.3**	**288.8**	**302.7**	**288.1**	**300.9**
2 Financial business	29.8	28.0	35.4	32.8	31.7	30.8	30.4	31.7	28.1	29.4
3 Nonfinancial business	162.8	154.8	150.5	161.1	150.3	156.7	158.9	166.3	159.7	165.4
4 Consumer	102.4	86.6	85.9	78.5	78.1	78.7	79.9	81.5	77.3	81.9
5 Foreign	3.3	2.9	3.0	3.3	3.3	3.5	3.3	3.6	3.5	3.6
6 Other	17.2	16.7	17.0	17.8	15.9	16.7	16.3	19.7	19.6	20.6
	Weekly reporting banks									
	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.[2]	1984				1985	
					Mar.	June	Sept.	Dec.	Mar.[3]	June[p]
7 **All holders—Individuals, partnerships, and corporations**	**147.4**	**137.5**	**144.2**	**146.2**	**139.2**	**145.3**	**145.3**	**157.1**	**147.8**	**151.9**
8 Financial business	21.8	21.0	26.7	24.2	23.5	23.6	23.7	25.3	22.6	23.3
9 Nonfinancial business	78.3	75.2	74.3	79.8	76.4	79.7	79.2	87.1	82.8	83.9
10 Consumer	35.6	30.4	31.9	29.7	28.4	29.9	29.8	30.5	29.1	30.1
11 Foreign	3.1	2.8	2.9	3.1	3.2	3.2	3.2	3.4	3.3	3.5
12 Other	8.6	8.0	8.4	9.3	7.7	8.9	9.3	10.9	10.0	11.1

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

2. In January 1984 the weekly reporting panel was revised; it now includes 168 banks. Beginning with March 1984, estimates are constructed on the basis of 92 sample banks and are not comparable with earlier data. Estimates in billions of dollars for December 1983 based on the newly weekly reporting panel are: financial business, 24.4; nonfinancial business, 80.9; consumer, 30.1; foreign, 3.1; other, 9.5.

3. Beginning March 1985, financial business deposits and, by implication, total gross demand deposits have been redefined to exclude demand deposits due to thrift institutions. Historical data have not been revised. The estimated volume of such deposits for December 1984 is $5.0 billion at all insured commercial banks and $3.0 billion at weekly reporting banks.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1980 Dec.	1981 Dec.	1982 Dec.[1]	1983 Dec.	1984 Dec.[2]	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**124,374**	**165,829**	**166,436**	**188,312**	**239,117**	**250,575**	**255,236**	**258,943**	**254,627**	**262,769**	**273,327**
Financial companies[3]											
Dealer-placed paper[4]											
2 Total	19,599	30,333	34,605	44,622	56,917	60,895	63,405	61,282	61,602	67,419	67,816
3 Bank-related (not seasonally adjusted)	3,561	6,045	2,516	2,441	2,035	2,304	2,180	2,295	2,051	2,083	2,136
Directly placed paper[5]											
4 Total	67,854	81,660	84,393	96,918	110,474	118,029	117,841	119,975	118,432	118,722	128,216
5 Bank-related (not seasonally adjusted)	22,382	26,914	32,034	35,566	42,105	43,334	42,405	43,126	43,454	41,228	42,926
6 Nonfinancial companies[6]	36,921	53,836	47,437	46,772	71,726	71,651	73,990	77,686	74,593	76,628	77,295
	Bankers dollar acceptances (not seasonally adjusted)[7]										
7 **Total**	**54,744**	**69,226**	**79,543**	**78,309**	**75,470**	**73,726**	**72,825**	**69,689**	**68,375**	**68,497**	**66,713**
Holder											
8 Accepting banks	10,564	10,857	10,910	9,355	10,255	10,473	9,666	9,265	9,470	9,299	9,093
9 Own bills	8,963	9,743	9,471	8,125	9,065	9,166	8,263	7,578	7,869	8,012	7,895
10 Bills bought	1,601	1,115	1,439	1,230	1,191	1,340	1,403	1,687	1,601	1,287	1,198
Federal Reserve Banks											
11 Own account	776	195	1,480	418	0	0	0	0	0	0	0
12 Foreign correspondents	1,791	1,442	949	729	671	737	728	575	511	652	789
13 Others	41,614	56,731	66,204	68,225	67,595	62,516r	62,431r	59,849r	58,394r	58,546r	56,831
Basis											
14 Imports into United States	11,776	14,765	17,683	15,649	16,975	16,124	16,417	16,670	16,286	16,444	16,705
15 Exports from United States	12,712	15,400	16,328	16,880	15,859	15,179	14,875	14,214	13,340	12,969	12,858
16 All other	30,257	39,060	45,531	45,781	42,635	42,423	41,533	38,804	38,748	39,084r	37,149

1. Effective Dec. 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed.
2. Correction of a previous misclassification of paper by a reporter has created a break in the series beginning December 1983. The correction adds some paper to nonfinancial and to dealer-placed financial paper.
3. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
4. Includes all financial company paper sold by dealers in the open market.
5. As reported by financial companies that place their paper directly with investors.
6. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
7. Beginning October 1984, the number of respondents in the bankers acceptance survey will be reduced from 340 to 160 institutions—those with $50 million or more in total acceptances. The new reporting group accounts for over 95 percent of total acceptances activity.

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1983—Jan. 11	11.00	1984—Oct. 17	12.50	1983—Jan.	11.16	1984—May	12.39
Feb. 28	10.50	29	12.00	Feb.	10.98	June	12.60
Aug. 8	11.00	Nov. 9	11.75	Mar.	10.50	July	13.00
		28	11.25	Apr.	10.50	Aug.	13.00
1984—Mar. 19	11.50	Dec. 20	10.75	May	10.50	Sept.	12.97
Apr. 5	12.00			June	10.50	Oct.	12.58
May 8	12.50	1985—Jan. 15	10.50	July	10.50	Nov.	11.77
June 25	13.00	May 20	10.00	Aug.	10.89	Dec.	11.06
1984—Sept.27	12.75	June 18	9.50	Sept.	11.00	1985—Jan.	10.61
				Oct.	11.00	Feb.	10.50
				Nov.	11.00	Mar.	10.50
				Dec.	11.00	Apr.	10.50
				1984—Jan.	11.00	May	10.31
				Feb.	11.00	June	9.78
				Mar.	11.21	July	9.50
				Apr.	11.93	Aug.	9.50
						Sept.	9.50

NOTE. These data also appear in the Board's H.15 (519) release. For address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1982	1983	1984	1985				1985, week ending				
				June	July	Aug.	Sept.	Aug. 30	Sept. 06	Sept. 13	Sept. 20	Sept. 27
MONEY MARKET RATES												
1 Federal funds[1,2]	12.26	9.09	10.22	7.53	7.88	7.90	7.92	7.78	7.88	7.80	7.85	7.96
2 Discount window borrowing[1,2,3]	11.02	8.50	8.80	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Commercial paper[4,5]												
3 1-month	11.83	8.87	10.05	7.34	7.58	7.73	7.83	7.71	7.74	7.91	7.90	7.73
4 3-month	11.89	8.88	10.10	7.35	7.56	7.72	7.83	7.68	7.74	7.92	7.91	7.72
5 6-month	11.89	8.89	10.16	7.38	7.57	7.74	7.86	7.68	7.76	7.98	7.96	7.73
Finance paper, directly placed[4,5]												
6 1-month	11.64	8.80	9.97	7.31	7.53	7.70	7.84	7.70	7.79	7.92	7.90	7.72
7 3-month	11.23	8.70	9.73	7.19	7.40	7.56	7.64	7.47	7.58	7.71	7.71	7.56
8 6-month	11.20	8.69	9.65	7.16	7.34	7.55	7.60	7.47	7.49	7.67	7.67	7.55
Bankers acceptances[5,6]												
9 3-month	11.89	8.90	10.14	7.32	7.53	7.68	7.81	7.66	7.78	7.90	7.88	7.66
10 6-month	11.83	8.91	10.19	7.34	7.54	7.69	7.84	7.65	7.79	7.99	7.92	7.64
Certificates of deposit, secondary market[7]												
11 1-month	12.04	8.96	10.17	7.38	7.58	7.77	7.88	7.75	7.82	7.94	7.94	7.78
12 3-month	12.27	9.07	10.37	7.44	7.64	7.81	7.93	7.79	7.87	8.00	7.99	7.82
13 6-month	12.57	9.27	10.68	7.58	7.80	7.97	8.09	7.92	8.02	8.24	8.19	7.89
14 Eurodollar deposits, 3-month[8]	13.12	9.56	10.73	7.60	7.89	8.03r	8.14	7.99	8.11	8.29	8.16	8.00
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	10.61	8.61	9.52	6.95	7.08	7.14	7.10	7.07	7.14	7.23	7.12	6.89
16 6-month	11.07	8.73	9.76	7.09	7.20	7.32	7.27	7.22	7.31	7.42	7.33	7.00
17 1-year	11.07	8.80	9.92	7.27	7.31	7.48	7.50	7.42	7.49	7.62	7.55	7.34
Auction average[10]												
18 3-month	10.66	8.64	9.56	7.01	7.05	7.18	7.08	7.07	7.12	7.22	7.17	6.81
19 6-month	10.80	8.76	9.79	7.16	7.16	7.35	7.27	7.21	7.30	7.39	7.32	7.05
20 1-year	11.10	8.85	9.91	7.18	7.09	7.60	7.36	n.a.	7.36	n.a.	n.a.	n.a.
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	12.27	9.57	10.89	7.80	7.86	8.05	8.07	7.97	8.04	8.20	8.11	7.88
22 2-year	12.80	10.21	11.65	8.69	8.77	8.94	8.98	8.86	8.97	9.11	9.05	8.79
23 2-½-year[13]	....	....	....	....	....	....	....	9.20	n.a.	9.05	n.a.	9.20
24 3-year	12.92	10.45	11.89	9.05	9.18	9.31	9.37	9.22	9.36	9.51	9.43	9.17
25 5-year	13.01	10.80	12.24	9.60	9.70	9.81	9.81	9.66	9.76	9.95	9.85	9.66
26 7-year	13.06	11.02	12.40	10.08	10.16	10.20	10.24	10.05	10.18	10.36	10.27	10.13
27 10-year	13.00	11.10	12.44	10.16	10.31	10.33	10.37	10.17	10.29	10.48	10.40	10.30
28 20-year	12.92	11.34	12.48	10.57	10.68	10.73	10.80	10.59	10.71	10.89	10.82	10.76
29 30-year	12.76	11.18	12.39	10.44r	10.50	10.56	10.61	10.42	10.52	10.70	10.62	10.58
Composite[14]												
30 Over 10 years (long-term)	12.23	10.84	11.99	10.36	10.51	10.60	10.67	10.46	10.57	10.76	10.69	10.63
State and local notes and bonds												
Moody's series[15]												
31 Aaa	10.86	8.80	9.61	8.24	8.34	8.49	8.70	8.50	8.50	8.70	8.80	8.80
32 Baa	12.46	10.17	10.38	9.03	9.18	9.50	9.63	9.60	9.60	9.60	9.65	9.65
33 *Bond Buyer* series[16]	11.66	9.51	10.10	8.69	8.81	9.08	9.27	9.09	9.07	9.26	9.35	9.38
Corporate bonds												
Seasoned issues[17]												
34 All industries	14.94	12.78	13.49	11.70	11.69	11.76	11.75	11.63	11.66	11.79	11.79	11.74
35 Aaa	13.79	12.04	12.71	10.94	10.97	11.05	11.07	10.90	10.94	11.13	11.11	11.05
36 Aa	14.41	12.42	13.31	11.46	11.42	11.47	11.46	11.33	11.37	11.51	11.49	11.47
37 A	15.43	13.10	13.74	11.98	11.92	12.00	11.99	11.89	11.91	12.01	12.03	11.98
38 Baa	16.11	13.55	14.19	12.40	12.43	12.50	12.48	12.40	12.41	12.52	12.51	12.47
39 A-rated, recently-offered utility bonds[18]	15.49	12.73	13.81	11.62	11.60	11.77	11.87	11.73	11.89	11.92	11.91	11.80
MEMO: Dividend/price ratio[19]												
40 Preferred stocks	12.53	11.02	11.59	10.05	9.92	10.15	10.26	10.25	10.23	10.23	10.29	10.27
41 Common stocks	5.81	4.40	4.64	4.21	4.14	4.23	4.32	4.22	4.23	4.28	4.36	4.41

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.
2. Weekly figures are averages for statement week ending Wednesday.
3. Rate for the Federal Reserve Bank of New York.
4. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
5. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).
6. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).
7. Unweighted average of offered rates quoted by at least five dealers early in the day.
8. Calendar week average. For indication purposes only.
9. Unweighted average of closing bid rates quoted by at least five dealers.
10. Rates are recorded in the week in which bills are issued. Beginning with the Treasury bill auction held on Apr. 18, 1983, bidders were required to state the percentage yield (on a bank discount basis) that they would accept to two decimal places. Thus, average issuing rates in bill auctions will be reported using two rather than three decimal places.
11. Yields are based on closing bid prices quoted by at least five dealers.
12. Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities.
13. Each biweekly figure is the average of five business days ending on the Monday following the date indicated. Until Mar. 31, 1983, the biweekly rate determined the maximum interest rate payable in the following two-week period on 2-½-year small saver certificates. (See table 1.16.)
14. Averages (to maturity or call) for all outstanding bonds neither due nor callable in less than 10 years, including one very low yielding "flower" bond.
15. General obligations based on Thursday figures; Moody's Investors Service.
16. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
17. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
18. Compilation of the Federal Reserve. This series is an estimate of the yield on recently-offered, A-rated utility bonds with a 30-year maturity and 5 years of call protection. Weekly data are based on Friday quotations.
19. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

NOTE. These data also appear in the Board's H.15 (519) and G.13 (415) releases. For address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1982	1983	1984	1985 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	68.93	92.63	92.46	99.11	104.73	103.92	104.66	107.00	109.52	111.64	109.09	106.62
2 Industrial	78.18	107.45	108.01	113.99	120.71	119.64	119.93	121.88	124.11	126.94	124.92	122.35
3 Transportation	60.41	89.36	85.63	94.88	101.76	98.30	96.47	99.66	105.79	111.67	109.92	104.96
4 Utility	39.75	47.00	46.44	51.95	53.44	53.91	55.51	57.32	59.61	59.68	56.99	55.93
5 Finance	71.99	95.34	89.28	101.34	109.58	107.59	109.39	115.31	118.44	119.85	114.68	110.21
6 Standard & Poor's Corporation (1941–43 = 10)[1]	119.71	160.41	160.50	171.61	180.88	179.42	180.62	184.90	188.89	192.54	188.31	184.06
7 American Stock Exchange[2] (Aug. 31, 1973 = 50)	282.62[r]	216.48	207.96	211.82	228.40	225.62	229.46	228.75	227.48	235.21	232.65	226.27
Volume of trading (thousands of shares)												
8 New York Stock Exchange	64,617	85,418	91,084	121,545	115,489	102,591	94,387	106,827	105,849	111,952	87,468	97,910
9 American Stock Exchange	5,283	8,215	6,107	9,130	10,010	8,677	7,801	7,171	7,128	7,284	7,275	7,057
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Margin credit at broker–dealers**[3]	**13,325**	**23,000**	**22,470**	**22,090**	**22,970**	**23,230**	**23,900**	**24,300**	**25,260**	**25,220**	**25,780**	**25,330**
11 Margin stock	12,980	22,720	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Convertible bonds	344	279										
13 Subscription issues	1	1										
Free credit balances at brokers[4]												
14 Margin-account	5,735	6,620	7,015	6,770	6,680	6,780	6,910	6,865	7,300	7,000	6,460	6,220
15 Cash-account	8,390	8,430	10,215	9,725	9,840	10,155	9,230	9,230	10,115	9,700	9,440	10,080
	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**	**100.0**
By equity class (in percent)[5]												
17 Under 40	21.0	41.0	46.0	35.0	36.0	38.0	39.0	36.0	37.0	34.0	35.0	40.0
18 40–49	24.0	22.0	18.0	19.0	20.0	20.0	19.0	19.0	19.0	20.0	21.0	22.0
19 50–59	24.0	16.0	16.0	20.0	18.0	18.0	18.0	19.0	19.0	19.0	18.0	16.0
20 60–69	14.0	9.0	9.0	11.0	11.0	10.0	10.0	11.0	10.0	11.0	11.0	9.0
21 70–79	9.0	6.0	5.0	7.0	8.0	7.0	7.0	7.0	7.0	8.0	8.0	6.0
22 80 or more	8.0	6.0	6.0	8.0	8.0	7.0	7.0	8.0	8.0	8.0	7.0	7.0
	Special miscellaneous-account balances at brokers (end of period)											
23 **Total balances (millions of dollars)**[6]	**35,598**	**58,329**	**75,840**	**79,600**	**81,830**	**81,930**	**82,990**	**87,120**	**86,910**	**89,240**	**90,930**	**91,400**
Distribution by equity status (percent)												
24 Net credit status	62.0	63.0	59.0	59.0	59.0	60.0	60.0	60.0	59.0	59.0	59.0	59.0
Debt status, equity of												
25 60 percent or more	29.0	28.0	29.0	30.0	31.0	30.0	30.0	30.0	31.0	32.0	30.0	31.0
26 Less than 60 percent	9.0	9.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0	11.0	10.0

Margin requirements (percent of market value and effective date)[7]

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

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half.
3. Beginning July 1983, under the revised Regulation T, margin credit at broker-dealers includes credit extended against stocks, convertible bonds, stocks acquired through exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984, and margin credit at broker-dealers became the total that is distributed by equity class and shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.
7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1982	1983	1984			1985							
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	FSLIC-insured institutions												
1 **Assets**	**692,663**	**819,168**	**947,537**	**960,177**	**978,514**	**974,881**	**982,182**	**992,289**	**995,430**	**1,003,225**	**1,012,312**	**1,022,387**	**1,035,103**
2 Mortgages	477,009	521,308	590,540	598,425	599,021	602,180	603,308	608,268	613,334	617,574	623,275	627,243	632,785
3 Mortgage-backed securities	62,798	90,902	109,049	107,320	108,219	106,836	107,779	108,755	108,174	106,433	102,892	105,120	108,213
4 Cash and investment securities[1]	82,300	109,923	120,342	124,304	135,640	129,481	131,625	132,438	127,225	129,918	132,109	132,211	134,968
5 Other	n.a.	n.a.	87,421	87,799	91,516	91,211	93,100	94,625	96,903	98,034	100,595	102,400	102,265
6 **Liabilities and net worth**	**692,663**	**819,168**	**947,537**	**960,177**	**978,514**	**974,881**	**982,182**	**992,289**	**995,430**	**1,003,225**	**1,012,312**	**1,022,387**	**1,035,103**
7 Savings capital	554,584	671,059	760,332	772,124	784,724	791,475	792,556	801,293	801,256	809,083	817,551	822,186	826,727
8 Borrowed money	97,459	98,511	129,550	128,060	137,123	125,605	129,321	132,665	132,230	129,082	130,269	133,467	139,209
9 FHLBB	63,818	57,253	70,274	70,419	71,719	70,509	71,470	71,674	72,785	74,159	75,897	77,698	80,142
10 Other	33,641	41,258	59,276	57,641	65,404	55,096	57,851	60,991	59,445	54,923	54,372	55,769	59,067
11 Other	15,233	16,619	21,331	23,081	18,746	19,961	21,816	19,290	22,468	24,215	22,055	23,587	25,579
12 Net worth[2]	25,386	32,980	36,324	36,912	37,921	37,840	38,488	39,041	39,476	40,845	42,436	43,147	43,593
13 MEMO: Mortgage loan commitments outstanding[3]	27,806	56,785	68,640	68,516	65,836	64,154	65,323	67,615	68,671	69,683	69,585	68,341	67,057
	Mutual savings banks[4]												
14 **Assets**	**174,197**	**193,535**	**203,274**	**204,499**	**203,898**	**204,859**	**206,175**	**210,568**	**210,469**	**212,509**	**212,207**	**213,824**	**215,298**
Loans													
15 Mortgage	94,091	97,356	102,704	102,953	102,895	103,393	103,654	104,340	105,102	105,869	105,911	106,441	107,322
16 Other	16,957	19,129	24,486	24,884	24,954	25,747	26,456	27,798	28,000	28,530	29,199	30,339	30,195
Securities													
17 U.S. government	9,743	15,360	15,295	15,034	14,643	14,628	14,917	15,098	14,504	14,895	14,082	13,960	13,868
18 Mortgage-backed securities	14,055	18,205	18,515	18,991	19,215	19,459	19,167	19,694	19,750	19,527	19,157	19,779	20,101
19 State and local government	2,470	2,177	2,080	2,077	2,077	2,067	2,069	2,092	2,097	2,094	2,093	2,086	2,105
20 Corporate and other	22,106[r]	25,375[r]	24,388[r]	24,370[r]	23,747[r]	23,892[r]	23,896[r]	24,194[r]	24,139[r]	24,344	24,047	23,738	23,735
21 Cash	6,919	6,263	4,795	4,954	4,140	4,423	4,864	4,679	5,004	4,935	4,942	4,544	4,821
22 Other assets	7,855	9,670	11,395	11,413	11,533	11,593	12,488	12,288	12,246	12,770	12,776	12,937	13,151
23 **Liabilities**	**174,197**	**193,535**	**204,499**	**203,898**	**204,859**	**206,175**	**210,568**	**210,469**	**212,509**	**212,163**	**212,207**	**213,824**	**215,298**
24 Deposits	155,196	172,665	180,073	180,616	181,062	181,849	185,197	184,478	185,802	186,091	186,118	186,824	187,207
25 Regular[5]	152,777	170,135	177,130	177,418	177,954	178,791	181,742	180,804	182,113	182,218	182,243	182,881	183,222
26 Ordinary savings	46,862	38,554	34,009	33,739	33,413	33,413	33,715	33,211	33,457	33,526	33,530	33,495	33,398
27 Time	102,934	104,151	104,849	104,732	104,098	103,536	105,204	104,527	104,843	104,756	104,448	104,737	104,448
28 Other	2,419	2,530	2,943	3,198	3,108	3,058	3,455	3,689	3,674	3,873	3,875	3,943	3,985
29 Other liabilities	8,336	10,154	13,453	12,504	12,931	13,387	14,393	14,959	15,546	14,348	14,241	15,137	15,971
30 General reserve accounts	9,235	10,368	10,535	10,510	10,619	10,670	10,720	10,803	10,913	11,238	11,239	11,453	11,704
	Life insurance companies[8]												
31 **Assets**	**588,163**	**654,948**	**705,827**	**712,271**	**722,979**	**731,113**	**735,332**	**742,154**	**748,865**	**757,523**	**765,891**	**772,452**	
Securities													
32 Government	36,499	50,752	59,825	62,678	62,899	63,979	65,867	65,603	66,402	67,880	68,636	68,983	
33 United States[6]	16,529	28,636	37,594	40,288	41,204[r]	41,982	43,916	43,502	44,200	45,593	46,260	46,514	
34 State and local	8,664	9,986	9,344	9,385	8,713	8,913	9,000	8,902	8,923	8,998	9,044	8,980	
35 Foreign[7]	11,306	12,130	12,887	13,005	12,982	13,084	12,951	13,199	13,279	13,289	13,332	13,489	
36 Business	287,126	322,854	352,059	354,815	359,333	368,316	371,009	374,757	379,247	384,342	388,448	393,386	n.a.
37 Bonds	231,406	257,986	287,607	291,021	295,998	302,270	303,452	307,078	311,123	314,021	317,029	321,752	
38 Stocks	55,720	64,868	64,452	63,794	63,335	66,046	67,557	67,679	68,124	70,321	71,419	71,634	
39 Mortgages	141,989	150,999	156,064	156,691	156,699	156,850	157,253	158,162	159,393	160,470	161,485	162,690	
40 Real estate	20,264	22,234	24,947	25,467	25,767	25,983	26,186	26,527	26,828	27,215	27,831	28,240	
41 Policy loans	52,961	54,063	54,574	54,571	54,505	54,414	54,489	54,438	54,439	54,384	54,320	54,300	
42 Other assets	48,571	54,046	58,358	58,049	63,776	61,571	60,528	62,667	62,556	63,232	65,171	64,853	
	Credit unions[9]												
43 **Total assets/liabilities and capital**	**69,585**	**81,961**	**91,619**	**92,521**	**93,036**	**94,646**	**96,183**	**98,646**	**101,268**	**104,992**	**106,948**	**107,991**	**111,150**
44 Federal	45,493	54,482	61,935	62,690	63,205	64,505	65,989	67,799	68,903	71,342	72,021	72,932	74,869
45 State	24,092	27,479	29,684	29,831	29,831	30,141	30,194	30,847	32,365	33,650	34,762	35,059	36,281
46 Loans outstanding	43,232	50,083	60,483	62,170	62,561	62,662	62,393	62,936	64,341	65,298	66,817	67,662	69,171
47 Federal	27,948	32,930	40,727	41,762	42,337	42,220	42,283	42,804	43,414	44,042	40,378	44,963	46,036
48 State	15,284	17,153	19,756	20,408	20,224	20,442	20,110	20,132	20,927	21,256	22,110	22,699	23,135
49 Savings	62,990	74,739	83,129	84,000	84,348	86,047	86,048	88,560	91,275	95,278	96,702	98,026	99,834
50 Federal (shares)	41,352	49,889	56,665	57,302	57,539	58,820	59,914	61,758	62,867	66,680	66,243	67,070	68,087
51 State (shares and deposits)	21,638	24,850	26,474	26,698	26,809	27,227	26,134	26,802	28,408	28,598	30,459	30,956	31,747

NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."
2. Includes net undistributed income accrued by most associations.
3. As of July 1985, data include loans in process.
4. The National Council reports data on member mutual savings banks and on savings banks that have converted to stock institutions, and to federal savings banks.
5. Excludes checking, club, and school accounts.
6. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
7. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.
8. Data for December 1984 through April 1985 have been revised.
9. As of June 1982, data include federally chartered or federally insured, state-chartered credit unions serving natural persons. Before that date, data were estimates of all credit unions.

NOTE. *FSLIC-insured institutions:* Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of federally insured associations. Even when revised, data for current and preceding year are subject to further revision.

Savings banks: Estimates of National Council of Savings Institutions for all savings banks in the United States.

Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

Credit unions: Estimates by the National Credit Union Administration for a group of federal and federally insured state credit unions serving natural persons. Figures are preliminary and revised annually to incorporate recent data.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1982	Fiscal year 1983	Fiscal year 1984	Calendar year 1983 H1	1983 H2	1984 H1	1985 July	1985 August	1985 Sept.
U.S. budget									
1 Receipts[1]	617,766	600,562	666,457	306,331	306,584	341,808	57,970	55,776	73,808
2 Outlays[1]	728,375	795,917	841,800	396,477	406,849	420,700	78,012	83,621	73,191
3 Surplus, or deficit (−)	−110,609	−195,355	−175,343	−90,146	−100,265	−78,892	−20,042	−27,845	617
4 Trust funds	5,456	23,056	30,565	22,680	7,745	18,080	−392	287	13,164
5 Federal funds[2,3]	−116,065	218,410	−205,908	−112,822	108,005	−96,971	−19,650	−28,132	−12,547
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	14,142	−10,404	−7,277	−5,418	−3,199	−2,813	−1,308	26	−31
7 Other[3,4]	3,190	−1,953	−2,719	−528	−1,206	−838	−183	221	−1,350
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	127,940	−207,711	−185,339	−96,094	−104,670	−84,884	−21,532	27,597	−764
Source of financing									
9 Borrowing from the public	134,993	212,425	170,817	102,538	84,020	80,592	23,921	16,157	5,975
10 Cash and monetary assets (decrease, or increase (−))[4]	−11,911	−9,889	5,636	−9,664	−16,294	−3,127	−466	12,013	−6,248
11 Other[5]	4,858	5,176	8,885	3,222	4,358	7,418	1,923	−573	−1,037
MEMO									
12 Treasury operating balance (level, end of period)	29,164	37,057	22,345	27,997	11,817	13,567	24,146	11,841	17,060
13 Federal Reserve Banks	10,975	16,557	3,791	19,442	3,661	4,397	2,656	3,656	4,174
14 Tax and loan accounts	18,189	20,500	18,553	8,764	8,157	9,170	21,489	8,185	12,886

1. Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.
2. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
3. Other off-budget includes Postal Service Fund; Rural Electrification and Telephone Revolving Fund; Rural Telephone Bank; and petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.
4. Includes U.S. Treasury operating cash accounts; SDRs; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
5. Includes accrued interest payable to the public; allocations of special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" *Treasury Bulletin*, and the *Budget of the U.S. Government, Fiscal Year 1985*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS
Millions of dollars

Source or type	Fiscal year 1983	Fiscal year 1984	Calendar year						
			1983		1984		1985		
			H1	H2	H1	H2	July	Aug.	Sept.
RECEIPTS									
1 **All sources**	**600,562^r**	**666,457**	**306,331**	**305,122**	**341,808**	**341,392**	**57,970**	**55,776**	**73,808**
2 Individual income taxes, net	288,940^r	295,960^r	144,551	147,663	144,691	157,229	26,252	25,770	34,643
3 Withheld	266,010	279,350^r	135,531	133,768	140,657	145,210	26,898	24,914	22,569
4 Presidential Election Campaign Fund	36	35	30	6	29	5	3	2	1
5 Nonwithheld	83,585	81,346	63,014	20,703	61,463	19,403	1,133	2,285	13,613
6 Refunds	60,692	64,770	54,024	6,815	57,458	7,387	1,783	1,431	1,539
Corporation income taxes									
7 Gross receipts	61,780	74,179	33,522	31,064	40,328	35,190	3,052	2,397	12,224
8 Refunds	24,758	17,286	13,809	8,921	10,045	6,847	1,161	1,319	1,275
9 Social insurance taxes and contributions, net	208,994	241,902	110,520	100,832	131,372	118,690	22,853	22,943	21,977
10 Payroll employment taxes and contributions[1]	185,766^r	212,184^r	97,340^r	90,248^r	114,103^r	105,624^r	21,136^r	18,617	21,325
11 Self-employment taxes and contributions[2]	6,756	8,709	6,427	398	7,667	1,086	-406	0	1,247
12 Unemployment insurance	18,799	25,138	10,984	8,714	14,942	10,706	1,276	3,928	275
13 Other net receipts[3]	4,429^r	4,580	2,197	2,290	2,329	2,360	441	398	376
14 Excise taxes	35,300	37,361	16,904	19,586	18,304	18,961	3,409	2,544	3,331
15 Customs deposits	8,655	11,370	4,010	5,079	5,576	6,329	1,125	1,151	936
16 Estate and gift taxes	6,053	6,010	2,883	3,050	3,102	3,029	614	560	497
17 Miscellaneous receipts[4]	15,601^r	16,965	7,751	7,811	8,481	8,812	1,826	1,730	1,473
OUTLAYS									
18 **All types**	**795,917**	**841,800**	**396,477**	**406,849**	**420,700**	**446,943**	**78,012**	**83,621**	**73,191**
19 National defense	210,461	227,405	105,072	108,967	114,639	118,286	22,140	23,209	21,498
20 International affairs	8,927	13,313	4,705	6,117	5,426	8,550	491	1,542	1,995
21 General science, space, and technology	7,777	8,271	3,486	4,216	3,981	4,473	652	754	742
22 Energy	4,035	2,464	2,073	1,533	1,080	1,423	282	647	1,128
23 Natural resources and environment	12,676	12,677	5,892	6,933	5,463	7,370	1,317	1,396	1,083
24 Agriculture	22,173	12,215	10,154	5,278	7,129	8,524	1,162	1,510	978
25 Commerce and housing credit	4,721	5,198	2,164	2,648	2,572	2,663	-189	-295	401
26 Transportation	21,231	24,705	9,918	13,323	10,616	13,673	2,563	2,617	2,524
27 Community and regional development	7,302	7,803	3,124	4,327	3,154	4,836	476	730	521
28 Education, training, employment, social services	25,726	26,616	12,801	13,246	13,445	13,737	2,185	2,745	2,136
29 Health	28,655	30,435	41,206	27,271	15,551	15,692	2,944	2,917	2,672
30 Social security and medicare	223,311	235,764	n.a.	n.a.	119,420	119,613	21,890	21,306	21,170
31 Income security	122,156	96,714	143,001	92,643	50,450	57,411	10,855	10,201	8,574
32 Veterans benefits and services	24,845	25,640	11,334	13,621	12,849	13,317	2,324	3,409	942
33 Administration of justice	5,014	5,616	2,522	2,628	2,807	2,992	658	519	469
34 General government	4,991	4,836	2,434	2,479	2,462	2,552	215	479	788
35 General-purpose fiscal assistance	6,287	6,577	3,124	3,290	2,943	3,458	1,222	92	291
36 Net interest[6]	86,963	111,007	42,358	47,674	54,748	61,293	10,312	12,324	9,773
37 Undistributed offsetting receipts[7]	-33,976	-15,454	-8,887	-7,262	-8,036	-12,914	-3,485	-2,481	4,495

1. Old-age, disability, and hospital insurance, and railroad retirement accounts.
2. Old-age, disability, and hospital insurance.
3. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. In accordance with the Social Security Amendments Act of 1983, the Treasury now provides social security and medicare outlays as a separate function. Before February 1984, these outlays were included in the income security and health functions.
6. Net interest function includes interest received by trust funds.
7. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1985*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1983			1984				1985	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**1,324.3**	**1,381.9**	**1,415.3**	**1,468.3**	**1,517.2**	**1,576.7**	**1,667.4**	**1,715.1**	**1,779.0**
2 Public debt securities	1,319.6	1,377.2	1,410.7	1,463.7	1,512.7	1,572.3	1,663.0	1,710.7	1,774.6
3 Held by public	1,090.3	1,138.2	1,174.4	1,223.9	1,255.1	1,309.2	1,373.4	1,415.2	1,460.5
4 Held by agencies	229.3	239.0	236.3	239.8	257.6	263.1	289.6	295.5	314.2
5 Agency securities	4.7	4.7	4.6	4.6	4.5	4.5	4.5	4.4	4.4
6 Held by public	3.6	3.6	3.5	3.5	3.4	3.4	3.4	3.3	3.3
7 Held by agencies	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
8 **Debt subject to statutory limit**	**1,320.4**	**1,378.0**	**1,411.4**	**1,464.5**	**1,513.4**	**1,573.0**	**1,663.7**	**1,711.4**	**1,775.3**
9 Public debt securities	1,319.0	1,376.6	1,410.1	1,463.1	1,512.1	1,571.7	1,662.4	1,710.1	1,774.0
10 Other debt[1]	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
11 MEMO: Statutory debt limit	1,389.0	1,389.0	1,490.0	1,490.0	1,520.0	1,573.0	1,823.8	1,823.8	1,823.8

1. Includes guaranteed debt of government agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department).

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1980	1981	1982	1983	1984		1985	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**930.2**	**1,028.7**	**1,197.1**	**1,410.7**	**1,572.3**	**1,663.0**	**1,710.7**	**1,774.6**
By type								
2 Interest-bearing debt	928.9	1,027.3	1,195.5	1,400.9	1,559.6	1,660.6	1,695.2	1,759.8
3 Marketable	623.2	720.3	881.5	1,050.9	1,176.6	1,247.4	1,271.7	1,310.7
4 Bills	216.1	245.0	311.8	343.8	356.8	374.4	379.5	381.9
5 Notes	321.6	375.3	465.0	573.4	661.7	705.1	713.8	740.9
6 Bonds	85.4	99.9	104.6	133.7	158.1	167.9	178.4	187.9
7 Nonmarketable[1]	305.7	307.0	314.0	350.0	383.0	413.2	423.6	449.1
8 State and local government series	23.8	23.0	25.7	36.7	41.4	44.4	47.7	53.9
9 Foreign issues[2]	24.0	19.0	14.7	10.4	8.8	9.1	9.1	8.3
10 Government	17.6	14.9	13.0	10.4	8.8	9.1	9.1	8.3
11 Public	6.4	4.1	1.7	.0	.0	.0	.0	.0
12 Savings bonds and notes	72.5	68.1	68.0	70.7	73.1	73.3	74.4	75.7
13 Government account series[3]	185.1	196.7	205.4	231.9	259.5	286.2	292.2	311.0
14 Non-interest-bearing debt	1.3	1.4	1.6	9.8	12.7	2.3	15.5	14.8
By holder[4]								
15 U.S. government agencies and trust funds	192.5	203.3	209.4	236.3	263.1	289.6	295.5	
16 Federal Reserve Banks	121.3	131.0	139.3	151.9	155.0	160.9	161.0	
17 Private investors	616.4	694.5	848.4	1,022.6	1,154.1	1,212.5	1,254.1	
18 Commercial banks	112.1	111.4	131.4	188.8	183.0	183.4	195.0	
19 Money market funds	3.5	21.5	42.6	22.8	13.6	25.9	26.6	
20 Insurance companies	24.0	29.0	39.1	56.7	73.2	82.3	84.0	
21 Other companies	19.3	17.9	24.5	39.7	47.7	51.1	51.9	n.a.
22 State and local governments	87.9	104.3	127.8	155.1	n.a.	n.a.	n.a.	
Individuals								
23 Savings bonds	72.5	68.1	68.3	71.5	73.7	74.5	75.4	
24 Other securities	44.6	42.7	48.2	61.9	68.7	69.3	69.9	
25 Foreign and international[5]	129.7	136.6	149.5	166.3	175.5	192.8	186.3	
26 Other miscellaneous investors[6]	122.8	163.0	217.0	259.8	n.a.	n.a.	n.a.	

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration; depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
3. Held almost entirely by U.S. government agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Consists of investments of foreign and international accounts. Excludes non-interest-bearing notes issued to the International Monetary Fund.
6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. government deposit accounts, and U.S. government-sponsored agencies.

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

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

	Item	1982	1983	1984[r]	1985			1985 week ending Wednesday					
					July[r]	Aug.[r]	Sept.	Aug. 21[r]	Aug. 28[r]	Sept. 4	Sept. 11	Sept. 18	Sept. 25
	Immediate delivery[1]												
1	U.S. government securities	32,261[r]	42,135	52,778	65,865	70,830	62,936	72,481	62,500	69,890	60,718	56,121	73,637
	By maturity												
2	Bills	18,393[r]	22,393	26,035	29,397	29,973	27,644	30,881	26,509	31,772	27,659	26,157	29,482
3	Other within 1 year	810	708	1,305	1,561	1,636	1,683	1,581	1,634	1,572	1,384	1,572	1,820
4	1–5 years	6,271	8,758	11,733	15,969	17,397	15,299	20,082	16,660	13,303	13,558	13,321	21,179
5	5–10 years	3,555	5,279	7,606	10,816	11,266	10,464	9,885	9,290	14,916	10,015	8,623	12,537
6	Over 10 years	3,232	4,997	6,099	8,121	10,558	7,847	10,051	8,407	8,327	8,102	6,448	8,620
	By type of customer												
7	U.S. government securities dealers	1,770	2,257	2,919	2,476	2,922	2,946	2,039	2,916	3,439	3,407	2,822	2,548
8	U.S. government securities brokers	15,794	21,045	25,580	33,393	34,565	30,768	36,641	28,555	31,416	30,234	27,734	37,087
9	All others[2]	14,697	18,833[r]	24,278	29,995	33,342	29,223	33,801	31,028	35,036	27,077	25,565	34,002
10	Federal agency securities	4,140	5,576	7,846	10,797	10,964	11,667	14,333	10,036	9,348	13,429	13,809	11,083
11	Certificates of deposit	5,001[r]	4,333	4,947	3,891	3,245	3,379	3,350	2,867	3,103	3,645	3,005	4,021
12	Bankers acceptances	2,502	2,642	3,243	3,245	2,999	3,012	3,298	2,609	3,015	2,924	2,625	3,762
13	Commercial paper	7,595	8,036	10,018	13,390	13,027	13,466	13,980	12,509	13,960	13,480	13,435	14,009
	Futures transactions[3]												
14	Treasury bills	5,055	6,655	6,947	4,047	3,942	5,836	4,649	2,802	6,135	6,374	5,135	6,654
15	Treasury coupons	1,487	2,501	4,503	4,963	5,618	6,546	5,439	5,247	5,414	7,382	5,462	8,026
16	Federal agency securities	261	265	262	155	346	234	262	502	305	277	259	208
	Forward transactions[4]												
17	U.S. government securities	835	1,493	1,364	1,157	1,271	1,034	1,235	1,174	1,054	782	803	1,607
18	Federal agency securities	978	1,646	2,843	3,492	3,580	3,810	4,425	2,775	3,124	4,679	4,566	3,121

1. Data for immediate transactions does not include forward transactions.
2. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.
3. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.
4. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

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

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

	Item	1982	1983	1984	1985 July	1985 Aug.	1985 Sept.	1985 week ending Wednesday Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25
	Positions											
	Net immediate[1]											
1	U.S. government securities	14,769r	14,224r	5,538	293r	1,433	2,287	3,971	5,923	836	1,201	2,923
2	Bills	8,226r	10,800r	5,500	2,973	5,327	6,412	5,280	6,317	4,483	5,988	7,490
3	Other within 1 year	1,088r	921r	63	1,293	1,376	1,059	1,356	1,459	1,007	1,089	946
4	1–5 years	3,293r	1,912r	2,159	6,511r	4,442	5,733	4,277	5,431	4,985	4,550	6,733
5	5–10 years	−318	−78	−1,119	−7,230	−6,199	−6,381	−5,084	−4,924	−5,819	−5,825	−6,794
6	Over 10 years	2,026	528	−1,174	−3,412	−3,670	−4,737	−2,034	−2,544	−4,006	−4,805	−5,661
7	Federal agency securities	4,169r	7,313r	15,294	23,461	23,108	23,787	22,944	23,048	24,129	24,227	23,768
8	Certificates of deposit	5,532	5,838r	7,369	8,996	8,207r	8,288	8,212	8,315	8,303	8,013	8,107
9	Bankers acceptances	2,832	3,332	3,874	4,607	4,213r	4,180	3,766r	4,313	3,870	3,488r	4,442
10	Commercial paper	3,317	3,159	3,788	4,786	4,905	5,624	4,417	5,168	5,770	5,132	5,396
	Futures positions											
11	Treasury bills	−2,507	−4,125	−4,525	−4,794r	−6,699	−6,224	−7,700	−7,047	−3,629	−3,822	−8,783
12	Treasury coupons	−2,303	−1,033r	1,794	4,444r	5,169	5,122	4,638	3,757	4,201	4,995	5,990
13	Federal agency securities	−224	171	233	−1,161	−530	−1,209	−282	−692	−1,238	1,033	−1,409
	Forward positions											
14	U.S. government securities	788	−1,936	−1,643	−1,086	−700r	−1,464	−453	706	−1,199	1,620	−1,480
15	Federal agency securities	−1,432	−3,561	−9,205	−8,941	−10,793	−10,433	−10,638	−10,599	−11,156	−11,143	−9,929
	Financing[2]											
	Reverse repurchase agreements[3]											
16	Overnight and continuing	26,754	29,099	44,078	68,930r	69,377	72,392	66,067	70,024	74,397	70,935	71,849
17	Term agreements	48,247	52,493	68,357	74,930	78,394	80,007	80,744	74,143	79,871	80,423	82,305
	Repurchase agreements[4]											
18	Overnight and continuing	49,695	57,946	75,717	100,429	103,403	107,884	105,336	105,249	109,149	107,615	107,943
19	Term agreements	43,410	44,410	57,047	151,085	67,346	67,645	67,878	65,766	66,890	64,815	71,234

1. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Before 1984, securities owned, and hence dealer positions, do not include all securities acquired under reverse RPs. After January 1984, immediate positions include reverses to maturity, which are securities that were sold after having been obtained under reverse repurchase agreements that mature on the same day as the securities. Data for immediate positions does not include forward positions.

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1982	1983	1984	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.
1 **Federal and federally sponsored agencies**	**237,085**	**239,716**	**271,564**	**275,093**	**275,209**	**278,697**	**284,870r**	**286,106r**	**289,224**
2 Federal agencies	33,055	33,940	35,145	35,140	35,182	34,915r	35,646r	35,354r	35,338
3 Defense Department[1]	354	243	142	116	107	102	97	93	89
4 Export-Import Bank[2,3]	14,218	14,853	15,882	15,709	15,707	15,706	15,746r	15,746r	15,744
5 Federal Housing Administration[4]	288	194	133	127	123	122	119	118	116
6 Government National Mortgage Association participation certificates[5]	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[6]	1,471	1,404	1,337	1,337	1,337	970r	970	970	970
8 Tennessee Valley Authority	14,365	14,970	15,435	15,635	15,776	15,776	16,475	16,188	16,180
9 United States Railway Association[6]	194	111	51	51	74	74	74	74	74
10 Federally sponsored agencies[7]	204,030	205,776	236,419	239,953	240,027	243,782	249,224r	250,752r	253,886
11 Federal Home Loan Banks	55,967	48,930	65,085	65,700	65,257	67,765	69,898	70,244	71,949
12 Federal Home Loan Mortgage Corporation	4,524	6,793	10,270	11,882	12,004	12,167	12,723	13,197	13,393
13 Federal National Mortgage Association[8]	70,052	74,594	83,720	86,297	86,913	88,170	89,518	90,208	91,318
14 Farm Credit Banks	71,896	72,409	71,255	70,161	69,882	69,321	70,039r	70,069r	70,092
15 Student Loan Marketing Association	1,591	3,050	5,369	5,913	5,971	6,359	7,046r	7,034r	7,134
MEMO									
16 **Federal Financing Bank debt[9]**	**126,424**	**135,791**	**145,217**	**147,507**	**148,718**	**149,597**	**149,957r**	**152,962r**	**152,941**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	14,177	14,789	15,852	15,690	15,690	15,690	15,729	15,729	15,729
18 Postal Service[6]	1,221	1,154	1,087	1,087	1,087	720	720	720	720
19 Student Loan Marketing Association	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20 Tennessee Valley Authority	12,640	13,245	13,710	13,910	14,051	14,154	14,750	14,463	14,455
21 United States Railway Association[6]	194	111	51	51	74	74	74	74	74
Other Lending[10]									
22 Farmers Home Administration	53,261	55,266	58,971	59,756	60,641	61,461	62,606	63,546	63,779
23 Rural Electrification Administration	17,157	19,766	20,693	20,730	20,894	21,003	21,183	21,364	21,463
24 Other	22,774	26,460	29,853	31,283	31,281	31,495	31,909	32,066	31,721

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: Notes, bonds, and debentures.
8. Before late 1981, the Association obtained financing through the Federal Financing Bank.
9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1982	1983	1984	1984	1985						
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June[r]	July
1 **All issues, new and refunding**[1]	**79,138**	**86,421**	**106,641**	**17,713**	**6,607**	**8,510**	**9,873**	**12,095**	**14,097**	**11,801**	**12,013**
Type of issue											
2 General obligation	21,094	21,566	26,485	2,185	1,887	3,527	2,998	3,265	4,535	2,739	5,174
3 U.S. government loans[2]	225	96	16	2	7	0	5	0	2	0	0
4 Revenue	58,044	64,855	80,156	15,528	4,720	4,983	6,875	8,830	9,562	9,062	6,839
5 U.S. government loans[2]	461	253	17	0	3	0	0	2	0	1	6
Type of issuer											
6 State	8,438	7,140	9,129	725	369	1,559	252	958	1,298	350	786
7 Special district and statutory authority	45,060	51,297	63,550	11,894	4,045	4,493	5,754	7,279	8,126	7,625	6,703
8 Municipalities, counties, townships, school districts	25,640	27,984	33,962	5,094	2,193	2,458	3,867	3,858	4,673	3,826	4,524
9 **Issues for new capital, total**	**74,804**	**72,441**	**94,050**	**16,354**	**5,206**	**5,890**	**8,253**	**9,075**	**9,279**	**7,966**	**7,579**
Use of proceeds											
10 Education	6,482	8,099	7,553	671	757	950	1,018	1,121	1,169	962	787
11 Transportation	6,256	4,387	7,552	1,339	347	472	173	319	631	276	583
12 Utilities and conservation	14,259	13,588	17,844	4,133	1,359	1,008	1,491	2,347	1,478	1,844	890
13 Social welfare	26,635	26,910	29,928	3,598	1,670	1,848	3,155	3,105	3,454	2,956	3,120
14 Industrial aid	8,349	7,821	15,415	5,572	389	353	584	293	782	560	490
15 Other purposes	12,822	11,637	15,758	1,041	684	1,259	1,832	1,890	1,765	1,368	1,709

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

SOURCE. Public Securities Association.

1.46 NEW SECURITY ISSUES Corporations

Millions of dollars

Type of issue or issuer, or use	1982	1983	1984	1985							
				Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **All issues**[1]	**84,638**	**120,074**	**132,311**	**7,294**	**6,743**	**14,005**	**11,790**	**12,896**	**19,391**	**11,835**[r]	**14,187**
2 **Bonds**[2]	**54,076**	**68,495**	**109,683**	**5,739**	**4,027**	**11,641**	**8,850**	**9,738**	**15,651**	**8,628**	**11,231**
Type of offering											
3 Public	44,278	47,369	73,357	5,739	4,027	11,641	8,850	9,738	15,651	8,628	11,231
4 Private placement	9,798	21,126	36,326	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	12,822	16,851	24,607	1,326	1,476	5,660	922	1,500	8,044	2,688	2,352
6 Commercial and miscellaneous	5,442	7,540	13,726	144	469	974	1,317	639	865	1,642	911
7 Transportation	1,491	3,833	4,694	297	30	130	334	357	512	76	459
8 Public utility	12,327	9,125	10,679	309	80	500	860	1,136	585	423	835
9 Communication	2,390	3,642	2,997	375	353	300	0	150	125	110	1,295
10 Real estate and financial	19,604	27,502	52,980	3,288	1,619	4,077	5,418	5,956	5,520	3,689	5,379
11 **Stocks**[3]	**30,562**	**51,579**	**22,628**	**1,555**	**2,716**	**2,364**	**2,940**	**3,158**	**3,740**	**3,207**[r]	**2,956**
Type											
12 Preferred	5,113	7,213	4,118	170	218	311	312	634	726	631	603
13 Common	25,449	44,366	18,510	1,385	2,498	2,053	2,628	2,524	3,014	2,576[r]	2,353
Industry group											
14 Manufacturing	5,649	14,135	4,054	172	229	224	283	504	558	601	225
15 Commercial and miscellaneous	7,770	13,112	6,277	234	760	472	1,019	624	1,453	562	1,288
16 Transportation	709	2,729	589	0	153	32	522	33	236	0	79
17 Public utility	7,517	5,001	1,624	225	283	197	157	185	91	87	73
18 Communication	2,227	1,822	419	271	101	15	5	119	151	99	18
19 Real estate and financial	6,690	14,780	9,665	653	1,190	1,424	954	1,693	1,251	1,798	1,273

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.
2. Monthly data include only public offerings.
3. Beginning in August 1981, gross stock offerings include new equity volume from swaps of debt for equity.

SOURCE. Securities and Exchange Commission and the Board of Governors of the Federal Reserve System.

1.47 OPEN–END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1983	1984	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July^r	1985 Aug.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	84,345	107,486^r	19,152	14,786	14,582	18,049	16,408	18,191	20,284	18,049
2 Redemptions of own shares[3]	57,100	77,029^r	9,183	8,005	9,412	13,500	10,069	9,836	11,502	10,837
3 Net sales	27,245	30,457	9,969	6,781	5,170	4,549	6,339	8,355	8,782	7,212
4 Assets[4]	113,599	137,126	151,534	154,707	157,065	164,087	178,275	186,284	195,707	201,632
5 Cash position[5]	8,343	11,978	13,114	14,567	13,082	15,444	15,017	15,565	16,943	17,957
6 Other	105,256	125,148	138,420	140,140	143,983	148,643	163,258	170,719	178,764	183,675

1. Excluding money market funds.
2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. Also includes all U.S. government securities and other short-term debt securities.

NOTE. Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1982	1983	1984	1983 Q3	1983 Q4	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1985 Q1	1985 Q2
1 Corporate profits with inventory valuation and capital consumption adjustment	159.1	225.2	285.7	245.0	260.0	277.4	291.1	282.8	291.6	292.3	298.5
2 Profits before tax	165.5	203.2	235.7	227.4	225.5	243.3	246.0	224.8	228.7	222.3	221.0
3 Profits tax liability	60.7	75.8	89.8	84.7	84.5	92.7	95.8	83.1	87.7	85.3	83.6
4 Profits after tax	104.8	127.4	145.9	142.6	141.1	150.6	150.2	141.7	141.0	137.0	137.4
5 Dividends	69.2	72.9	80.5	73.3	75.4	77.7	79.9	81.3	83.1	84.5	85.6
6 Undistributed profits	35.6	54.5	65.3	69.3	65.6	72.9	70.2	60.3	58.0	52.5	51.8
7 Inventory valuation	-9.5	-11.2	-5.6	-19.3	-9.2	-13.5	-7.3	-.2	-1.6	.9	2.5
8 Capital consumption adjustment	3.1	33.2	55.7	36.9	43.6	47.6	52.3	58.3	64.5	69.1	75.0

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

1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities

Billions of dollars, except for ratio

Account	1979	1980	1981	1982	1983	1984			1985	
						Q2	Q3	Q4	Q1r	Q2
1 **Current assets**	**1,214.8**	**1,327.0**	**1,418.4**	**1,432.7**	**1,557.3**	**1,630.1**	**1,666.1**	**1,682.0**	**1,694.7**	**1,704.0**
2 Cash	118.0	126.9	135.5	147.0	165.8	154.7	150.0	160.9	153.5	154.6
3 U.S. government securities	16.7	18.7	17.6	22.8	30.6	36.9	33.2	36.6	35.2	35.1
4 Notes and accounts receivable	459.0	506.8	532.0	519.2	577.8	615.4	630.6	622.3	635.2	635.9
5 Inventories	505.1	542.8	583.7	578.6	599.3	629.8	656.9	655.6	664.6	663.7
6 Other	116.0	131.8	149.5	165.2	183.7	193.4	195.4	206.6	206.2	214.7
7 **Current liabilities**	**807.3**	**889.3**	**970.0**	**976.8**	**1,043.0**	**1,111.9**	**1,142.2**	**1,150.7**	**1,159.5**	**1,163.9**
8 Notes and accounts payable	460.8	513.6	546.3	543.0	577.8	605.1	623.9	627.4	615.6	625.9
9 Other	346.5	375.7	423.7	433.8	465.3	506.9	518.2	523.3	543.9	538.1
10 **Net working capital**	**407.5**	**437.8**	**448.4**	**455.9**	**514.3**	**518.1**	**523.9**	**531.3**	**535.2**	**540.1**
11 MEMO: Current ratio[1]	1.505	1.492	1.462	1.467	1.493	1.466	1.459	1.462	1.462	1.464

1. Ratio of total current assets to total current liabilities.
NOTE. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533-37.
All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.
SOURCE. Federal Trade Commission and Bureau of the Census.

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry	1983	1984	1985[1]	1984				1985			
				Q1	Q2	Q3	Q4	Q1	Q2r	Q3[1]r	Q4[1]
1 **Total nonfarm business**	**304.78**	**354.44**	**383.98**	**337.95**	**349.97**	**361.48**	**368.29**	**371.16**	**387.83**	**389.54**	**387.40**
Manufacturing											
2 Durable goods industries	53.08	66.24	73.58	61.23	64.03	68.26	71.43	69.87	73.96	75.80	74.68
3 Nondurable goods industries	63.12	72.58	79.86	68.68	71.93	74.18	75.53	75.78	80.36	82.02	81.30
Nonmanufacturing											
4 Mining	15.19	16.86	16.08	17.24	16.38	16.82	17.00	15.66	16.51	16.32	15.81
Transportation											
5 Railroad	4.88	6.79	7.24	6.06	7.34	7.31	6.44	6.02	7.48	8.06	7.43
6 Air	4.36	3.56	4.28	3.35	3.53	3.72	3.65	4.20	3.66	4.86	4.39
7 Other	4.72	6.17	6.05	5.87	6.14	6.47	6.18	6.01	6.37	6.09	5.74
Public utilities											
8 Electric	37.27	37.03	35.53	38.27	37.79	36.63	35.40	36.65	36.04	35.29	34.13
9 Gas and other	7.70	10.44	12.56	8.81	10.16	11.28	11.52	11.81	12.43	13.11	12.86
10 Commercial and other[2]	114.45	134.75	148.81	128.42	132.67	136.80	141.13	145.16	151.02	148.00	151.05

▲Trade and services are no longer being reported separately. They are included in Commercial and other, line 10.
1. Anticipated by business.
2. "Other" consists of construction; wholesale and retail trade; finance and insurance; personal and business services; and communication.
SOURCE. *Survey of Current Business* (Department of Commerce).

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities ▲

Billions of dollars, end of period

Account	1980	1981	1982	1983	1984				1985	
				Q4	Q1	Q2	Q3	Q4	Q1	Q2
Assets										
Accounts receivable, gross										
1 Consumer	63.2	72.4	78.1	87.4	87.4	90.5	95.6	96.7	99.1	106.0
2 Business	90.3	100.3	101.4	113.4	120.5	124.4	124.5	135.2	142.1	144.6
3 Real estate	13.8	17.9	20.2	22.5	22.2	23.0	25.2	26.3	27.2	28.4
4 Total	167.3	190.5	199.7	223.4	230.1	238.0	245.3	258.3	268.5	279.0
Less:										
5 Reserves for unearned income	23.6	30.0	31.9	33.0	32.8	33.9	36.0	36.5	36.6	38.6
6 Reserves for losses	2.8	3.2	3.5	4.0	4.1	4.4	4.3	4.4	4.9	4.8
7 Accounts receivable, net	140.9	157.3	164.3	186.4	193.2	199.6	205.0	217.3	227.0	235.6
8 All other	23.1	27.1	30.7	34.0	35.7	35.8	36.4	35.4	35.9	39.5
9 **Total assets**	**164.0**	**184.4**	**195.0**	**220.4**	**228.9**	**235.4**	**241.3**	**252.7**	**262.9**	**275.2**
Liabilities										
10 Bank loans	14.3	16.1	18.3	18.7	16.2	18.3	19.7	21.3	19.8	18.5
11 Commercial paper	47.7	57.2	51.1	59.7	64.8	68.5	66.8	72.5	79.1	82.6
Debt										
12 Other short-term	10.4	11.3	12.7	13.9	14.1	15.5	16.1	16.2	16.8	16.6
13 Long-term	52.4	56.0	64.4	68.1	70.3	69.7	73.8	77.2	78.3	85.7
14 All other liabilities	15.9	18.5	21.2	30.1	32.4	32.1	32.6	33.1	35.4	36.9
15 Capital, surplus, and undivided profits	23.3	25.3	27.4	29.8	31.1	31.4	32.3	32.3	33.5	34.8
16 **Total liabilities and capital**	**164.0**	**184.4**	**195.0**	**220.4**	**228.9**	**235.4**	**241.3**	**252.7**	**262.9**	**275.2**

▲ Finance company asset and liability data have been revised from June 1980 forward. Revised quarterly data will appear in the Board's forthcoming *Annual Statistical Digest*.

NOTE. Components may not add to totals due to rounding.
These data also appear in the Board's G.20 (422) release. For address, see inside front cover.

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Aug. 31, 1985[1]	Changes in accounts receivable			Extensions			Repayments		
		1985			1985			1985		
		June	July	Aug.	June	July	Aug.	June	July	Aug.
1 **Total**	**143,644**	**508**	**580**	**1,987**	**25,455**	**25,791**	**28,942**	**24,947**	**25,211**	**26,955**
Retail financing of installment sales										
2 Automotive (commercial vehicles)	13,176	146	366	389	948	1,170	1,212	802	804	823
3 Business, industrial, and farm equipment	20,405	71	−38	−37	1,347	1,240	1,105	1,276	1,278	1,142
Wholesale financing										
4 Automotive	18,100	422	−997	759	9,053	8,497	10,471	8,631	9,494	9,712
5 Equipment	4,467	−160	83	−80	439	638	882	599	555	962
6 All other	6,711	126	30	59	1,517	1,576	1,695	1,391	1,606	1,636
Leasing										
7 Automotive	15,474	295	251	461	829	1,090	1,117	534	839	656
8 Equipment	37,706	174	584	231	1,345	1,223	1,048	1,519	639	817
9 Loans on commercial accounts receivable and factored commercial accounts receivable	15,942	−268	207	−146	8,917	9,201	9,994	9,185	8,994	10,140
10 All other business credit	11,663	50	154	351	1,060	1,156	1,418	1,010	1,002	1,067

1. Not seasonally adjusted.

NOTE. These data also appear in the Board's G.20 (422) release. For address, see inside front cover.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1982	1983	1984	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	94.6	92.8	96.8	91.3	101.4	106.4	102.4	119.2	104.4	103.8
2 Amount of loan (thousands of dollars)	69.8	69.5	73.7	69.9	76.9	78.4	79.7	89.4	74.4	75.8
3 Loan/price ratio (percent)	76.6	77.1	78.7	79.8	78.9	76.1	79.9	77.5	74.6	75.8
4 Maturity (years)	27.6	26.7	27.8	27.2	27.4	26.8	27.7	27.5	24.5	26.8
5 Fees and charges (percent of loan amount)[2]	2.95	2.40	2.64	2.65	2.65	2.49	2.40	2.24	2.46	2.65
6 Contract rate (percent per annum)	14.47	12.20	11.87	11.42	11.55	11.55	11.31	10.94	10.78	10.68
Yield (percent per annum)										
7 FHLBB series[3]	15.12	12.66	12.37	11.92	12.05	12.01	11.75	11.34	11.24	11.15
8 HUD series[4]	15.79	13.43	13.80	13.26	13.01	12.49	12.06	12.09	12.06	n.a.
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	15.30	13.11	13.81	13.43	12.97	12.28	11.89	12.12	n.a.	n.a.
10 GNMA securities[6]	14.68	12.25	13.13	12.68	12.31	11.93	11.54	11.48	11.24	11.29
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	66,031	74,847	83,339	91,975	92,765	93,610	94,777	95,634	96,324	96,769
12 FHA/VA-insured	39,718	37,393	35,148	34,585	34,516	34,428	34,307	34,276	34,177	34,084
13 Conventional	26,312	37,454	48,191	57,391	58,250	59,182	60,470	61,359	62,147	62,685
Mortgage transactions (during period)										
14 Purchases	15,116	17,554	16,721	2,256	1,515	1,703	1,904	1,918	1,921	1,739
15 Sales	2	3,528	978	100	0	0	0	251	230	101
Mortgage commitments[7]										
16 Contracted (during period)	22,105	18,607	21,007	1,636	1,921	2,074	1,593	1,583	1,797	1,638
17 Outstanding (end of period)	7,606	5,461	6,384	5,019	5,361	5,589	5,062	4,517	4,245	3,974
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	5,131	5,996	9,283	11,549	11,615	11,879	12,576	12,844	13,521	n.a.
19 FHA/VA	1,027	974	910	854	850	843	838	842	835	n.a.
20 Conventional	4,102	5,022	8,373	10,694	10,765	11,036	11,738	12,002	12,686	n.a.
Mortgage transactions (during period)										
21 Purchases	23,673	23,089	21,886	3,232	2,201	3,591	4,106	4,626	3,602	n.a.
22 Sales	24,170	19,686	18,506	2,751	1,973	3,189	3,292	4,200	2,682	n.a.
Mortgage commitments[9]										
23 Contracted (during period)	28,179	32,852	32,603	3,453	4,141	3,701	5,172	3,259	3,958	n.a.
24 Outstanding (end of period)	7,549	16,964	13,318	30,436	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.
7. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
8. Includes participation as well as whole loans.
9. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1982	1983	1984	1984 Q2	1984 Q3	1984 Q4	1985 Q1	1985 Q2
1 **All holders**	**1,631,283**	**1,811,445**	**2,024,799[r]**	**1,919,082**	**1,975,197**	**2,024,799[r]**	**2,070,918[r]**	**2,127,628[r]**
2 1- to 4-family	1,074,670	1,192,840	1,331,522[r]	1,263,236	1,298,583	1,331,522[r]	1,363,571[r]	1,402,163[r]
3 Multifamily	145,767	156,738	171,339[r]	165,088	167,439	171,339[r]	174,937[r]	179,027[r]
4 Commercial	300,799	349,195	407,066[r]	376,617	394,144	407,066[r]	418,215[r]	432,213[r]
5 Farm	110,047	112,672	114,872[r]	114,141	115,031	114,872[r]	114,195[r]	114,225[r]
6 Major financial institutions	1,021,327	1,108,249	1,241,098[r]	1,177,662	1,215,160	1,241,098[r]	1,261,901[r]	1,292,236[r]
7 Commercial banks[1]	301,272	330,521	374,681	352,258	363,156	374,681	383,444	395,755
8 1- to 4-family	173,804	182,514	196,070	190,185	193,090	196,070	198,912	203,299
9 Multifamily	16,480	18,410	21,432	20,501	20,083	21,432	21,974	22,716
10 Commercial	102,553	120,210	146,650	131,533	139,742	146,650	152,242	159,094
11 Farm	8,435	9,387	10,529	10,039	10,241	10,529	10,316	10,646
12 Mutual savings banks	94,452	131,940	154,441	143,387	146,073	154,441	161,032[r]	165,704[r]
13 1- to 4-family	64,488	93,649	109,890	102,122	103,824	109,890	114,736[r]	118,204[r]
14 Multifamily	14,780	17,247	19,385	18,227	18,580	19,385	20,078[r]	20,578[r]
15 Commercial	15,156	21,016	25,136	23,009	23,639	25,136	26,188[r]	26,891[r]
16 Farm	28	28	30	29	30	30	30	31
17 Savings and loan associations	483,614	494,789	555,277	528,172	550,129	555,277	559,263	569,292
18 1- to 4-family	393,323	390,883	431,450	414,087	429,101	431,450	433,429	441,201
19 Multifamily	38,979	42,552	48,309	45,951	47,861	48,309	48,936	49,813
20 Commercial	51,312	61,354	75,518	68,134	73,167	75,518	76,898	78,278
21 Life insurance companies	141,989	150,999	156,699[r]	153,845	155,802	156,699[r]	158,162[r]	161,485[r]
22 1- to 4-family	16,751	15,319	14,120[r]	14,437	14,204	14,120[r]	13,840[r]	13,562[r]
23 Multifamily	18,856	19,107	18,938[r]	19,028	18,828	18,938[r]	18,964[r]	18,983[r]
24 Commercial	93,547	103,831	111,175[r]	107,796	110,149	111,175[r]	113,187[r]	116,812[r]
25 Farm	12,835	12,742	12,466[r]	12,584	12,621	12,466[r]	12,171[r]	12,128[r]
26 Federal and related agencies	138,741	148,328	158,993	153,897	154,768	158,993	163,547	166,504
27 Government National Mortgage Association	4,227	3,395	2,301	2,715	2,389	2,301	1,964	1,825
28 1- to 4-family	676	630	585	605	594	585	576	564
29 Multifamily	3,551	2,765	1,716	2,110	1,795	1,716	1,388	1,261
30 Farmers Home Administration	1,786	2,141	1,276	1,344	738	1,276	1,062	790
31 1- to 4-family	783	1,159	213	281	206	213	156	223
32 Multifamily	218	173	119	463	126	119	82	136
33 Commercial	377	409	497	81	113	497	421	163
34 Farm	408	400	447	519	293	447	403	268
35 Federal Housing and Veterans Administration	5,228	4,894	4,816	4,753	4,749	4,816	4,878	4,882
36 1- to 4-family	1,980	1,893	2,048	1,894	1,982	2,048	2,181	2,205
37 Multifamily	3,248	3,001	2,768	2,859	2,767	2,768	2,697	2,677
38 Federal National Mortgage Association	71,814	78,256	87,940	83,243	84,850	87,940	91,975	94,777
39 1- to 4-family	66,500	73,045	82,175	77,633	79,175	82,175	86,129	88,788
40 Multifamily	5,314	5,211	5,765	5,610	5,675	5,765	5,846	5,989
41 Federal Land Banks	50,953	52,010	52,261	52,364	52,595	52,261	52,120	51,654
42 1- to 4-family	3,130	3,081	3,074	3,061	3,068	3,074	3,080	3,053
43 Farm	47,823	48,929	49,187	49,303	49,527	49,187	49,040	48,601
44 Federal Home Loan Mortgage Corporation	4,733	7,632	10,399	9,478	9,447	10,399	11,548	12,576
45 1- to 4-family	4,686	7,559	9,654	8,931	8,841	9,654	10,642	11,288
46 Multifamily	47	73	745	547	606	745	906	1,288
47 Mortgage pools or trusts[2]	216,654	285,073	332,057	305,051	317,548	332,057	347,793	365,748
48 Government National Mortgage Association	118,940	159,850	179,981	170,893	175,770	179,981	185,954	192,925
49 1- to 4-family	116,038	155,950	175,589	166,723	171,481	175,589	181,419	188,228
50 Multifamily	2,902	3,900	4,392	4,170	4,289	4,392	4,535	4,697
51 Federal Home Loan Mortgage Corporation	42,964	57,895	70,822	61,267	63,964	70,822	76,759	83,327
52 1- to 4-family	42,560	57,273	70,253	60,636	63,352	70,253	75,781	82,369
53 Multifamily	404	622	569	631	612	569	978	958
54 Federal National Mortgage Association[3]	14,450	25,121	36,215	29,256	32,888	36,215	39,370	42,755
55 1- to 4-family	14,450	25,121	35,965	29,256	32,730	35,965	38,772	41,985
56 Multifamily	n.a.	n.a.	250	n.a.	158	250	598	770
57 Farmers Home Administration	40,300	42,207	45,039	43,635	44,926	45,039	45,710	46,741
58 1- to 4-family	20,005	20,404	21,813	21,331	21,595	21,813	21,928	21,962
59 Multifamily	4,344	5,090	5,841	5,081	5,618	5,841	6,041	6,377
60 Commercial	7,011	7,351	7,559	7,764	7,844	7,559	7,681	8,014
61 Farm	8,940	9,362	9,826	9,459	9,869	9,826	10,060	10,388
62 Individual and others[4]	254,561	269,795	292,651	282,472	287,721	292,651	297,677	303,140
63 1- to 4-family[5]	155,496	164,360	178,623	172,054	175,340	178,623	181,990	185,232
64 Multifamily	36,644	38,587	41,110	39,910	40,441	41,110	41,914	42,784
65 Commercial	30,843	35,024	40,531	38,300	39,490	40,531	41,598	42,961
66 Farm	31,578	31,824	32,387	32,208	32,450	32,387	32,175	32,163

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.
3. Outstanding balances on FNMA's issues of securities backed by pools of conventional mortgages held in trust. Implemented by FNMA in October 1981.
4. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or for which separate data are not readily available.
5. Includes estimate of residential mortgage credit provided by individuals.

NOTE. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

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

Millions of dollars

Holder, and type of credit	1983	1984	1984	1985							
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	Amounts outstanding (end of period)										
1 **Total**	**383,701**	**460,500**	**460,500**	**461,530**	**463,628**	**471,567**	**479,935**	**488,666**	**495,813**	**503,834**	**512,983**
By major holder											
2 Commercial banks	171,978	212,391	212,391	213,951	215,778	219,970	223,850	226,973	229,676	232,913	236,390
3 Finance companies	87,429	96,747	96,747	96,732	97,360	99,133	101,324	104,130	105,971	107,985	110,378
4 Credit unions	53,471	67,858	67,858	68,538	68,939	70,432	71,418	72,381	73,468	74,614	76,279
5 Retailers[2]	37,470	40,913	40,913	38,978	37,483	37,082	37,091	37,472	37,548	37,399	37,481
6 Savings and loans	23,108	29,945	29,945	30,520	31,405	32,349	33,514	34,754	35,901	37,301	38,496
7 Gasoline companies	4,131	4,315	4,315	4,329	4,012	3,820	3,834	3,918	4,075	4,316	4,467
8 Mutual savings banks	6,114	8,331	8,331	8,482	8,651	8,781	8,904	9,038	9,174	9,306	9,492
By major type of credit											
9 Automobile	143,114	172,589	172,589	173,769	175,491	179,661	183,558	187,795	191,315	194,678	198,050
10 Commercial banks	67,557	85,501	85,501	86,223	87,333	89,257	90,915	92,403	94,099	95,763	96,576
11 Credit unions	25,574	32,456	32,456	32,781	32,973	33,687	34,159	34,620	35,139	35,687	36,483
12 Finance companies	49,983	54,632	54,632	54,765	55,185	56,717	58,484	60,772	62,077	63,228	64,991
13 Revolving	81,977	101,555	101,555	100,565	99,316	100,434	101,887	103,492	104,333	105,539	107,584
14 Commercial banks	44,184	60,549	60,549	61,445	61,978	63,684	65,127	66,311	66,956	68,093	69,949
15 Retailers	33,662	36,691	36,691	34,791	33,326	32,930	32,926	33,263	33,302	33,130	33,168
16 Gasoline companies	4,131	4,315	4,315	4,329	4,012	3,820	3,834	3,918	4,075	4,316	4,467
17 Mobile home	23,862	24,556	24,556	24,281	24,379	24,456	24,675	24,925	25,205	25,545	25,833
18 Commercial banks	9,842	9,610	9,610	9,498	9,456	9,425	9,432	9,445	9,480	9,493	9,550
19 Finance companies	9,547	9,243	9,243	9,053	9,044	8,981	8,992	9,016	9,061	9,146	9,163
20 Savings and loans	3,906	4,985	4,985	5,005	5,150	5,305	5,496	5,699	5,887	6,117	6,313
21 Credit unions	567	718	718	725	729	745	755	765	777	789	807
22 Other	134,748	161,800	161,800	162,915	164,442	167,016	169,815	172,454	174,960	178,072	181,516
23 Commercial banks	50,395	56,731	56,731	56,785	57,011	57,604	58,376	58,814	59,141	59,564	60,315
24 Finance companies	27,899	32,872	32,872	32,914	33,131	33,435	33,848	34,342	34,833	35,611	36,224
25 Credit unions	27,330	34,684	34,684	35,032	35,237	36,000	36,504	36,996	37,552	38,138	38,989
26 Retailers	3,808	4,222	4,222	4,187	4,157	4,152	4,165	4,209	4,246	4,269	4,313
27 Savings and loans	19,202	24,960	24,960	25,515	26,255	27,044	28,018	29,055	30,014	31,184	32,183
28 Mutual savings banks	6,114	8,331	8,331	8,482	8,651	8,781	8,904	9,038	9,174	9,306	9,492
	Net change (during period)										
29 **Total**	**48,742**	**76,799**	**6,819**	**7,223**	**9,041**	**8,342**	**8,270**	**9,042**	**5,227**	**6,247**	**6,312**
By major holder											
30 Commercial banks	19,488	40,413	3,028	3,799	5,071	4,847	3,853	4,108	1,690	1,824	1,764
31 Finance companies	18,572	18,636	1,196	901	1,203	2,048	1,885	2,373	1,218	1,629	2,371
32 Credit unions	6,218	14,387	1,336	1,290	1,423	797	1,215	673	797	1,149	1,065
33 Retailers[2]	5,075	3,443	389	251	269	91	168	341	-31	112	-99
34 Savings and loans	7,285	6,837	576	922	997	715	1,063	1,327	1,417	1,338	969
35 Gasoline companies	68	184	117	-91	-102	-142	-45	59	-51	21	103
36 Mutual savings banks	1,322	2,217	177	151	180	-14	131	161	187	174	139
By major type of credit											
37 Automobile	16,856	29,475	2,687	2,887	3,198	3,391	3,488	3,792	2,686	2,365	2,486
38 Commercial banks	8,002	17,944	1,275	1,616	1,790	1,767	1,546	1,589	1,488	1,025	136
39 Credit unions	2,978	6,882	640	598	696	381	580	325	380	550	506
40 Finance companies	11,752	9,298	772	673	712	1,243	1,362	1,878	818	790	1,844
41 Revolving	12,353	19,578	1,445	1,957	2,527	2,631	2,126	2,429	-73	856	936
42 Commercial banks	7,518	16,365	1,001	1,809	2,429	2,698	2,003	2,095	42	733	968
43 Retailers	4,767	3,029	327	239	200	75	168	275	-64	102	-135
44 Gasoline companies	68	184	117	-91	-102	-142	-45	59	-51	21	103
45 Mobile home	1,452	694	117	-159	282	-11	218	186	196	324	206
46 Commercial banks	237	-232	29	-89	41	-50	19	-21	-31	-22	3
47 Finance companies	776	-608	-13	-144	33	-63	13	-19	1	74	-13
48 Savings and loans	763	1,079	88	60	192	92	175	219	217	261	204
49 Credit unions	64	151	13	14	16	10	11	7	9	11	12
50 Other	18,081	27,052	2,570	2,538	3,034	2,331	2,438	2,635	2,418	2,702	2,684
51 Commercial banks	3,731	6,336	723	463	811	432	285	445	191	88	657
52 Finance companies	6,044	9,946	437	372	458	868	510	514	399	765	540
53 Credit unions	3,176	7,354	683	678	711	406	624	341	408	588	547
54 Retailers	308	414	62	12	69	16	0	66	33	10	36
55 Savings and loans	6,522	5,758	488	862	805	623	888	1,108	1,200	1,077	765
56 Mutual savings banks	1,322	2,217	177	151	180	-14	131	161	187	174	139

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.
2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, $85.9 billion at the end of 1982, $96.9 billion at the end of 1983, and $116.6 billion at the end of 1984.

These data also appear in the Board's G.19 (421) release. For address, see inside front cover.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

	Item	1982	1983	1984	1985 Feb.	Mar.	Apr.	May	June	July	Aug.
	INTEREST RATES										
	Commercial banks[1]										
1	48-month new car[2]	16.82	13.92	13.71	13.37	n.a.	n.a.	13.16	n.a.	n.a.	12.72
2	24-month personal	18.64	16.50	16.47	16.21	n.a.	n.a.	16.09	n.a.	n.a.	15.84
3	120-month mobile home[2]	18.05	16.08	15.58	15.42	n.a.	n.a.	15.03	n.a.	n.a.	14.72
4	Credit card	18.51	18.78	18.77	18.85	n.a.	n.a.	18.74	n.a.	n.a.	18.62
	Auto finance companies										
5	New car	16.15	12.58	14.62	13.78	12.65	11.92	11.87	12.06	12.46	10.87
6	Used car	20.75	18.74	17.85	17.91	17.78	17.78	17.84	17.77	17.49	17.57
	OTHER TERMS[3]										
	Maturity (months)										
7	New car	45.9	45.9	48.3	51.4	52.2	51.5	50.9	51.3	51.7	51.1
8	Used car	37.0	37.9	39.7	41.1	41.3	41.3	41.4	41.3	41.5	41.6
	Loan-to-value ratio										
9	New car	85	86	88	90	91	91	91	91	91	91
10	Used car	90	92	92	93	93	93	94	94	95	95
	Amount financed (dollars)										
11	New car	8,178	8,787	9,333	9,196	9,232	9,305	9,775	9,965	10,355	10,422
12	Used car	4,746	5,033	5,691	5,968	5,976	6,043	6,117	6,116	6,146	6,139

1. Data for midmonth of quarter only.
2. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months.
3. At auto finance companies.

NOTE. These data also appear in the Board's G.19 (421) release. For address, see inside front cover.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-yearly data are at seasonally adjusted annual rates.

Transaction category, sector	1979r	1980r	1981r	1982r	1983r	1984r	1982r H2	1983r H1	1983r H2	1984r H1	1984r H2	1985 H1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**388.7**	**340.0**	**371.6**	**398.3**	**538.9**	**755.6**	**442.1**	**508.8**	**569.0**	**704.0**	**807.3**	**708.4**
By sector and instrument												
2 U.S. government	37.4	79.2	87.4	161.3	186.6	198.8	218.4	222.0	151.1	172.7	224.9	182.3
3 Treasury securities	38.8	79.8	87.8	162.1	186.7	199.0	218.8	222.1	151.2	172.9	225.0	182.4
4 Agency issues and mortgages	−1.4	−.6	−.5	−.9	−.1	−.2	−.4	−.1	−.1	−.2	−.1	−.1
5 Private domestic nonfinancial sectors	351.3	260.8	284.2	237.0	352.3	556.8	223.7	286.7	417.9	531.3	582.4	526.1
6 Debt capital instruments	213.9	186.3	153.7	153.5	249.1	322.1	167.1	225.4	272.7	281.8	362.4	344.1
7 Tax-exempt obligations	30.3	30.3	23.4	48.6	57.3	65.8	54.6	57.3	57.3	38.9	92.6	80.5
8 Corporate bonds	17.3	26.7	21.8	18.7	16.0	42.3	25.3	21.4	10.6	24.4	60.2	61.4
9 Mortgages	166.2	129.4	108.5	86.2	175.7	214.1	87.1	146.7	204.7	218.5	209.6	202.2
10 Home mortgages	121.7	93.8	71.6	50.4	115.6	139.2	50.1	96.2	135.1	144.8	133.5	140.8
11 Multifamily residential	8.3	7.1	4.8	5.3	9.4	14.0	5.8	6.3	12.6	16.0	12.0	13.9
12 Commercial	24.4	19.2	22.2	25.2	47.6	58.8	27.3	42.3	53.0	55.6	62.0	49.0
13 Farm	11.8	9.3	9.9	5.3	3.0	2.1	3.9	1.9	4.1	2.0	2.1	−1.5
14 Other debt instruments	137.5	74.5	130.5	83.6	103.3	234.8	56.6	61.3	145.2	249.5	220.0	182.0
15 Consumer credit	45.4	4.7	22.7	20.1	59.8	96.5	21.7	44.1	75.5	102.1	90.9	122.3
16 Bank loans n.e.c.	51.2	37.0	54.7	54.1	26.7	79.4	41.9	13.7	39.8	90.2	68.7	16.6
17 Open market paper	11.1	5.7	19.2	−4.7	−1.6	23.7	−19.3	−10.0	6.9	33.5	13.8	15.6
18 Other	29.7	27.1	33.9	14.0	18.3	35.2	12.4	13.6	23.1	23.7	46.7	27.6
19 By borrowing sector	351.3	260.8	284.2	237.0	352.3	556.8	223.7	286.7	417.9	531.3	582.4	526.1
20 State and local governments	17.6	17.2	6.8	25.9	37.6	45.0	29.3	36.1	39.2	21.4	68.6	66.6
21 Households	181.0	117.9	119.2	90.4	190.4	249.5	93.5	156.0	224.8	248.2	250.7	273.1
22 Farm	21.4	14.3	16.4	7.9	4.5	2.9	5.9	1.1	7.8	2.1	3.8	−10.5
23 Nonfarm noncorporate	35.3	31.0	38.4	40.9	65.2	77.8	42.1	55.5	75.0	83.0	72.5	69.6
24 Corporate	96.0	80.4	103.4	71.9	54.6	181.7	52.9	38.0	71.1	176.6	186.8	127.3
25 Foreign net borrowing in United States	20.2	27.2	27.2	15.7	18.9	1.7	21.2	15.3	22.5	22.9	−19.5	−14.2
26 Bonds	3.9	.8	5.4	6.7	3.8	4.1	11.0	4.6	2.9	1.1	7.0	4.8
27 Bank loans n.e.c.	2.3	11.5	3.7	−6.2	4.9	−7.8	−4.7	11.3	−1.5	−4.6	−11.0	−11.7
28 Open market paper	11.2	10.1	13.9	10.7	6.0	1.4	9.0	−4.6	16.5	20.9	−18.1	−8.8
29 U.S. government loans	2.9	4.7	4.2	4.5	4.3	4.0	6.0	3.9	4.6	5.5	2.6	1.5
30 **Total domestic plus foreign**	**408.9**	**367.2**	**398.8**	**414.0**	**557.8**	**757.4**	**463.3**	**524.0**	**591.5**	**726.9**	**787.8**	**694.3**
	Financial sectors											
31 **Total net borrowing by financial sectors**	**82.4**	**57.6**	**89.0**	**76.2**	**85.2**	**130.3**	**57.5**	**66.7**	**103.7**	**119.2**	**141.3**	**177.9**
By instrument												
32 U.S. government related	47.9	44.8	47.4	64.9	67.8	74.9	69.7	66.2	69.4	69.6	80.1	105.0
33 Sponsored credit agency securities	24.3	24.4	30.5	14.9	1.4	30.4	7.5	−4.1	6.9	29.9	31.0	26.1
34 Mortgage pool securities	23.1	19.2	15.0	49.5	66.4	44.4	62.2	70.3	62.5	39.7	49.2	78.9
35 Loans from U.S. government	.6	1.2	1.9	.4	......	......	......	......	......	......	......	......
36 Private financial sectors	34.5	12.8	41.6	11.3	17.4	55.4	−12.2	.5	34.4	49.6	61.2	72.8
37 Corporate bonds	7.8	1.8	3.5	9.7	8.6	18.5	11.2	6.4	10.7	12.2	24.7	31.9
38 Mortgages	*	*	*	.1	*	−.1	.1	*	*	−.1	−.1	*
39 Bank loans n.e.c.	−.5	−.9	.9	1.9	−.2	1.0	.6	−2.5	2.2	.3	1.6	*
40 Open market paper	18.0	4.8	20.9	−1.1	16.0	20.4	−14.6	8.7	23.4	21.3	19.5	29.3
41 Loans from Federal Home Loan Banks	9.2	7.1	16.2	.8	−7.0	15.7	−9.5	−12.1	−2.0	15.9	15.5	11.6
By sector												
42 Sponsored credit agencies	24.8	25.6	32.4	15.3	1.4	30.4	7.5	−4.1	6.9	29.9	31.0	26.1
43 Mortgage pools	23.1	19.2	15.0	49.5	66.4	44.4	62.2	70.3	62.5	39.7	49.2	78.9
44 Private financial sectors	34.5	12.8	41.6	11.3	17.4	55.4	−12.2	.5	34.4	49.6	61.2	72.8
45 Commercial banks	1.6	.5	.4	1.2	.5	4.4	1.7	.8	.2	4.8	3.9	8.2
46 Bank affiliates	6.5	6.9	8.3	1.9	8.6	10.9	−5.8	6.1	11.1	20.0	1.8	8.2
47 Savings and loan associations	12.6	7.4	15.5	2.5	−2.1	22.7	−9.3	−9.3	5.2	19.7	25.6	5.6
48 Finance companies	15.3	−1.1	18.2	6.3	11.3	18.1	1.9	3.9	18.8	5.6	30.6	51.6
49 REITs	−.1	−.5	−.2	*	.3	.2	*	−.3	−.2	.3	.1	.1
	All sectors											
50 **Total net borrowing**	**491.3**	**424.9**	**487.8**	**490.2**	**643.0**	**887.6**	**520.8**	**590.7**	**695.2**	**846.1**	**929.2**	**872.1**
51 U.S. government securities	84.8	122.9	133.0	225.9	254.4	273.8	288.3	288.4	220.5	242.4	305.1	287.4
52 State and local obligations	30.3	30.3	23.4	48.6	57.3	65.8	54.6	57.3	57.3	38.9	92.6	80.5
53 Corporate and foreign bonds	29.0	29.3	30.7	35.0	28.4	64.8	47.5	32.5	24.3	37.7	92.0	98.1
54 Mortgages	166.1	129.3	108.4	86.2	175.6	213.9	87.1	146.6	204.7	218.3	209.4	202.1
55 Consumer credit	45.4	4.7	22.7	20.1	59.8	96.5	21.7	44.1	75.5	102.1	90.9	122.3
56 Bank loans n.e.c.	52.9	47.7	59.2	49.9	31.4	72.6	37.8	22.5	40.4	85.9	59.3	4.9
57 Open market paper	40.3	20.6	54.0	4.9	20.4	45.4	−25.0	−5.9	46.8	75.7	15.2	36.1
58 Other loans	42.4	40.1	56.2	19.7	15.5	54.9	8.9	5.3	25.7	45.1	64.8	40.8
	External corporate equity funds raised in United States											
59 **Total new share issues**	**−4.3**	**21.9**	**−3.0**	**35.3**	**67.8**	**−33.1**	**47.2**	**83.4**	**52.1**	**−40.8**	**−25.5**	**25.4**
60 Mutual funds	.1	5.2	6.3	18.4	32.8	37.7	24.3	36.8	28.9	39.6	35.7	94.9
61 All other	−4.3	16.8	−9.3	16.9	35.0	−70.8	22.9	46.7	23.2	−80.4	−61.2	−69.5
62 Nonfinancial corporations	−7.8	12.9	−11.5	11.4	28.3	−77.0	15.8	38.2	18.4	−84.5	−69.4	−78.7
63 Financial corporations	2.7	1.8	1.9	4.0	2.7	5.1	4.1	2.7	2.6	4.8	5.3	5.4
64 Foreign shares purchased in United States	.8	2.1	.3	1.5	4.0	1.1	3.0	5.7	2.2	−.7	2.9	3.8

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1979[r]	1980[r]	1981[r]	1982[r]	1983[r]	1984[r]	1982[r]	1983[r]		1984[r]		1985[r]
							H2	H1	H2	H1	H2	H1
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**388.7**	**340.0**	**371.6**	**398.3**	**538.9**	**755.6**	**442.1**	**508.8**	**569.0**	**704.0**	**807.3**	**708.4**
By public agencies and foreign												
2 Total net advances	75.2	97.1	97.7	114.1	117.5	142.2	127.1	120.2	114.7	123.2	161.2	193.6
3 U.S. government securities	-6.3	15.8	17.1	22.7	27.6	36.0	35.7	40.7	14.4	29.5	42.5	52.8
4 Residential mortgages	35.8	31.7	23.5	61.0	76.1	56.5	74.5	80.2	72.1	52.8	60.1	86.5
5 FHLB advances to savings and loans	9.2	7.1	16.2	.8	-7.0	15.7	-9.5	-12.1	-2.0	15.9	15.5	11.6
6 Other loans and securities	36.5	42.5	40.9	29.5	20.8	34.1	26.5	11.5	30.2	25.1	43.2	42.7
Total advanced, by sector												
7 U.S. government	19.0	23.7	24.0	15.9	9.7	17.2	17.1	9.1	10.3	7.9	26.5	5.2
8 Sponsored credit agencies	53.1	45.6	48.2	65.5	69.8	73.3	69.1	68.6	71.0	73.6	73.0	111.2
9 Monetary authorities	7.7	4.5	9.2	9.8	10.9	8.4	15.7	15.6	6.2	11.9	4.9	27.9
10 Foreign	-4.5	23.3	16.2	22.8	27.1	43.4	25.3	27.0	27.2	29.9	56.9	49.2
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	47.9	44.8	47.4	64.9	67.8	74.9	69.7	66.2	69.4	69.6	80.1	105.0
12 Foreign	20.2	27.2	27.2	15.7	18.9	1.7	21.2	15.3	22.5	22.9	-19.5	-14.2
Private domestic funds advanced												
13 Total net advances	381.6	314.9	348.5	364.8	508.1	690.0	405.9	470.0	546.1	673.3	706.8	605.7
14 U.S. government securities	91.0	107.1	115.9	203.1	226.9	237.8	252.6	247.6	206.1	213.0	262.7	234.7
15 State and local obligations	30.3	30.3	23.4	48.6	57.3	65.8	54.6	57.3	57.3	38.9	92.6	80.5
16 Corporate and foreign bonds	18.5	19.3	18.8	14.8	14.9	29.9	29.6	21.4	8.5	17.7	42.2	33.2
17 Residential mortgages	94.2	69.1	52.9	-5.5	48.9	96.6	-18.7	22.2	75.5	107.9	85.3	68.1
18 Other mortgages and loans	156.7	96.3	153.8	104.6	153.0	275.6	78.2	109.4	196.7	311.7	239.5	200.9
19 LESS: Federal Home Loan Bank advances	9.2	7.1	16.2	.8	-7.0	15.7	-9.5	-12.1	-2.0	15.9	15.5	11.6
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	316.4	281.3	317.2	287.6	382.7	553.2	300.7	334.6	430.7	548.1	558.3	465.0
21 Commercial banking	123.1	100.6	102.3	107.2	136.1	181.9	114.5	121.6	150.6	196.0	167.9	140.3
22 Savings institutions	56.5	54.5	27.4	31.4	140.5	143.0	37.6	132.7	148.4	161.5	124.6	78.0
23 Insurance and pension funds	85.6	94.5	97.6	107.4	94.2	123.1	103.8	83.0	105.3	111.8	134.4	101.6
24 Other finance	51.2	31.7	89.9	41.5	11.9	105.1	44.8	-2.7	26.5	78.8	131.4	145.2
25 Sources of funds	316.4	281.3	317.2	287.6	382.7	553.2	300.7	334.6	430.7	548.1	558.3	465.0
26 Private domestic deposits and RPs	137.4	169.6	211.9	174.4	205.2	287.7	201.7	194.1	216.3	277.1	298.2	186.2
27 Credit market borrowing	34.5	12.8	41.6	11.3	17.4	55.4	-12.2	.5	34.4	49.6	61.2	72.8
28 Other sources	144.5	98.8	63.7	101.8	160.0	210.1	111.2	140.0	180.0	221.3	198.9	206.0
29 Foreign funds	27.6	-21.7	-8.7	-26.7	22.1	19.0	-25.1	-14.2	58.5	27.2	10.9	26.3
30 Treasury balances	.4	-2.6	-1.1	6.1	-5.3	4.0	14.1	10.1	-20.8	1.7	6.4	20.1
31 Insurance and pension reserves	72.9	83.7	90.7	103.2	95.1	111.7	95.3	83.5	106.8	118.0	105.5	93.3
32 Other, net	43.6	39.4	-17.2	19.3	48.1	75.4	26.9	60.6	35.6	74.6	76.2	66.2
Private domestic nonfinancial investors												
33 Direct lending in credit markets	99.7	46.5	72.9	88.5	142.8	192.2	93.0	135.9	149.8	174.8	209.6	213.5
34 U.S. government securities	52.5	24.6	29.3	32.1	88.3	122.8	28.9	97.5	79.1	128.3	117.3	123.5
35 State and local obligations	9.9	7.0	11.1	29.2	43.5	42.2	29.7	47.2	39.8	24.3	60.1	41.9
36 Corporate and foreign bonds	-1.4	-11.0	-3.9	3.9	-9.2	*	13.8	-14.5	-4.0	-8.4	8.5	13.1
37 Open market paper	8.6	-3.1	2.7	-.6	6.5	-1.0	-4.7	-6.0	19.1	4.4	-6.5	11.6
38 Other	30.1	29.1	33.7	24.0	13.7	28.2	25.4	11.8	15.6	26.2	30.3	23.4
39 Deposits and currency	146.8	181.1	221.9	181.6	224.4	292.2	211.5	215.9	232.8	288.5	296.0	203.8
40 Currency	8.0	10.3	9.5	9.7	14.3	8.6	12.7	14.8	13.8	15.9	1.4	18.8
41 Checkable deposits	18.3	5.2	18.0	15.4	23.0	21.4	29.3	49.1	-3.0	25.0	17.7	17.1
42 Small time and savings accounts	59.3	82.9	47.0	138.1	219.5	149.2	193.1	278.9	160.1	129.9	168.6	162.5
43 Money market fund shares	34.4	29.2	107.5	24.7	-44.1	47.2	10.0	-84.0	-4.2	30.2	64.2	4.2
44 Large time deposits	18.8	45.8	36.9	-7.7	-7.5	75.7	-37.3	-61.0	45.9	88.8	62.7	-2.3
45 Security RPs	6.6	6.5	2.5	3.8	14.3	-5.8	6.6	11.0	17.5	3.3	-15.0	4.7
46 Deposits in foreign countries	1.5	1.1	.5	-2.5	4.8	-4.0	-2.9	7.0	2.7	-4.5	-3.6	-1.2
47 **Total of credit market instruments, deposits and currency**	**246.5**	**227.6**	**294.7**	**270.1**	**367.2**	**484.5**	**304.5**	**351.8**	**382.6**	**463.3**	**505.6**	**417.3**
48 Public holdings as percent of total	18.4	26.4	24.5	27.6	21.1	18.8	27.4	22.9	19.4	17.0	20.5	27.9
49 Private financial intermediation (in percent)	82.9	89.3	91.0	78.8	75.3	80.2	74.1	71.2	78.9	81.4	79.0	76.8
50 Total foreign funds	23.1	1.6	7.6	-3.9	49.2	62.4	.1	12.8	85.7	57.0	67.8	75.5
MEMO: Corporate equities not included above												
51 **Total net issues**	**-4.3**	**21.9**	**-3.0**	**35.3**	**67.8**	**-33.1**	**47.2**	**83.4**	**52.1**	**-40.8**	**-25.5**	**25.4**
52 Mutual fund shares	.1	5.2	6.3	18.4	32.8	37.7	24.3	36.8	28.9	39.6	35.7	94.9
53 Other equities	-4.3	16.8	-9.3	16.9	35.0	-70.8	22.9	46.7	23.2	-80.4	-61.2	-69.5
54 Acquisitions by financial institutions	12.9	24.9	20.9	37.1	56.4	11.1	63.9	76.2	36.5	2.6	19.6	56.9
55 Other net purchases	-17.1	-3.0	-23.9	-1.8	11.4	-44.3	-16.7	7.2	15.6	-43.4	-45.1	-31.5

NOTES BY LINE NUMBER.
1. Line 1 of table 1.58.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
30. Demand deposits at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 12 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types in flows and in amounts outstanding may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures[1]

1977 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1982	1983	1984	1985 Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.
1 **Industrial production**	**103.1**	**109.2**	**121.8**	**123.6**	**123.7**	**124.0**	**124.1**	**124.1**	**124.3r**	**124.1**	**124.8**	**124.7**
Market groupings												
2 Products, total	107.8	113.9	127.1	129.6	129.8	130.3	130.8	131.4	131.6r	131.5	132.6	132.4
3 Final, total	109.5	114.7	127.8	130.4	130.4	130.8	131.3	131.7	131.6r	131.7	132.8	132.6
4 Consumer goods	101.4	109.3	118.2	118.8	119.1	119.8	119.5	120.0	120.4r	120.0	120.9	120.6
5 Equipment	120.2	121.7	140.5	145.7	145.3	145.4	146.9	147.1	146.6r	147.2	148.6	148.6
6 Intermediate	101.7	111.2	124.9	126.8	127.7	128.6	129.3	130.3	131.4r	130.8	131.7	131.7
7 Materials	96.7	102.8	114.6	115.4	115.4	115.5	115.0	114.2	114.3r	113.9	114.2	114.2
Industry groupings												
8 Manufacturing	102.2	110.2	123.9	125.9	125.8	126.3	126.6	126.6	126.7	126.9	127.7	127.5
Capacity utilization (percent)[2]												
9 Manufacturing	70.3	74.0	80.8	80.7	80.4	80.5	80.5	80.3	80.1r	80.0	80.3	80.0
10 Industrial materials industries	71.7	75.3	82.3	81.7	81.5	81.4	80.9	80.1	80.1r	79.6	79.6	79.5
11 Construction contracts (1977 = 100)[3]	111.0	137.0	149.0	150.0	145.0	162.0	161.0	162.0	142.0	164.0	163.0	166.0
12 Nonagricultural employment, total[4]	136.1	137.1	143.6	146.5	146.8	147.3	147.6	148.0	148.1	148.5	148.9	149.1
13 Goods-producing, total	102.2	100.1	106.1	107.7	107.5	107.5	107.6	107.5	107.3	107.2	107.4	107.0
14 Manufacturing, total	96.6	94.8	99.8	100.8	100.6	100.4	100.1	99.9	99.7	99.5	99.6	99.1
15 Manufacturing, production-worker	89.1	87.9	94.0	93.6	93.3	93.0	92.6	92.3	92.0	91.8	92.0	91.5
16 Service-producing	154.7	157.3	164.1	167.8	168.3	169.1	169.5	170.3	170.5	171.1	171.7	172.2
17 Personal income, total	410.3	435.6	478.1	496.7	499.4	501.0	505.5r	502.2	504.1	506.2	507.8	509.4
18 Wages and salary disbursements	367.4	388.6	422.5	438.5	440.5	443.7	445.7	446.8	449.8	450.4	452.9	456.4
19 Manufacturing	285.5	294.7	323.6	334.4	332.9	334.8	333.5	333.9	334.7	334.6	336.2	336.5
20 Disposable personal income[5]	398.0	427.1	470.3	487.6	484.7	481.3	496.3r	504.5	492.1	494.1	495.2	495.9
21 Retail sales (1977 = 100)[6]	148.1	162.0	179.0	184.2	186.1	185.7	191.5	190.7	188.8	189.9	194.3	199.6
Prices[7]												
22 Consumer	289.1	298.4	311.1	316.1	317.4	318.8	320.1	321.3	322.3	322.8	323.5	324.5
23 Producer finished goods	280.7	285.2	291.1r	292.1	292.6	292.1r	293.1	294.1r	293.9	294.8	293.5	290.2

1. A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of Industrial Production" and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71 (July 1985), pp. 487–501. The revised indexes for January through June 1985 were shown in the September BULLETIN.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce).
6. Based on Bureau of Census data published in *Survey of Current Business*.
7. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

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

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1982	1983	1984	1985							
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**174,450**	**176,414**	**178,602**	**179,742**	**179,891**	**180,024**	**180,171**	**180,322**	**180,492**	**180,657**	**180,831**
2 Labor force (including Armed Forces)[1]	112,383	113,749	115,763	117,310	117,738	117,596	117,600	117,009	117,543	117,551	118,077
3 Civilian labor force	110,204	111,550	113,544	115,084	115,514	115,371	115,373	114,783	115,314	115,299	115,818
Employment											
4 Nonagricultural industries[2]	96,125	97,450	101,685	103,345	103,757	103,517	103,648	103,232	103,737	104,080	104,568
5 Agriculture	3,401	3,383	3,321	3,340	3,362	3,428	3,312	3,138	3,126	3,092	2,976
Unemployment											
6 Number	10,678	10,717	8,539	8,399	8,396	8,426	8,413	8,413	8,451	8,127	8,274
7 Rate (percent of civilian labor force)	9.7	9.6	7.5	7.3	7.3	7.3	7.3	7.3	7.3	7.0	7.1
8 Not in labor force	62,067	62,665	62,839	62,432	62,153	62,428	62,571	63,313	62,949	63,106	62,754
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**89,566**	**90,196**	**94,461**	**96,591**	**96,910**	**97,120**	**97,421**	**97,473**	**97,707**[r]	**97,987**[r]	**98,115**
10 Manufacturing	18,781	18,434	19,412	19,561	19,526	19,467	19,426	19,398	19,351[r]	19,377[r]	19,266
11 Mining	1,128	952	974	976	977	982	982	974	969[r]	964[r]	958
12 Contract construction	3,905	3,948	4,345	4,525	4,553	4,641	4,658	4,638	4,660[r]	4,685[r]	4,725
13 Transportation and public utilities	5,082	4,954	5,171	5,272	5,269	5,278	5,301	5,295	5,302[r]	5,284[r]	5,323
14 Trade	20,457	20,881	22,134	22,857	22,963	23,013	23,140	23,193	23,226[r]	23,302[r]	23,349
15 Finance	5,341	5,468	5,682	5,809	5,835	5,858	5,888	5,906	5,932[r]	5,960[r]	5,984
16 Service	19,036	19,694	20,761	5,269	5,274	5,278	5,270	5,276	5,284	5,314	5,338
17 Government	15,837	15,870	15,987	16,111	16,143	16,158	16,213	16,213	16,341[r]	16,347[r]	16,357

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).
2. Includes self-employed, unpaid family, and domestic service workers.
3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1984 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1984	1985			1984	1985			1984	1985		
	Q4	Q1	Q2[r]	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2[r]	Q3
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)			
1 **Total industry**	**123.1**	**123.8**	**124.2**	**124.5**	**151.7**	**152.8**	**154.0**	**155.1**	**81.2**	**81.0**	**80.7**	**80.3**
2 Mining	108.3	110.1	110.0	107.9	133.1	133.4	133.6	133.9	81.3	82.6	**82.3**	**80.6**
3 Utilities	111.1	114.2	113.6	112.6	133.0	133.7	134.5	135.4	83.5	85.5	84.4	83.1
4 **Manufacturing**	**125.8**	**126.0**	**126.6**	**127.4**	**155.2**	**156.5**	**157.7**	**158.9**	**81.0**	**80.5**	**80.3**	**80.1**
5 Primary processing	107.0	107.5	108.1	109.4	131.4	131.6	132.0	132.4	81.5	81.6	81.9	82.6
6 Advanced processing	137.0	137.1	137.9	138.1	169.6	171.4	173.2	174.9	80.8	80.0	79.6	79.0
7 **Materials**	**114.5**	**115.4**	**114.5**	**114.1**	**140.7**	**141.6**	142.5	**143.4**	**81.4**	**81.5**	**80.4**	**79.6**
8 Durable goods	123.7	123.6	121.4	120.5	154.4	155.9	157.4	158.9	80.1	79.3	77.1	75.8
9 Metal materials	80.4	80.6	80.2	78.7	117.8	117.3	117.3	117.3	68.2	68.7	68.4	67.1
10 Nondurable goods	110.9	110.9	111.2	113.0	136.8	137.3	137.8	138.2	81.0	80.7	80.7	81.7
11 Textile, paper, and chemical	110.7	111.6	111.0	113.6	136.2	136.7	137.0	137.4	81.3	81.7	81.0	82.6
12 Paper	126.2	126.3	121.8	n.a.	135.3	136.1	136.2	n.a.	93.3	92.8	89.4	n.a.
13 Chemical	110.9	113.2	112.6	n.a.	141.1	141.5	142.0	n.a.	78.6	80.0	79.3	n.a.
14 Energy materials	101.3	105.0	105.2	103.8	119.7	120.0	120.3	120.6	84.6	87.5	87.5	86.0

Series	Previous cycle[1]		Latest cycle[2]		1984	1985								
	High	Low	High	Low	Sept.	Jan.	Feb.	Mar.	Apr.	May	June[r]	July[r]	Aug.[r]	Sept.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.6**	**72.1**	**86.9**	**69.5**	**81.7**	**81.1**	**80.9**	**81.0**	**80.8**	**80.6**	**80.5**	**80.2**	**80.5**	**80.2**
16 Mining	92.8	87.8	95.2	76.9	88.0	82.9	82.1	82.8	82.1	82.2	82.7	81.3	80.6	80.0
17 Utilities	95.6	82.9	88.5	78.0	88.1	84.7	86.7	85.0	84.6	84.5	84.1	82.9	82.9	83.6
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**81.3**	**80.7**	**80.4**	**80.5**	**80.5**	**80.3**	**80.1**	**80.0**	**80.3**	**80.0**
19 Primary processing	91.9	68.3	89.1	65.1	82.0	81.6	81.5	81.8	82.1	81.5	82.0	82.2	82.8	82.8
20 Advanced processing	86.0	71.1	85.1	69.5	80.9	80.2	79.8	79.8	79.7	79.8	79.3	79.1	79.2	78.7
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.4**	**82.7**	**81.7**	**81.5**	**81.4**	**80.9**	**80.1**	**80.1**	**79.6**	**79.6**	**79.5**
22 Durable goods	91.8	64.4	89.8	60.9	80.8	79.9	79.1	78.9	78.3	76.6	76.5	75.8	76.2	75.5
23 Metal materials	99.2	67.1	93.6	45.7	69.0	68.1	68.2	69.8	69.9	66.2	69.0	66.4	67.7	67.2
24 Nondurable goods	91.1	66.7	88.1	70.6	81.6	80.9	81.1	80.2	80.2	80.8	81.0	81.7	81.6	81.9
25 Textile, paper, and chemical	92.8	64.8	89.4	68.6	82.7	81.7	82.0	81.4	80.7	80.9	81.4	82.7	82.4	82.9
26 Paper	98.4	70.6	97.3	79.9	95.1	93.7	92.6	92.1	89.1	88.8	90.5	92.4	90.6	n.a.
27 Chemical	92.5	64.4	87.9	63.3	79.1	80.1	80.2	79.5	79.2	79.5	79.2	80.1	80.3	n.a.
28 Energy materials	94.6	86.9	94.0	82.2	88.3	86.6	87.4	88.4	87.6	87.5	87.3	86.2	85.6	86.2

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value ▲

Monthly data are seasonally adjusted

Grouping	1977 proportion	1984 avg.	1984 Sept.	1984 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.	1985 May	1985 June[r]	1985 July	1985 Aug.[p]	1985 Sept.[e]
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**121.8**	**123.3**	**122.7**	**123.4**	**123.3**	**123.6**	**123.7**	**124.0**	**124.1**	**124.1**	**124.3**	**124.1**	**124.8**	**124.7**
2 Products	57.72	127.1	128.8	129.0	129.9	129.8	129.6	129.8	130.3	130.8	131.4	131.6	131.5	132.6	132.4
3 Final products	44.77	127.8	129.8	129.9	130.7	130.6	130.4	130.4	130.8	131.3	131.7	131.6	131.7	132.8	132.6
4 Consumer goods	25.52	118.2	118.3	118.5	119.6	119.7	118.8	119.1	119.8	119.5	120.0	120.4	120.0	120.9	120.6
5 Equipment	19.25	140.5	145.0	145.0	145.5	144.9	145.7	145.3	145.4	146.9	147.1	146.6	147.2	148.6	148.6
6 Intermediate products	12.94	124.9	125.6	126.2	127.2	127.3	126.8	127.7	128.6	129.3	130.3	131.4	130.8	131.7	131.7
7 Materials	42.28	114.6	115.9	114.2	114.6	114.6	115.4	115.4	115.5	115.0	114.2	114.3	113.9	114.2	114.2
Consumer goods															
8 Durable consumer goods	6.89	112.6	111.5	111.4	113.3	113.1	112.8	112.8	113.5	111.5	111.8	112.0	111.1	113.7	112.3
9 Automotive products	2.98	109.8	107.4	104.2	110.2	111.6	114.2	115.4	115.1	113.1	113.6	113.4	115.0	120.1	117.6
10 Autos and trucks	1.79	103.0	98.7	95.0	103.1	104.7	112.5	111.7	110.5	109.0	109.6	109.4	113.7	120.2	116.0
11 Autos, consumer	1.16	93.2	85.1	84.0	89.7	95.6	102.5	100.7	101.3	100.5	98.1	97.0	101.1	101.3	98.8
12 Trucks, consumer	.63	121.2	124.1	115.4	127.8	121.5	131.1	132.0	127.5	124.7	130.9	132.3	137.2	155.4	.....
13 Auto parts and allied goods	1.19	120.1	120.6	118.1	121.1	122.1	116.8	121.1	122.0	119.4	119.6	119.4	116.8	119.8	120.1
14 Home goods	3.91	114.8	114.7	116.9	115.8	114.3	111.6	110.9	112.2	110.2	110.4	110.9	108.2	108.9	108.3
15 Appliances, A/C and TV	1.24	136.2	138.0	140.5	137.4	137.2	126.1	127.1	131.8	126.9	129.3	131.5	121.6	124.9	123.9
16 Appliances and TV	1.19	137.5	140.1	142.2	138.4	138.2	126.6	127.2	131.8	127.1	128.7	131.7	123.2	125.6	.....
17 Carpeting and furniture	.96	117.6	118.8	118.1	118.1	114.1	112.7	117.9	117.7	118.1	116.9	119.6	122.2	118.5	.....
18 Miscellaneous home goods	1.71	97.8	95.6	99.3	99.0	97.9	100.6	95.1	95.0	93.7	93.1	91.2	90.7	91.9	.....
19 Nondurable consumer goods	18.63	120.2	120.7	121.0	121.8	122.1	121.1	121.4	122.1	122.5	123.1	123.5	123.3	123.6	123.6
20 Consumer staples	15.29	125.0	126.3	126.7	127.4	127.7	126.6	126.9	127.9	128.5	129.0	129.6	129.2	129.5	129.6
21 Consumer foods and tobacco	7.80	126.2	127.7	128.2	127.6	129.1	127.1	127.8	128.0	129.4	128.9	130.5	130.2	130.6	.....
22 Nonfood staples	7.49	123.9	125.0	125.4	127.5	126.5	126.0	126.0	127.7	127.6	129.1	128.7	128.1	128.4	128.3
23 Consumer chemical products	2.75	137.4	140.4	141.3	143.3	142.7	142.9	143.2	145.1	145.1	147.3	145.4	144.4	144.6	.....
24 Consumer paper products	1.88	138.4	140.7	140.0	141.5	141.8	141.2	138.1	141.7	142.0	143.7	144.6	144.9	145.0	.....
25 Consumer energy	2.86	101.4	100.0	100.5	103.0	100.7	99.9	101.5	101.9	101.5	102.1	102.2	101.5	102.1	.....
26 Consumer fuel	1.44	89.3	88.1	88.8	89.9	87.7	85.1	84.9	87.0	90.0	90.2	88.8	89.2	90.0	.....
27 Residential utilities	1.42	113.7	112.1	112.4	116.3	113.9	115.0	118.4	117.1	113.2	114.4	115.9	114.0	.....	.....
Equipment															
28 Business and defense equipment	18.01	139.6	144.1	144.1	144.6	143.9	145.5	145.6	146.1	147.7	147.9	147.4	147.8	149.2	149.3
29 Business equipment	14.34	134.9	139.2	139.1	139.8	138.4	140.4	140.0	140.2	142.0	141.9	140.7	141.2	142.6	142.2
30 Construction, mining, and farm	2.08	66.6	67.9	69.5	68.2	68.5	68.8	68.3	67.1	68.4	67.4	67.7	68.6	67.9	.....
31 Manufacturing	3.27	109.4	113.3	112.7	112.4	111.5	111.6	112.3	112.0	112.4	113.1	111.9	113.5	113.5	112.8
32 Power	1.27	79.2	82.4	83.7	83.8	84.5	82.5	81.8	79.6	81.8	82.8	84.1	85.0	83.9	83.4
33 Commercial	5.22	209.2	216.9	216.4	217.1	214.5	217.4	217.0	218.9	221.8	222.8	219.6	219.5	222.8	221.4
34 Transit	2.49	98.6	99.3	98.5	102.9	100.9	106.7	104.9	104.5	106.0	102.9	103.4	102.9	105.3	107.7
35 Defense and space equipment	3.67	157.9	163.4	163.5	163.3	165.3	165.3	167.3	169.0	170.1	171.2	173.4	173.6	175.2	176.9
Intermediate products															
36 Construction supplies	5.95	114.0	114.7	114.6	115.7	114.7	116.2	115.7	116.9	117.4	118.1	119.2	119.6	121.2	121.4
37 Business supplies	6.99	134.2	134.9	136.1	137.1	138.0	135.9	137.9	138.6	139.4	140.7	141.7	140.4	140.7	.....
38 General business supplies	5.67	137.9	138.7	140.1	140.9	141.4	140.2	141.1	141.9	143.4	144.4	146.1	144.6	144.4	.....
39 Commercial energy products	1.31	118.0	118.2	118.8	120.4	122.9	117.1	124.1	124.5	122.4	124.6	122.7	122.1	.....	.....
Materials															
40 Durable goods materials	20.50	122.3	124.0	123.7	123.9	123.4	124.2	123.3	123.3	122.8	120.7	120.8	120.1	121.1	120.4
41 Durable consumer parts	4.92	98.0	98.8	98.9	99.1	99.8	102.6	102.2	102.1	101.8	100.1	98.7	98.3	99.2	98.7
42 Equipment parts	5.94	164.5	169.9	168.6	169.1	168.8	166.7	164.2	163.3	161.1	157.8	157.3	157.0	158.1	156.9
43 Durable materials n.e.c.	9.64	108.6	108.5	108.7	108.7	107.4	109.1	109.0	109.6	110.0	108.2	109.6	108.4	109.4	109.0
44 Basic metal materials	4.64	86.4	85.0	84.8	85.2	84.0	83.5	84.1	85.1	86.6	82.0	85.0	82.5	83.0	.....
45 Nondurable goods materials	10.09	111.2	111.4	111.2	110.7	110.7	110.9	111.4	110.3	110.4	111.3	111.8	112.8	112.8	113.4
46 Textile, paper, and chemical materials	7.53	111.6	112.3	111.5	110.5	110.1	111.5	112.1	111.3	110.5	110.9	111.7	113.5	113.2	114.0
47 Textile materials	1.52	101.5	99.2	98.5	93.7	91.2	90.3	93.5	93.0	94.1	95.0	97.3	99.2	99.3	.....
48 Pulp and paper materials	1.55	126.5	127.7	126.2	125.1	127.2	127.5	126.0	125.4	121.3	120.9	123.3	126.0	123.5	.....
49 Chemical materials	4.46	109.9	111.5	110.8	111.1	110.6	113.3	113.5	112.7	112.3	112.9	112.6	114.0	114.4	.....
50 Miscellaneous nondurable materials	2.57	109.8	108.4	109.9	111.1	112.1	109.2	109.4	107.2	110.1	112.5	112.0	110.8	111.5	.....
51 Energy materials	11.69	104.0	105.5	99.9	101.5	102.4	103.9	104.9	106.2	105.3	105.3	105.1	103.9	103.3	104.1
52 Primary energy	7.57	107.5	110.0	101.4	104.1	106.0	107.0	107.6	110.2	107.9	107.8	109.0	107.0	106.2	.....
53 Converted fuel materials	4.12	97.6	97.2	97.1	96.8	96.0	98.2	100.0	99.0	100.6	100.6	98.1	98.3	97.9	.....

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Grouping	SIC code	1977 proportion	1984 avg.	1984 Sept.	1984 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.	1985 May	1985 June^r	1985 July	1985 Aug.^p	1985 Sept.^e
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	15.79	110.9	112.1	108.0	110.1	109.9	111.4	111.9	111.8	111.1	111.3	111.6	109.9	109.6	109.5
2 Mining	......	9.83	110.9	113.6	107.2	108.8	108.9	110.5	109.5	110.5	109.6	109.8	110.6	108.7	108.0	107.2
3 Utilities	......	5.96	110.9	109.7	109.4	112.1	111.6	113.0	115.8	113.9	113.6	113.7	113.4	112.0	112.3	113.4
4 Manufacturing	......	84.21	123.9	125.6	125.5	126.0	125.8	125.9	125.8	126.3	126.6	126.6	126.7	126.9	127.7	127.5
5 Nondurable	......	35.11	122.5	123.1	123.3	123.8	123.4	123.2	123.8	123.9	124.3	124.7	125.5	125.7	125.7	125.9
6 Durable	......	49.10	124.8	127.2	127.0	127.5	127.4	127.8	127.2	128.0	128.2	127.9	127.6	127.7	129.1	128.6
Mining																
7 Metal	10	.50	77.0	73.6	75.3	75.5	69.3	70.5	74.5	83.6	81.2	78.3	77.5	60.9	59.2	.....
8 Coal	11.12	1.60	127.6	144.2	102.0	113.1	116.2	118.5	121.5	131.9	128.5	128.7	134.0	128.0	127.7	127.0
9 Oil and gas extraction	13	7.07	109.1	109.2	110.1	109.8	109.8	110.7	108.2	106.8	106.5	106.9	106.9	107.0	105.9	105.0
10 Stone and earth minerals	14	.66	116.1	117.6	114.2	115.3	113.2	118.5	119.8	118.7	118.5	118.7	117.9	116.5	119.0	.....
Nondurable manufactures																
11 Foods	20	7.96	127.1	128.2	129.1	128.7	129.0	128.2	129.4	128.5	130.8	131.4	131.8	132.1	132.3	.....
12 Tobacco products	21	.62	100.7	99.6	103.1	102.7	107.4	97.2	103.8	103.4	98.4	95.7	98.9	98.8	96.4	.....
13 Textile mill products	22	2.29	103.7	100.9	100.3	97.1	94.7	93.6	98.5	99.4	99.0	100.0	103.3	104.1	103.0	.....
14 Apparel products	23	2.79	102.8	100.1	100.5	101.1	102.5	102.6	103.1	101.3	100.2	100.3	99.2	100.6	100.3	.....
15 Paper and products	26	3.15	127.3	128.9	127.6	127.7	128.8	128.3	126.4	126.9	125.1	124.1	127.1	129.0	128.1	.....
16 Printing and publishing	27	4.54	147.9	148.8	149.5	153.5	151.2	150.4	150.3	152.6	154.2	155.4	156.7	155.0	155.1	154.5
17 Chemicals and products	28	8.05	121.7	124.2	123.5	124.3	123.4	125.7	125.8	126.5	125.8	126.7	126.4	126.3	126.1	.....
18 Petroleum products	29	2.40	87.4	85.7	85.4	86.2	84.7	84.1	84.0	84.7	87.3	87.4	87.1	88.3	88.5	87.0
19 Rubber and plastic products	30	2.80	143.2	144.1	146.0	146.6	146.6	145.9	145.7	144.1	144.9	144.3	145.5	145.7	147.7	.....
20 Leather and products	31	.53	76.7	73.4	70.9	71.5	71.4	69.1	69.2	69.4	69.9	71.0	71.5	72.8	73.8	.....
Durable manufactures																
21 Lumber and products	24	2.30	109.1	110.4	110.2	109.5	109.4	109.2	109.1	109.5	110.9	112.2	113.5	113.0	.....	.....
22 Furniture and fixtures	25	1.27	136.7	140.9	139.9	139.8	138.0	136.5	139.0	139.2	141.0	142.0	141.9	145.1	143.2	.....
23 Clay, glass, stone products	32	2.72	112.3	112.6	113.3	113.6	111.8	112.7	110.5	111.4	114.5	116.3	116.1	115.1	116.9	.....
24 Primary metals	33	5.33	82.4	82.9	81.3	80.9	78.4	81.7	80.2	81.8	81.4	76.4	78.3	78.9	81.1	80.9
25 Iron and steel	331.2	3.49	73.5	73.6	71.0	71.1	68.9	71.0	68.5	73.2	71.9	65.4	67.6	68.4	71.0	.....
26 Fabricated metal products	34	6.46	102.8	104.8	104.8	105.4	105.9	106.4	107.6	108.6	109.1	108.3	107.4	107.3	108.3	108.1
27 Nonelectrical machinery	35	9.54	142.0	146.5	146.6	145.8	144.6	145.0	144.9	146.5	148.9	149.1	145.6	147.0	148.6	147.2
28 Electrical machinery	36	7.15	172.4	176.8	178.4	178.9	180.2	176.0	173.2	173.1	168.9	169.3	169.5	165.7	166.0	164.9
29 Transportation equipment	37	9.13	113.6	114.3	113.4	116.0	117.8	120.4	120.5	120.8	120.7	120.9	121.8	123.7	126.5	126.2
30 Motor vehicles and parts	371	5.25	105.6	104.6	103.1	107.5	109.5	113.0	112.5	111.3	110.9	110.5	110.5	112.8	116.7	115.2
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	124.4	127.5	127.3	127.5	129.0	130.5	131.4	133.7	134.1	134.9	137.1	138.5	139.7	141.3
32 Instruments	38	2.66	136.9	140.2	138.6	138.6	138.9	138.7	138.7	139.0	138.5	139.9	140.7	141.1	141.3	141.6
33 Miscellaneous manufactures	39	1.46	98.0	95.9	98.6	98.6	97.2	99.0	96.4	96.0	98.3	98.3	96.8	95.4	96.0	.....
Utilities																
34 Electric	......	4.17	116.8	116.2	116.8	118.7	117.5	118.9	121.9	119.5	119.1	119.5	119.4	117.7	118.5	120.0
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
35 **Products, total**	......	**596.0**	**745.6**	**749.2**	**753.7**	**759.2**	**756.5**	**761.3**	**764.2**	**769.5**	**773.3**	**774.4**	**773.4**	**768.4**	**775.9**	**774.6**
36 Final	......	472.7	593.7	596.8	600.4	605.2	601.8	606.5	608.7	613.3	616.2	616.2	613.9	609.4	616.1	614.8
37 Consumer goods	......	309.2	356.5	352.5	355.5	359.0	360.0	358.8	360.9	364.6	364.7	365.1	364.0	361.2	364.1	362.1
38 Equipment	......	163.5	237.6	244.8	245.4	246.7	242.3	247.6	247.8	248.7	251.4	251.1	249.9	248.1	252.0	252.6
39 Intermediate	......	123.3	151.8	152.3	153.2	154.0	154.6	154.9	155.5	156.3	157.1	158.2	159.5	159.0	159.8	159.8

▲ A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of Industrial Production" and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71 (July 1985), pp. 487–501. The revised indexes for January through June 1985 were shown in the September BULLETIN.

NOTE. These data also appear in the Board's G.12.3 (414) release. For address, see inside front cover.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1982	1983	1984	1984		1985							
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,000	1,605	1,682	1,616	1,599	1,635	1,624	1,741	1,704	1,778	1,712	1,694	1,784
2 1-family	546	902	922	846	843	903	927	993	948	933	961	967	990
3 2-or-more-family	454	703	759	770	756	732	697	748	756	845	751	727	794
4 Started	1,062	1,703	1,749	1,600	1,630	1,849	1,647	1,889	1,933	1,681	1,701	1,663r	1,746
5 1-family	663	1,067	1,084	1,043	1,112	1,060	1,135	1,168	1,155	1,039	1,031	1,062	1,074
6 2-or-more-family	400	635	665	557	518	789	512	721	778	642	670	601r	672
7 Under construction, end of period[1]	720	1,003	1,051	1,077	1,073	1,071	1,066	1,063	1,088	1,089	1,075r	1,073r	1,088
8 1-family	400	524	556	574	579	572	580	578	583	582	575	579r	588
9 2-or-more-family	320	479	494	503	495	499	485	485	505	507	500r	494r	501
10 Completed	1,005	1,390	1,652	1,587	1,635	1,719	1,794	1,685	1,641	1,627	1,789r	1,720r	1,709
11 1-family	631	924	1,025	1,001	985	1,107	1,082	1,043	1,074	1,020	1,097r	1,037r	998
12 2-or-more-family	374	466	627	586	650	612	712	642	567	607	692r	683r	711
13 Mobile homes shipped	240	296	295	291	282	273	276	283	287	287	270	286	290
Merchant builder activity in 1-family units													
14 Number sold	413	622	639	596	604	634	676	699	649	682	708	747	705
15 Number for sale, end of period[1]	255	304	358	349	356	356	360	357	356	356	354	353	350
Price (thousands of dollars)[2]													
Median													
16 Units sold	69.3	75.5	80.0	82.5	78.3	82.5	82.0	84.2	85.6	80.1	85.7	81.7	82.4
Average													
17 Units sold	83.8	89.9	97.5	101.4	96.3	98.3	96.2	100.9	104.7	98.1	99.0	99.5	98.3
EXISTING UNITS (1-family)													
18 Number sold	1,991	2,719	2,868	2,830	2,870	3,000	2,880	3,030	3,040	3,040	3,060	3,140	3,500
Price of units sold (thousands of dollars)[2]													
19 Median	67.7	69.8	72.3	71.9	72.1	73.8	73.5	74.2	74.5	75.0	76.2	77.4	76.9
20 Average	80.4	82.5	85.9	85.1	85.9	87.7	87.2	88.6	89.7	90.1	91.5	93.5	93.0
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**236,935**	**268,730**	**312,989**	**313,076**	**310,062**	**341,038**	**334,254**	**333,723**	**341,861**	**339,943**	**343,837**	**340,243**	**343,951**
22 Private	186,091	218,016	257,802	257,469	254,547	283,688	276,452	274,575	281,988	276,420	278,939	275,561	279,543
23 Residential	80,609	121,309	145,058	137,880	134,296	155,260	146,042	146,195	146,539	142,254	147,158	144,542	147,209
24 Nonresidential, total	105,482	96,707	112,744	119,589	120,251	128,428	130,410	128,380	135,449	134,166	131,781	131,019	132,334
Buildings													
25 Industrial	17,346	12,863	13,746	14,645	14,440	15,195	15,815	14,585	17,283	16,443	15,170	15,413	15,414
26 Commercial	37,281	35,787	48,102	52,541	54,528	58,524	58,922	59,382	61,219	60,064	58,290	58,097	59,467
27 Other	10,507	11,660	12,298	11,771	12,150	11,889	12,054	11,245	12,663	12,929	12,786	12,625	12,829
28 Public utilities and other	40,348	36,397	38,598	40,632	39,133	42,820	43,619	43,168	44,284	44,730	45,535	44,884	44,624
29 Public	50,843	50,715	55,186	55,608	55,514	57,350	57,802	59,148	59,873	63,523	64,897	64,682	64,408
30 Military	2,205	2,544	2,839	3,107	2,952	2,969	3,036	3,078	3,166	3,349	3,426	3,197	3,028
31 Highway	13,293	14,143	16,295	16,939	16,888	17,759	18,416	19,176	19,920	22,314	21,093	19,685	20,344
32 Conservation and development	5,029	4,822	4,656	5,127	4,654	4,645	4,674	4,727	4,393	5,051	5,410	5,135	4,757
33 Other	30,316	29,206	31,396	30,435	31,020	31,977	31,676	32,167	32,394	32,809	34,968	36,665	36,279

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 Sept. 1985 (1967 = 100)[1]
	1984 Sept.	1985 Sept.	1984 Dec.	1985 Mar.	1985 June	1985 Sept.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.	
CONSUMER PRICES[2]												
1 **All items**	**4.2**	**3.2**	**3.0**	**4.1**	**3.3**	**2.3**	**.2**	**.2**	**.2**	**.2**	**.2**	**324.5**
2 Food	4.0	1.9	3.7	2.6	−.9	1.8	−.1	.1	.1	.0	.3	309.9
3 Energy items	−.1	.8	−.7	−.8	9.6	−4.3	.3	.2	−.3	−.6	−.2	432.6
4 All items less food and energy	5.1	3.9	3.5	5.5	3.4	3.5	.3	.3	.3	.3	.2	316.9
5 Commodities	4.0	1.6	.9	6.6	−1.4	.8	−.2	−.2	−.2	.1	.3	260.2
6 Services	5.7	5.3	5.0	5.0	6.4	5.0	.7	.5	.5	.5	.2	380.2
PRODUCER PRICES												
7 Finished goods	1.5	.2	1.1	.5	1.5	−2.3	.2	−.2	.3	−.3	−.6	290.2
8 Consumer foods	3.8	−2.4	3.3	−3.0	−8.2	−1.5	−1.1	−.1	1.3	−.7	−.9	266.5
9 Consumer energy	−8.0	−1.8	5.6	−21.3	25.9	−11.8	3.0r	−3.1r	−1.4	−1.6	−.1	718.9
10 Other consumer goods	2.6	1.8	−.2	6.5	1.3	.0	.2	.2	.4	.0	−.5	249.5
11 Capital equipment	2.6	1.3	−1.1	6.2	1.9	−1.5	.2r	.2r	.0	.2	−.6	296.4
12 Intermediate materials[3]	1.9	−.3	1.2	−2.5	1.1	−1.2	.4	−.4	−.3	−.1	.1	324.6
13 Excluding energy	2.7	.1	1.5	−1.0	1.2	−1.2	.2	.2	−.1	−.1	−.1	304.9
Crude materials												
14 Foods	−1.7	−14.6	10.6	−24.9	−19.9	−20.5	−2.5r	.0r	−1.1	−3.8	−.7	215.9
15 Energy	.1	−5.5	−7.6	−13.1	2.9	−3.3	1.5r	−1.2r	−.3	−.9	.4	745.4
16 Other	1.1	−6.5	−10.7	−13.3	3.4	−4.5	−1.4	.3r	.7	−1.2	−.6	246.9

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers and reflect a rental equivalence measure of homeownership after 1982.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1982	1983	1984	1984		1985		
				Q3	Q4	Q1	Q2	Q3
GROSS NATIONAL PRODUCT								
1 **Total**	**3,069.3**	**3,304.8**	**3,662.8**	**3,694.6**	**3,758.7**	**3,810.6**	**3,853.1**	**3,916.1**
By source								
2 Personal consumption expenditures	1,984.9	2,155.9	2,341.8	2,361.4	2,396.5	2,446.5	2,493.0	2,536.5
3 Durable goods	245.1	279.8	318.8	317.2	326.3	334.8	339.2	355.6
4 Nondurable goods	757.5	801.7	856.9	861.4	866.5	877.3	891.9	895.6
5 Services	982.2	1,074.4	1,166.1	1,182.8	1,203.8	1,234.4	1,261.9	1,285.3
6 Gross private domestic investment	414.9	471.6	637.8	662.8	637.8	646.8	643.2	622.8
7 Fixed investment	441.0	485.1	579.6	591.0	601.1	606.1	625.3	630.9
8 Nonresidential	349.6	352.9	425.7	435.7	447.7	450.9	467.3	467.5
9 Structures	142.1	129.7	150.4	151.4	157.9	162.9	168.3	166.8
10 Producers' durable equipment	207.5	223.2	275.3	284.2	289.7	288.0	299.0	300.6
11 Residential structures	91.4	132.2	153.9	155.3	153.5	155.2	158.0	163.4
12 Nonfarm	86.6	127.6	148.8	150.1	148.3	150.0	152.4	157.5
13 Change in business inventories	−26.1	−13.5	58.2	71.8	36.6	40.7	17.9	−8.1
14 Nonfarm	−24.0	−3.1	49.6	63.7	27.2	34.1	11.4	−8.4
15 Net exports of goods and services	19.0	−8.3	−64.2	−90.6	−56.0	−74.5	−94.0	−89.2
16 Exports	348.4	336.2	364.3	368.6	367.2	360.7	347.7	347.6
17 Imports	329.4	344.4	428.5	459.3	423.2	435.2	441.6	436.7
18 Government purchases of goods and services	650.5	685.5	747.4	761.0	780.5	791.9	810.9	845.9
19 Federal	258.9	269.7	295.4	302.0	315.7	319.9	324.2	347.0
20 State and local	391.5	415.8	452.0	458.9	464.8	472.0	486.7	498.9
By major type of product								
21 Final sales, total	3,095.4	3,318.3	3,604.6	3,622.8	3,722.1	3,770.0	3,835.2	3,924.2
22 Goods	1,276.7	1,355.7	1,542.9	1,549.1	1,579.8	1,583.8	1,579.6	1,595.0
23 Durable	499.9	555.3	655.6	654.7	687.7	677.1	669.6	674.8
24 Nondurable	776.9	800.4	887.3	894.4	892.1	906.7	910.0	920.2
25 Services	1,510.8	1,639.3	1,763.3	1,783.3	1,813.7	1,857.2	1,888.8	1,927.3
26 Structures	281.7	309.8	356.5	362.1	365.2	369.6	384.8	393.8
27 Change in business inventories	−26.1	−13.5	58.2	71.8	36.6	40.7	17.9	−8.1
28 Durable goods	−18.0	−2.1	30.4	41.7	26.7	29.0	3.7	−12.8
29 Nondurable goods	−8.1	−11.3	27.8	30.1	9.9	11.7	14.2	4.8
30 **MEMO: Total GNP in 1972 dollars**	**1,480.0**	**1,534.7**	**1,639.3**	**1,645.2**	**1,662.4**	**1,663.5**	**1,671.3**	**1,684.8**
NATIONAL INCOME								
31 **Total**	**2,446.8**	**2,646.7**	**2,959.9**	**2,984.9**	**3,036.3**	**3,076.5**	**3,106.5**	**n.a.**
32 Compensation of employees	1,864.2	1,984.9	2,173.2	2,191.9	2,228.1	2,272.7	2,305.9	2,337.2
33 Wages and salaries	1,568.7	1,658.8	1,804.1	1,819.1	1,848.2	1,882.8	1,909.5	1,935.2
34 Government and government enterprises	306.6	328.2	349.8	352.0	357.2	365.5	370.7	376.3
35 Other	1,262.2	1,331.1	1,454.2	1,467.1	1,490.9	1,517.3	1,538.9	1,558.9
36 Supplement to wages and salaries	295.5	326.2	369.0	372.8	380.0	389.8	396.3	402.1
37 Employer contributions for social insurance	140.0	153.1	173.5	174.7	177.5	183.6	186.1	188.3
38 Other labor income	155.5	173.1	195.5	198.1	202.5	206.3	210.2	213.7
39 Proprietors' income[1]	111.1	121.7	154.4	153.7	159.1	159.8	160.7	154.4
40 Business and professional[1]	89.2	107.9	126.2	126.4	129.7	134.0	137.3	141.9
41 Farm[1]	21.8	13.8	28.2	27.3	29.4	25.7	23.4	12.5
42 Rental income of persons[2]	51.5	58.3	62.5	63.0	64.1	64.8	66.7	67.7
43 Corporate profits[1]	159.1	225.2	285.7	282.8	291.6	292.3	298.5	n.a.
44 Profits before tax[3]	165.5	203.2	235.7	224.8	228.7	222.3	221.0	n.a.
45 Inventory valuation adjustment	−9.5	−11.2	−5.7	−.2	−1.6	.9	2.5	6.0
46 Capital consumption adjustment	3.1	33.2	55.7	58.3	64.5	69.1	75.0	82.3
47 Net interest	260.9	256.6	284.1	293.5	293.4	287.0	274.7	267.8

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1982	1983	1984	1984 Q3	1984 Q4	1985 Q1	1985 Q2	1985 Q3
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,584.6**	**2,744.2**	**3,012.1**	**3,047.3**	**3,096.2**	**3,143.8**	**3,174.7**	**3,199.1**
2 Wage and salary disbursements	1,568.7	1,659.2	1,804.0	1,819.5	1,847.6	1,882.7	1,910.6	1,935.2
3 Commodity-producing industries	509.3	519.3	569.3	573.3	580.9	590.9	594.2	597.4
4 Manufacturing	382.9	395.2	433.9	436.4	442.4	447.9	447.9	450.2
5 Distributive industries	378.6	398.6	432.0	436.4	443.1	449.0	455.7	460.6
6 Service industries	374.3	413.1	452.9	457.3	466.9	477.4	489.0	500.9
7 Government and government enterprises	306.6	328.2	349.8	352.4	356.7	365.4	371.7	376.3
8 Other labor income	155.5	173.1	195.5	198.1	202.5	206.3	210.2	213.7
9 Proprietors' income[1]	111.1	121.7	154.4	153.7	159.1	159.8	160.7	154.4
10 Business and professional[1]	89.2	107.9	126.2	126.4	129.7	134.0	137.3	141.9
11 Farm[1]	21.8	13.8	28.2	27.3	29.4	25.7	23.4	12.5
12 Rental income of persons[2]	51.5	58.3	62.5	63.0	64.1	64.8	66.7	67.7
13 Dividends	66.5	70.3	77.7	78.5	80.2	81.4	82.5	83.2
14 Personal interest income	366.6	376.3	433.7	449.3	456.1	456.0	453.0	450.0
15 Transfer payments	376.1	405.0	416.7	418.6	421.8	439.2	439.5	445.2
16 Old-age survivors, disability, and health insurance benefits	204.5	221.6	237.3	238.2	243.5	249.6	249.9	254.9
17 LESS: Personal contributions for social insurance	111.4	119.6	132.5	133.4	135.2	146.4	148.4	150.3
18 EQUALS: Personal income	2,584.6	2,744.2	3,012.1	3,047.3	3,096.2	3,143.8	3,174.7	3,199.1
19 LESS: Personal tax and nontax payments	404.1	404.2	435.3	440.9	451.7	489.0	448.2	486.6
20 EQUALS: Disposable personal income	2,180.5	2,340.1	2,576.8	2,606.4	2,644.5	2,654.8	2,726.5	2,712.6
21 LESS: Personal outlays	2,044.5	2,222.0	2,420.7	2,442.3	2,481.5	2,536.2	2,587.1	2,634.2
22 EQUALS: Personal saving	136.0	118.1	156.1	164.1	163.0	118.6	139.4	78.4
MEMO								
Per capita (1972 dollars)								
23 Gross national product	6,369.7	6,543.4	6,926.1	6,943.2	6,998.3	6,989.0	7,007.9	7,047.3
24 Personal consumption expenditures	4,145.9	4,302.8	4,488.7	4,498.4	4,527.1	4,575.7	4,621.2	4,664.8
25 Disposable personal income	4,555.0	4,670.0	4,939.0	4,965.0	4,996.0	4,965.0	5,054.0	4,988.0
26 Saving rate (percent)	6.2	5.0	6.1	6.3	6.2	4.5	5.1	2.9
GROSS SAVING								
27 **Gross saving**	**408.8**	**437.2**	**551.8**	**556.4**	**556.0**	**550.7**	**532.6**	**n.a.**
28 Gross private saving	524.0	571.7	674.8	689.4	698.2	662.1	696.3	n.a.
29 Personal saving	136.0	118.1	156.1	164.1	163.0	118.6	139.4	78.4
30 Undistributed corporate profits[1]	29.2	76.5	115.4	118.4	120.8	122.5	129.3	n.a.
31 Corporate inventory valuation adjustment	-9.5	-11.2	-5.7	-.2	-1.6	.9	2.5	6.0
Capital consumption allowances								
32 Corporate	221.8	231.2	246.2	248.1	252.8	257.4	261.6	266.7
33 Noncorporate	137.1	145.9	157.0	158.8	161.5	163.7	166.1	171.7
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (-), national income and product accounts	-115.3	-134.5	-122.9	-133.0	-142.2	-111.4	-163.8	n.a.
36 Federal	-148.2	-178.6	-175.8	-180.6	-197.8	-165.1	-214.1	n.a.
37 State and local	32.9	44.1	52.9	47.6	55.6	53.7	50.3	n.a.
38 Capital grants received by the United States, net	.0	.0	.0	.0	.0	.0	.0	.0
39 **Gross investment**	**408.3**	**437.7**	**544.4**	**543.4**	**546.1**	**542.6**	**518.9**	**503.5**
40 Gross private domestic	414.9	471.6	637.8	662.8	637.8	646.8	643.2	622.8
41 Net foreign	-6.6	-33.9	-93.4	-119.4	-91.6	-104.2	-124.3	-119.3
42 **Statistical discrepancy**	**-.5**	**.5**	**-7.4**	**-13.0**	**-9.9**	**-8.1**	**-13.7**	**-13.7**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1982	1983	1984	1984 Q2	1984 Q3	1984 Q4	1985 Q1	1985 Q2[p]
1 Balance on current account	−8,051	−40,790	−101,532	−24,493	−32,500	−25,477	−30,325	−31,811
2 Not seasonally adjusted	....	....	....	−24,654	−35,724	−22,759	−29,416	−32,066
3 Merchandise trade balance[2]	−36,444	−62,012	−108,281	−25,649	−32,507	−24,557	−29,532	−33,001
4 Merchandise exports	211,198	200,745	220,316	54,677	55,530	56,355	55,707	53,245
5 Merchandise imports	−247,642	−262,757	−328,597	−80,326	−88,037	−80,912	−85,239	−86,246
6 Military transactions, net	−318	−163	−1,765	−593	−250	−575	−212	−566
7 Investment income, net[3]	29,493	25,401	19,109	3,618	3,256	4,003	2,537	5,582
8 Other service transactions, net	7,353	4,837	819	363	−123	−253	54	−474
9 Remittances, pensions, and other transfers	−2,633	−2,566	−2,891	−710	−669	−782	−934	−841
10 U.S. government grants (excluding military)	−5,501	−6,287	−8,522	−1,522	−2,207	−3,313	−2,238	−2,511
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−6,131	−5,006	−5,516	−1,353	−1,369	−734	−850	−849
12 Change in U.S. official reserve assets (increase, −)	−4,965	−1,196	−3,130	−565	−799	−1,109	−233	−356
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−1,371	−66	−979	−288	−271	−194	−264	−180
15 Reserve position in International Monetary Fund	−2,552	−4,434	−995	−321	−331	−143	281	72
16 Foreign currencies	−1,041	3,304	−1,156	44	−197	−772	−250	−248
17 Change in U.S. private assets abroad (increase, −)[3]	−108,121	−48,842	−11,800	−17,070	20,532	−13,003	718	−1,657
18 Bank-reported claims	−111,070	−29,928	−8,504	−20,186	17,725	−4,933	135	4,350
19 Nonbank-reported claims	6,626	−6,513	6,266	1,908	2,099	970	1,201	n.a.
20 U.S. purchase of foreign securities, net	−8,102	−7,007	−5,059	−756	−1,313	−3,663	−2,494	−1,862
21 U.S. direct investments abroad, net[3]	4,425	−5,394	−4,503	1,964	2,021	−5,377	1,876	−4,145
22 Change in foreign official assets in the United States (increase, +)	3,672	5,795	3,424	−224	−686	7,119	−11,204	8,154
23 U.S. Treasury securities	5,779	6,972	4,690	−274	−575	5,814	−7,219	8,521
24 Other U.S. government obligations	−694	−476	167	146	85	−67	−307	136
25 Other U.S. government liabilities[4]	684	552	453	555	−139	−197	−462	503
26 Other U.S. liabilities reported by U.S. banks	−1,747	545	663	328	430	2,052	−3,099	−185
27 Other foreign official assets[5]	−350	−1,798	−2,549	−979	−487	−483	−117	−821
28 Change in foreign private assets in the United States (increase, +)[3]	90,775	78,527	93,895	41,816	3,825	26,191	24,915	17,636
29 U.S. bank-reported liabilities	65,922	49,341	31,674	20,970	−5,125	4,481	13,345	326
30 U.S. nonbank-reported liabilities	−2,383	−118	4,284	4,566	−2,939	−1,863	−2,655	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	7,052	8,721	22,440	6,485	5,058	9,501	2,633	5,291
32 Foreign purchases of other U.S. securities, net	6,392	8,636	12,983	506	1,603	9,380	9,510	7,117
33 Foreign direct investments in the United States, net[3]	13,792	11,947	22,514	9,289	5,228	4,692	2,082	4,902
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	32,821	11,513	24,660	1,889	10,997	7,013	16,979	8,883
36 Owing to seasonal adjustments	....	....	....	−606	−3,170	4,200	−305	−578
37 Statistical discrepancy in recorded data before seasonal adjustment	32,821	11,513	24,660	2,495	14,167	2,813	17,284	9,461
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−4,965	−1,196	−3,131	−566	−799	−1,110[c]	−233	−356
39 Foreign official assets in the United States (increase, +)	2,988	5,243	2,971	−779	−547	7,316	−10,742	7,651
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	7,291	−8,283	−4,143	−2,097	−453	812	−2,021	−1,862
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	585	194	190	44	45	61	10	15

1. Seasonal factors are not calculated for lines 6, 10, 12–16, 18–20, 22–34, and 38–41.
2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing; military exports are excluded from merchandise data and are included in line 6.
3. Includes reinvested earnings.
4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1982	1983	1984	1985						
				Feb.	Mar.	Apr.	May	June	July	Aug.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	212,193	200,486	19,142	17,853	18,446	17,779	17,414	17,438	17,411	17,423
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	243,952	258,048	25,933	27,985	28,129	28,295	28,685	29,425	26,630	26,083
3 **Trade balance**	**−31,759**	**−57,562**	**−6,791**	**−10,131**	**−9,683**	**−10,516**	**−11,271**	**−11,987**	**−9,219**	**−8,660**

NOTE. The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside-ship (f.a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustments are: (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE. FT900 "Summary of U.S. Export and Import Merchandise Trade" (Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1982	1983	1984	1985						
				Mar.	Apr.	May	June	July	Aug.	Sept.
1 **Total**	**33,958**	**33,747**	**34,934**	**35,493**	**35,493**	**35,782**	**36,088**	**37,071**	**37,154**	**38,295**
2 Gold stock, including Exchange Stabilization Fund[1]	11,148	11,121	11,096	11,093	11,091	11,091	11,091	11,090	11,090	11,090
3 Special drawing rights[2,3]	5,250	5,025	5,641	5,973	5,971	6,163	6,196	6,510	6,692	6,847
4 Reserve position in International Monetary Fund[2]	7,348	11,312	11,541	11,386	11,382	11,370	11,394	11,513	11,478	11,686
5 Foreign currencies[4]	10,212	6,289	6,656	7,041	7,049	7,158	7,408	7,958	7,894	8,672

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at $42.22 per fine troy ounce.
2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1982	1983	1984	1985						
				Mar.	Apr.	May	June	July	Aug.	Sept.
1 Deposits	328	190	253	253	348	204	310	274	223	535
Assets held in custody										
2 U.S. Treasury securities[1]	112,544	117,670	118,267	113,532	115,184	116,989	121,755	124,400	123,321	120,978
3 Earmarked gold[2]	14,716	14,414	14,265	14,264	14,264	14,265	14,262	14,251	14,251	14,245

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.
2. Earmarked gold is valued at $42.22 per fine troy ounce.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Asset account	1982	1983	1984	1985 Feb.	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.p
						All foreign countries				
1 **Total, all currencies**	**469,712**	**477,090**	**452,205**	**452,796**	**462,009**	**460,344**	**458,121**	**456,859**	**462,707**	**456,325**
2 Claims on United States	91,805	115,542	113,435	119,034	119,925	121,809	121,124r	121,271r	119,385	122,922
3 Parent bank	61,666	82,026	78,151	84,084	86,807r	86,893	85,593r	85,259r	84,037	86,769
4 Other banks in United States[2]	30,139	33,516	13,664	13,737	13,092	14,199	14,101	14,461	14,739	14,058
5 Nonbanks[2]			21,620	21,213	20,026r	20,717	21,430	21,551r	20,609	22,095
6 Claims on foreigners	358,493	342,689	318,710	314,172r	321,683r	318,487	316,331r	314,865r	321,542	311,869
7 Other branches of parent bank	91,168	96,004	94,717	89,185r	92,990	90,896	90,421	89,428	90,763	89,033
8 Banks	133,752	117,668	100,328	104,598r	105,456r	104,292r	102,244r	101,435r	104,763	99,039
9 Public borrowers	24,131	24,517	22,872	22,932r	22,219r	22,820r	22,764r	22,716r	22,778	22,690
10 Nonbank foreigners	109,442	107,785	100,793	98,457r	101,018r	100,479r	100,902r	101,286r	103,238	101,107
11 Other assets	19,414	18,859	20,060	19,590r	20,401r	20,048	20,666r	20,723r	21,780	21,534
12 **Total payable in U.S. dollars**	**361,982**	**371,508**	**349,342**	**351,796**	**354,570**	**351,281r**	**349,444**	**348,877r**	**344,949**	**340,758**
13 Claims on United States	90,085	113,436	111,468	116,730	117,554r	119,214r	118,671r	118,713r	116,414	120,174
14 Parent bank	61,010	80,909	77,271	83,074	85,725r	85,761r	84,624r	84,273	82,887	85,840
15 Other banks in United States[2]	29,075	32,527	13,500	13,464	12,786r	13,840r	13,705r	14,019r	14,115	13,451
16 Nonbanks[2]			20,697	20,192	19,043r	19,613r	20,342r	20,421	19,412	20,883
17 Claims on foreigners	259,871	247,406	227,303	224,714	226,972r	222,264r	220,859r	220,386r	218,749	210,948
18 Other branches of parent bank	73,537	78,431	78,279	74,248	77,229	74,652	74,664	74,190	74,063	71,831
19 Banks	106,447	93,332	76,872	79,455r	78,957r	76,869r	75,638r	75,272r	75,289	70,923
20 Public borrowers	18,413	17,890	17,160	16,462r	16,731r	16,946r	16,972r	16,891r	16,698	16,933
21 Nonbank foreigners	61,474	60,977	54,992	54,549r	54,055r	53,797r	53,585r	54,033r	52,699	51,261
22 Other assets	12,026	10,666	10,571	10,352	10,044r	9,803r	9,914r	9,778r	9,786	9,636
						United Kingdom				
23 **Total, all currencies**	**161,067**	**158,732**	**144,385**	**149,534**	**150,705**	**148,711**	**148,285**	**149,599**	**151,455**	**151,117**
24 Claims on United States	27,354	34,433	27,731	31,910	29,675	29,930	30,314r	31,322r	31,140	35,300
25 Parent bank	23,017	29,111	21,918	25,313	23,250	23,236	23,554r	23,930r	24,368	28,200
26 Other banks in United States[2]	4,337	5,322	1,429	1,561	1,511	1,649	1,613	1,691	1,525	1,474
27 Nonbanks[2]			4,384	5,036	4,914	5,045	5,147	5,701r	5,247	5,626
28 Claims on foreigners	127,734	119,280	111,772	112,935r	115,886r	113,689	112,829r	113,192r	114,827	110,475
29 Other branches of parent bank	37,000	36,565	37,897	35,382r	35,857	34,036	33,948	34,188	33,539	32,616
30 Banks	50,767	43,352	37,443	41,186r	41,010r	41,242r	39,905r	39,850r	40,546	37,796
31 Public borrowers	6,240	5,898	5,334	5,052r	4,949r	4,967r	4,932r	4,973r	5,056	5,054
32 Nonbank foreigners	33,727	33,465	31,098	31,315r	34,070r	33,444r	34,044r	34,181r	35,686	35,009
33 Other assets	5,979	5,019	4,882	4,689r	5,144r	5,092	5,142r	5,085r	5,488	5,342
34 **Total payable in U.S. dollars**	**123,740**	**126,012**	**112,809**	**116,232**	**114,122**	**111,498r**	**111,305r**	**112,686r**	**110,451**	**110,972**
35 Claims on United States	26,761	33,756	26,924	30,945	28,833r	28,998r	29,389r	30,368r	30,087	34,251
36 Parent bank	22,756	28,756	21,551	24,911	22,910	22,906r	23,261r	23,625	23,995	27,897
37 Other banks in United States[2]	4,005	5,000	1,363	1,498	1,462r	1,572r	1,488r	1,604r	1,415	1,355
38 Nonbanks[2]			4,010	4,536	4,461r	4,520r	4,640r	5,139	4,677	4,999
39 Claims on foreigners	92,228	88,917	82,889	82,268	82,441r	79,509r	79,029r	79,464r	77,446	73,769
40 Other branches of parent bank	31,648	31,838	33,551	31,099	31,331	29,056	29,230	29,364	28,623	26,993
41 Banks	36,717	32,188	26,805	28,761r	28,184r	27,803r	27,184r	27,317r	26,349	24,382
42 Public borrowers	4,329	4,194	4,030	3,672r	3,534r	3,503r	3,500r	3,587r	3,538	3,599
43 Nonbank foreigners	19,534	20,697	18,503	18,736r	19,392r	19,147r	19,115r	19,196r	18,936	18,795
44 Other assets	4,751	3,339	2,996	3,019	2,848r	2,991r	2,887r	2,854r	2,918	2,952
						Bahamas and Caymans				
45 **Total, all currencies**	**145,156**	**152,083**	**146,811**	**144,665**	**147,041**	**145,096**	**144,033**	**143,549**	**140,785**	**138,510**
46 Claims on United States	59,403	75,309	77,296	76,446	78,886	79,150	78,849	78,049	75,275	74,448
47 Parent bank	34,653	48,720	49,449	50,043	53,937r	52,996	51,886	51,171	48,669	47,815
48 Other banks in United States[2]	24,750	26,589	11,544	11,305	10,761	11,647	11,723	11,999	12,381	11,725
49 Nonbanks[2]			16,303	15,098	14,188r	14,507	15,240	14,879	14,225	14,908
50 Claims on foreigners	81,450	72,868	65,598	64,408	64,339	62,164	61,604	61,959	62,209	60,964
51 Other branches of parent bank	18,720	20,626	17,661	16,235	15,685	14,716	15,271	15,645	15,669	16,479
52 Banks	42,699	36,842	30,246	30,927	31,481	29,887	28,942	28,501	29,240	27,601
53 Public borrowers	6,413	6,093	6,089	6,081	6,349	6,683	6,604	6,642	6,505	6,432
54 Nonbank foreigners	13,618	12,592	11,602	11,165	10,824	10,878	10,787	11,171	10,795	10,452
55 Other assets	4,303	3,906	3,917	3,811	3,816	3,782	3,580	3,541	3,301	3,098
56 **Total payable in U.S. dollars**	**139,605**	**145,641**	**141,562**	**139,543**	**141,534**	**139,926**	**138,724**	**138,581**	**135,472**	**133,521**

1. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

2. Data for assets vis-à-vis other banks in the United States and vis-à-vis nonbanks are combined for dates before June 1984.

3.14 Continued

Liability account	1982	1983	1984	1985 Feb.	Mar.	Apr.	May	June	July	Aug.p
	All foreign countries									
57 **Total, all currencies**	**469,712**	**477,090**	**452,205**	**452,796**	**462,009**	**460,344**	**458,121**	**456,859**	**462,707**	**456,325**
58 Negotiable CDs[3]	n.a.	n.a.	37,725	41,798	40,889	38,940	37,188	37,952	37,683	37,885
59 To United States	179,015	188,070	146,955	140,906r	145,654r	145,015r	145,162r	147,019r	145,951r	143,994
60 Parent bank	75,621	81,261	78,111	72,329r	75,968r	75,889r	77,971r	79,441r	80,218r	77,063
61 Other banks in United States	33,405	29,453	18,409	17,832	17,777r	18,834r	18,782	19,430	17,032	16,087
62 Nonbanks	69,989	77,356	50,435	50,745r	51,909r	50,292r	48,409r	48,148r	48,701r	50,844
63 To foreigners	270,853	269,685	247,122	249,618r	253,886r	254,847r	253,701	250,743r	255,987	251,928
64 Other branches of parent bank	90,191	90,615	93,206	89,872	93,978	91,792	91,208	90,354	92,275	89,777
65 Banks	96,860	92,889	78,203	84,013	82,670	83,614r	81,537	80,496	82,777r	80,933
66 Official institutions	19,614	18,896	20,281	19,356	20,831	21,854	21,827	21,703	20,937	21,234
67 Nonbank foreigners	64,188	68,845	55,432	56,377r	56,407r	57,587	59,129	58,190r	59,998r	59,984
68 Other liabilities	19,844	19,335	20,403	20,474r	21,580r	21,542r	22,070r	21,145r	23,086r	22,518
69 **Total payable in U.S. dollars**	**379,270**	**388,291**	**365,851r**	**366,046r**	**369,041r**	**365,378**	**363,425r**	**364,687r**	**360,244r**	**356,085**
70 Negotiable CDs[3]	n.a.	n.a.	35,227	39,542r	38,199r	35,958	34,216	34,637r	33,716	34,030
71 To United States	175,528	184,305	142,943	137,162r	141,315r	140,359	140,510r	142,094r	140,707r	138,368
72 Parent bank	73,295	79,035	75,626	70,093r	73,545r	73,290r	75,347r	76,635r	77,105r	73,755
73 Other banks in United States	33,040	28,936	17,935	17,303	17,228r	18,270	18,209	18,869	16,446	15,466
74 Nonbanks	69,193	76,334	49,382	49,766r	50,542r	48,799	46,954r	46,590r	47,156r	49,147
75 To foreigners	192,510	194,139	177,630r	178,738r	179,305r	178,846	178,861r	178,648r	176,494	173,989
76 Other branches of parent bank	72,921	73,522	77,222	74,926	78,441	76,083	75,476	75,298	75,809	73,193
77 Banks	57,463	57,022	45,123r	48,726r	44,863r	45,167	44,413	44,694	43,691r	42,856
78 Official institutions	15,055	13,855	15,773	14,653	16,049	17,178	17,407	17,278	15,935	16,238
79 Nonbank foreigners	47,071	51,260	39,512	40,433r	39,952r	40,418	41,565r	41,378r	41,059r	41,702
80 Other liabilities	11,232	9,847	10,051	10,604r	10,222r	10,215r	9,838r	9,308r	9,327r	9,698
	United Kingdom									
81 **Total, all currencies**	**161,067**	**158,732**	**144,385**	**149,534**	**150,705**	**148,711**	**148,285**	**149,599**	**151,455**	**151,117**
82 Negotiable CDs[3]	n.a.	n.a.	34,413	38,281	37,350	35,326	33,661	34,437	34,094	34,156
83 To United States	53,954	55,799	25,250	23,440r	23,735r	23,986r	24,811r	25,480r	24,167r	25,158
84 Parent bank	13,091	14,021	14,651	13,763	14,507r	14,033	14,278r	14,910r	13,434r	14,336
85 Other banks in United States	12,205	11,328	3,125	2,948	2,673r	2,665	2,735	3,571	2,853	2,839
86 Nonbanks	28,658	30,450	7,474	6,729r	6,555	7,288r	7,798	6,999r	7,880	7,983
87 To foreigners	99,567	95,847	77,424	80,449r	80,966r	80,913	81,033	81,004r	83,480	82,317
88 Other branches of parent bank	18,361	19,038	21,631	22,146	23,699	21,887	21,784	22,565	23,647	22,348
89 Banks	44,020	41,624	30,436	33,789	32,003	32,259	31,573	30,852	32,389	31,518
90 Official institutions	11,504	10,151	10,154	9,374	10,305	11,590	11,260	11,240	10,180	10,823
91 Nonbank foreigners	25,682	25,034	15,203	15,140r	14,959r	15,177	16,416	16,347r	17,264	17,628
92 Other liabilities	7,546	7,086	7,298	7,364	8,654r	8,486r	8,780r	8,678r	9,714r	9,486
93 **Total payable in U.S. dollars**	**130,261**	**131,167**	**117,497**	**120,623**	**117,984**	**116,128**	**115,742r**	**117,333r**	**114,123**	**115,064**
94 Negotiable CDs[3]	n.a.	n.a.	33,070	37,031r	35,721r	33,763	32,140	32,721r	31,743	31,911
95 To United States	53,029	54,691	24,105	22,385r	22,232r	22,281	23,206	23,729r	22,254r	23,119
96 Parent bank	12,814	13,839	14,339	13,506	14,127r	13,569	13,869r	14,472r	12,777r	13,773
97 Other banks in United States	12,026	11,044	2,980	2,804	2,503r	2,500	2,550	3,387	2,687	2,628
98 Nonbanks	28,189	29,808	6,786	6,075r	5,602r	6,212	6,787r	5,870r	6,790	6,718
99 To foreigners	73,477	73,279	56,923	57,655r	56,574r	56,473	56,885r	57,504r	56,783	56,208
100 Other branches of parent bank	14,300	15,403	18,294	18,772	20,127	18,451	18,375	19,053	19,640	18,241
101 Banks	28,810	29,320	18,356	20,022	17,191	17,497	17,417	17,175	17,249	16,975
102 Official institutions	9,668	8,279	8,871	7,854	8,734	9,989	9,687	9,648	8,430	9,005
103 Nonbank foreigners	20,699	20,277	11,402	11,007r	10,522r	10,536	11,406r	11,628r	11,464	11,987
104 Other liabilities	3,755	3,197	3,399	3,552r	3,457	3,611	3,511r	3,379r	3,343r	3,826
	Bahamas and Caymans									
105 **Total, all currencies**	**145,156**	**152,083**	**146,811**	**144,665**	**147,041**	**145,096**	**144,033**	**143,549**	**140,785**	**138,510**
106 Negotiable CDs[3]	n.a.	n.a.	615	953	779	634	436	344	320	356
107 To United States	104,425	111,299	102,955	99,209r	103,046r	100,489r	99,379r	99,856r	98,682r	95,793
108 Parent bank	47,081	50,980	47,162	43,367r	45,391r	43,749r	45,557	45,740r	47,147r	43,384
109 Other banks in United States	18,466	16,057	13,938	13,590	13,959	15,112	14,545	14,748	12,979	12,153
110 Nonbanks	38,878	44,262	41,855	42,252	43,696r	41,628	39,277r	39,368	38,566r	40,256
111 To foreigners	38,274	38,445	40,320	41,529	40,367	41,102	41,437	40,621	39,081	39,679
112 Other branches of parent bank	15,796	14,936	16,782	17,111	16,744	17,179	17,759	16,615	16,645	17,638
113 Banks	10,166	11,876	12,405	12,976	12,562	13,469	12,879	13,600	12,329	11,452
114 Official institutions	1,967	1,919	2,054	1,992	1,884	1,598	2,194	1,866	1,941	1,687
115 Nonbank foreigners	10,345	11,274	9,079	9,450	9,177	8,856	8,605	8,540	8,166	8,902
116 Other liabilities	2,457	2,339	2,921	2,974r	2,849r	2,871r	2,781r	2,728r	2,702r	2,682
117 **Total payable in U.S. dollars**	**141,908**	**148,278**	**143,582r**	**140,965r**	**143,215r**	**140,945**	**139,909**	**139,648**	**136,820**	**134,623**

3. Before June 1984, liabilities on negotiable CDs were included in liabilities to the United States or liabilities to foreigners, according to the address of the initial purchaser.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1983	1984	1985 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Total**[1]	**177,950**	**180,556**	**173,356**	**169,815**	**170,565**	**173,637**	**177,742**	**180,687**	**181,108**
By type									
2 Liabilities reported by banks in the United States[2]	25,534	26,089	23,420	22,991	22,721	23,103	22,915	22,059	23,147
3 U.S. Treasury bills and certificates[3]	54,341	59,976	52,474	54,685	57,226	56,691	58,589	60,727	60,921
U.S. Treasury bonds and notes									
4 Marketable	68,514	69,029	72,879	67,601	67,004	70,470	73,182	74,971	75,098
5 Nonmarketable[4]	7,250	5,800	5,300	5,300	4,900	4,500	4,500	4,500	3,550
6 U.S. securities other than U.S. Treasury securities[5]	22,311	19,662	19,283	19,238	18,714	18,873	18,556	18,430	18,392
By area									
7 Western Europe[1]	67,645	69,789	67,387	63,746	65,660	67,870	70,268	73,260	75,175
8 Canada	2,438	1,528	1,136	1,715	1,403	1,558	1,571	2,010	1,664
9 Latin America and Caribbean	6,248	8,554	7,278	7,518	7,528	8,072	8,467	8,846	9,508
10 Asia	92,572	93,951	91,029	90,721	89,968	90,217	91,494	90,919	89,487
11 Africa	958	1,264	1,397	1,200	1,403	1,262	1,299	1,259	1,108
12 Other countries[6]	8,089	5,470	5,129	4,915	4,603	4,658	4,643	4,393	4,166

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes *nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.*
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1981	1982	1983	1984 Sept.	1984 Dec.	1985 Mar.	1985 June
1 Banks' own liabilities	3,523	4,844	5,219	6,227	7,542	8,012	10,150
2 Banks' own claims	4,980	7,707	7,231	9,290	11,307	12,639	14,012
3 Deposits	3,398	4,251	2,731	3,641	4,537	6,148	7,437
4 Other claims	1,582	3,456	4,501	5,649	6,770	6,491	6,575
5 Claims of banks' domestic customers[1]	971	676	1,059	281	569	440	243

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars
Millions of dollars, end of period

Holder and type of liability	1982	1983	1984	1985						
				Feb.	Mar.	Apr.	May	June	July	Aug.p
1 **All foreigners**	**307,056**	**369,607**	**406,457**	**405,239**	**413,225**	**410,655**	**411,144**	**412,861r**	**416,432**	**416,020**
2 Banks' own liabilities	227,089	279,087	306,510	311,688	317,097	312,697	315,455	317,062r	318,676	317,185
3 Demand deposits	15,889	17,470	19,571	19,369	18,131	18,295	17,705	19,423r	17,629	17,763
4 Time deposits[1]	68,797	90,632	110,292	117,097	119,228	117,787	120,682	116,331r	115,882	118,243
5 Other[2]	23,184	25,874	26,099	24,991	25,127	24,338	25,614	25,782r	26,254	25,169
6 Own foreign offices[3]	119,219	145,111	150,547	150,211	154,611	152,277	151,453	155,526r	158,911	156,011
7 Banks' custody liabilities[4]	79,967	90,520	99,947	93,572	96,128	97,958	95,690	95,799r	97,756	98,835
8 U.S. Treasury bills and certificates[5]	55,628	68,669	75,838	69,189	71,552	73,078	71,597	73,061	75,396	75,801
9 Other negotiable and readily transferable instruments[6]	20,636	17,467	18,670	18,068	18,099	18,337	17,690	16,207	16,142	16,559
10 Other	3,702	4,385	5,439	6,315	6,477	6,543	6,403	6,532r	6,218	6,475
11 **Nonmonetary international and regional organizations[7]**	**4,922**	**5,957**	**4,083**	**5,812**	**5,905**	**6,112**	**6,694**	**5,709**	**4,854**	**7,353**
12 Banks' own liabilities	1,909	4,632	1,644	2,092	2,333	3,083	4,389	3,928	3,078	5,569
13 Demand deposits	106	297	254	341	191	167	264	164	134	244
14 Time deposits[1]	1,664	3,584	1,102	936	1,488	2,276	3,747	3,023	2,391	4,776
15 Other[2]	139	750	288	815	654	640	377	740	553	550
16 Banks' custody liabilities[4]	3,013	1,325	2,440	3,719	3,572	3,029	2,305	1,782	1,777	1,784
17 U.S. Treasury bills and certificates	1,621	463	916	2,258	2,082	1,434	775	642	767	742
18 Other negotiable and readily transferable instruments[6]	1,392	862	1,524	1,461	1,490	1,593	1,531	1,140	1,010	1,042
19 Other	0	0	0	1	0	2	0	0	0	1
20 **Official institutions[8]**	**71,647**	**79,876**	**86,065**	**75,894**	**77,675**	**79,947**	**79,794**	**81,504r**	**82,786**	**84,068**
21 Banks' own liabilities	16,640	19,427	19,039	17,249	16,777	16,581	17,602	17,795r	17,234	17,648
22 Demand deposits	1,899	1,837	1,823	1,881	1,923	1,975	1,630	1,891	1,546	1,559
23 Time deposits[1]	5,528	7,318	9,374	8,673	8,469	9,126	8,678	9,050r	9,042	9,253
24 Other[2]	9,212	10,272	7,842	6,694	6,385	5,481	7,294	6,853r	6,646	6,836
25 Banks' custody liabilities[4]	55,008	60,448	67,026	58,645	60,898	63,366	62,192	63,710	65,552	66,420
26 U.S. Treasury bills and certificates[5]	46,658	54,341	59,976	52,474	54,685	57,226	56,691	58,589	60,727	60,921
27 Other negotiable and readily transferable instruments[6]	8,321	6,082	6,966	6,086	6,109	6,007	5,451	5,042	4,705	5,286
28 Other	28	25	84	85	105	133	50	78	120	213
29 **Banks[9]**	**185,881**	**226,887**	**248,190**	**250,059**	**257,565**	**252,858**	**251,720**	**254,045r**	**256,703**	**253,863**
30 Banks' own liabilities	169,449	205,347	225,341	227,722	235,132	230,426	229,794	232,319r	235,078	231,572
31 Unaffiliated foreign banks	50,230	60,236	74,794	77,512	80,521	78,149	78,341	76,793r	76,166	75,561
32 Demand deposits	8,675	8,759	10,556	9,656	9,154	9,266	8,714	9,847	8,647	8,615
33 Time deposits[1]	28,386	37,439	47,120	50,993	54,222	51,610	52,653	49,968r	49,934	50,001
34 Other[2]	13,169	14,038	17,118	16,862	17,144	17,273	16,973	16,977r	17,586	16,945
35 Own foreign offices[3]	119,219	145,111	150,547	150,211	154,611	152,277	151,453	155,526r	158,911	156,011
36 Banks' custody liabilities[4]	16,432	21,540	22,848	22,336	22,433	22,432	21,926	21,727r	21,625	22,290
37 U.S. Treasury bills and certificates	5,809	10,178	10,927	10,493	10,602	10,446	10,216	9,745	9,934	9,972
38 Other negotiable and readily transferable instruments[6]	7,857	7,485	7,156	6,254	6,206	6,235	6,104	6,231	6,387	6,546
39 Other	2,766	3,877	4,766	5,589	5,625	5,751	5,606	5,751r	5,303	5,772
40 **Other foreigners**	**44,606**	**56,887**	**68,119**	**73,475**	**72,079**	**71,738**	**72,936**	**71,602r**	**72,089**	**70,736**
41 Banks' own liabilities	39,092	49,680	60,486	64,604	62,855	62,608	63,670	63,020r	63,286	62,396
42 Demand deposits	5,209	6,577	6,938	7,491	6,863	6,888	7,098	7,520r	7,302	7,345
43 Time deposits	33,219	42,290	52,697	56,494	55,049	54,775	55,603	54,290r	54,515	54,212
44 Other[2]	664	813	851	619	943	945	969	1,211	1,469	839
45 Banks' custody liabilities[4]	5,514	7,207	7,633	8,871	9,224	9,131	9,266	8,581	8,803	8,341
46 U.S. Treasury bills and certificates	1,540	3,686	4,020	3,964	4,182	3,973	3,915	4,085	3,968	4,167
47 Other negotiable and readily transferable instruments[6]	3,065	3,038	3,024	4,267	4,294	4,501	4,604	3,793	4,040	3,685
48 Other	908	483	590	640	748	657	746	704	795	489
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	14,307	10,346	10,476	9,169	9,412	9,145	9,081	8,679	8,567	8,915

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments, and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

3.17 Continued

Area and country	1982	1983	1984	1985						
				Feb.	Mar.	Apr.	May	June	July	Aug.p
1 **Total**	**307,056**	**369,607**	**406,457**	**405,239**	**413,225**	**410,655**	**411,144**	**412,861r**	**416,432**	**416,020**
2 **Foreign countries**	**302,134**	**363,649**	**402,374**	**399,428**	**407,320**	**404,544**	**404,451**	**407,152r**	**411,578**	**408,667**
3 Europe	117,756	138,072	152,553	152,221	151,660	149,108	151,219	153,718r	156,077	158,982
4 Austria	519	585	615	625	670	537	627	563	567	711
5 Belgium-Luxembourg	2,517	2,709	4,114	4,638	4,797	4,795	4,619	4,889r	5,743	5,416
6 Denmark	509	466	438	530	452	557	494	727	684	617
7 Finland	748	531	418	735	804	476	604	325	349	377
8 France	8,171	9,441	12,701	12,430	12,782	13,627	14,178	13,849	15,237	15,626
9 Germany	5,351	3,599	3,358	3,258	2,923	3,539	3,727	4,003	4,389	5,360
10 Greece	537	520	699	583	730	649	585	605	588	531
11 Italy	5,626	8,462	10,757	9,108	8,412	7,895	8,467	9,276	9,624	9,537
12 Netherlands	3,362	4,290	4,799	4,622	4,934	4,448	4,685	4,386r	4,689	4,691
13 Norway	1,567	1,673	1,548	1,635	1,889	2,138	1,994	1,397	1,183	1,156
14 Portugal	388	373	597	614	715	698	665	635	658	672
15 Spain	1,405	1,603	2,082	1,887	2,079	2,000	2,030	2,015	2,113	2,033
16 Sweden	1,390	1,799	1,676	1,486	1,667	1,901	1,689	2,277	2,559	2,008
17 Switzerland	29,066	32,246	31,054	31,580	30,421	30,059	29,706	29,547	29,729	28,423
18 Turkey	296	467	584	501	527	506	384	631	598	404
19 United Kingdom	48,172	60,683	68,711	70,269	70,289	68,239	69,779	70,958r	70,299	73,547
20 Yugoslavia	499	562	602	602	671	648	585	729	626	622
21 Other Western Europe[1]	7,006	7,403	7,184	6,628	6,286	5,790	5,877	6,261r	5,964	6,702
22 U.S.S.R.	50	65	79	60	94	125	67	31	72	45
23 Other Eastern Europe[2]	576	596	537	431	517	480	458	614	406	504
24 Canada	12,232	16,026	16,048	18,263	17,228	17,006	16,214	15,874	16,284	16,737
25 Latin America and Caribbean	114,163	140,088	153,577	154,828	157,708	156,803	157,071	158,310r	159,132	154,658
26 Argentina	3,578	4,038	4,424	4,354	4,551	4,664	4,912	5,081r	5,322	5,283
27 Bahamas	44,744	55,818	56,897	56,928	59,600	59,069	58,195	57,406	55,858	55,414
28 Bermuda	1,572	2,266	2,370	3,410	2,799	3,159	3,192	2,503r	2,380	2,727
29 Brazil	2,014	3,168	5,332	6,143	4,656	4,743	5,376	5,187	5,677	5,906
30 British West Indies	26,381	34,545	36,747	35,171	36,593	35,765	35,489	38,965r	40,727	35,458
31 Chile	1,626	1,842	2,001	1,916	1,897	1,909	1,922	1,870	1,910	1,966
32 Colombia	2,594	1,689	2,514	2,453	2,540	2,401	2,452	2,526	2,421	2,542
33 Cuba	9	8	10	8	6	6	7	6	10	8
34 Ecuador	455	1,047	1,092	981	1,024	1,022	987	1,004	1,046	1,043
35 Guatemala	670	788	896	915	950	955	979	963	972	1,007
36 Jamaica	126	109	183	182	163	154	146	123	194	152
37 Mexico	8,377	10,392	12,506	13,000	13,240	13,202	13,658	13,533r	13,406	13,381
38 Netherlands Antilles	3,597	3,879	4,153	4,662	4,576	4,383	4,439	4,200	4,025	4,261
39 Panama	4,805	5,924	6,951	7,177	7,488	7,584	7,570	7,427	7,462	7,445
40 Peru	1,147	1,166	1,266	1,064	1,132	1,077	1,162	1,168	1,113	1,133
41 Uruguay	759	1,244	1,394	1,413	1,443	1,461	1,492	1,415	1,460	1,557
42 Venezuela	8,417	8,632	10,545	10,740	10,649	10,791	10,696	10,471	10,853	10,940
43 Other Latin America and Caribbean	3,291	3,535	4,297	4,311	4,401	4,458	4,396	4,460r	4,297	4,434
44 Asia	48,716	58,570	71,115	64,981	72,095	73,233	71,509	70,477r	71,826	70,473
China										
45 Mainland	203	249	1,153	1,068	980	912	698	886	939	1,124
46 Taiwan	2,761	4,051	4,975	5,187	5,306	5,242	5,381	5,545	5,849	6,056
47 Hong Kong	4,465	6,657	6,594	6,648	6,937	7,091	7,360	7,989	7,900	7,993
48 India	433	464	507	725	738	554	546	569	555	482
49 Indonesia	857	997	1,033	914	1,052	1,104	1,031	1,264r	1,463	1,337
50 Israel	606	1,722	1,268	994	941	873	988	1,053	1,011	885
51 Japan	16,078	18,079	21,586	22,551	24,540	22,683	22,688	21,103r	22,969	22,537
52 Korea	1,692	1,648	1,724	1,584	1,526	1,595	1,598	1,705	1,493	1,584
53 Philippines	770	1,234	1,383	1,113	1,102	1,223	1,305	1,443	1,335	1,693
54 Thailand	629	747	1,257	1,050	1,384	1,141	1,167	1,063	984	1,073
55 Middle-East oil-exporting countries[3]	13,433	12,976	16,804	15,202	16,391	16,373	16,316	15,052r	15,410	14,796
56 Other Asia	6,789	9,748	12,831	7,945	11,200	14,441	12,430	12,805r	11,919	10,914
57 Africa	3,124	2,827	3,396	3,561	3,476	3,517	3,429	3,920	3,384	3,498
58 Egypt	432	671	647	637	715	747	618	745	881	737
59 Morocco	81	84	118	116	167	155	189	161	98	162
60 South Africa	292	449	328	371	244	339	273	332	181	420
61 Zaire	23	87	153	79	100	128	124	170	87	103
62 Oil-exporting countries[4]	1,280	620	1,189	1,450	1,346	1,177	1,114	1,497	1,099	1,092
63 Other Africa	1,016	917	961	910	903	969	1,112	1,015	1,037	984
64 Other countries	6,143	8,067	5,684	5,574	5,152	4,877	5,009	4,854	4,876	4,318
65 Australia	5,904	7,857	5,300	5,017	4,743	4,456	4,608	4,462	4,364	3,849
66 All other	239	210	384	557	409	422	401	392	511	469
67 Nonmonetary international and regional organizations	4,922	5,957	4,083	5,812	5,905	6,112	6,694	5,709	4,854	7,353
68 International	4,049	5,273	3,376	4,935	5,132	5,247	5,636	4,698	3,802	6,458
69 Latin American regional	517	419	587	580	632	706	834	808	782	739
70 Other regional[5]	357	265	120	296	141	159	224	203	270	156

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1982	1983	1984	1985						
				Feb.	Mar.	Apr.	May	June	July	Aug.ᵖ
1 **Total**	**355,705**	**391,312**	**398,558**	**393,212**	**396,898**	**390,022**	**390,992**	**396,253ʳ**	**390,938**	**387,275**
2 **Foreign countries**	**355,636**	**391,148**	**397,884**	**392,912**	**396,658**	**389,942**	**390,178**	**395,543ʳ**	**390,663**	**386,837**
3 Europe	85,584	91,927	97,917	98,019	101,759	99,427	99,997	100,953ʳ	100,387	100,896
4 Austria	229	401	433	367	484	519	552	536	815	703
5 Belgium-Luxembourg	5,138	5,639	4,794	5,097	5,233	5,161	5,264	5,219ʳ	5,740	5,496
6 Denmark	554	1,275	648	589	638	601	560	474	498	492
7 Finland	990	1,044	898	907	826	804	700	896	875	738
8 France	7,251	8,766	9,117	9,627	10,042	10,273	10,462	9,969	10,006	10,226
9 Germany	1,876	1,284	1,313	945	1,072	1,008	1,015	1,223ʳ	1,095	908
10 Greece	452	476	817	840	848	907	921	1,002	947	959
11 Italy	7,560	9,018	9,079	8,481	8,711	8,256	7,798	7,520ʳ	7,623	6,522
12 Netherlands	1,425	1,267	1,351	1,490	1,348	1,401	1,040	1,339	1,142	1,188
13 Norway	572	690	675	808	621	748	753	750	710	683
14 Portugal	950	1,114	1,243	1,286	1,186	1,151	1,158	1,156	1,151	1,181
15 Spain	3,744	3,573	2,884	3,135	2,978	2,890	2,587	2,700ʳ	2,387	2,146
16 Sweden	3,038	3,358	2,220	2,586	2,342	2,338	2,177	2,067ʳ	2,698	2,478
17 Switzerland	1,639	1,863	2,123	2,110	1,921	1,843	1,631	2,231	2,669	2,629
18 Turkey	560	812	1,130	1,155	1,172	1,147	1,162	1,208	1,313	1,234
19 United Kingdom	45,781	47,364	55,184	54,648	58,381	56,199	57,812	58,377ʳ	56,432	59,275
20 Yugoslavia	1,430	1,718	1,886	1,783	1,793	1,892	1,940	1,958	1,972	1,954
21 Other Western Europe[1]	368	477	596	679	642	640	760	775ʳ	679	625
22 U.S.S.R	263	192	142	178	203	245	312	297	250	239
23 Other Eastern Europe[2]	1,762	1,598	1,382	1,308	1,317	1,404	1,393	1,255	1,383	1,223
24 Canada	13,678	16,341	16,057	19,082	18,766	18,349	17,891	17,889ʳ	16,696	16,979
25 Latin America and Caribbean	187,969	205,491	207,561	200,736	202,808	199,034	201,104	203,974ʳ	201,318	196,665
26 Argentina	10,974	11,749	11,043	11,280	11,162	11,163	11,346	11,416ʳ	11,456	11,293
27 Bahamas	56,649	59,633	57,904	54,548	57,608	55,526	56,763	59,477ʳ	55,610	53,351
28 Bermuda	603	566	592	448	464	633	506	563ʳ	405	478
29 Brazil	23,271	24,667	26,315	26,146	26,124	26,207	26,434	26,549ʳ	26,560	26,453
30 British West Indies	29,101	35,527	38,077	36,806	36,299	35,503	36,050	36,372ʳ	37,436	35,793
31 Chile	5,513	6,072	6,839	6,713	6,775	6,676	6,634	6,680ʳ	6,663	6,476
32 Colombia	3,211	3,745	3,499	3,406	3,313	3,246	3,270	3,207	3,210	3,195
33 Cuba	3	0	0	1	0	0	0	0	0	0
34 Ecuador	2,062	2,307	2,420	2,489	2,470	2,467	2,487	2,493ʳ	2,450	2,430
35 Guatemala[3]	124	129	158	157	154	154	149	145	153	149
36 Jamaica[3]	181	215	252	253	233	223	237	227	234	228
37 Mexico	29,552	34,802	34,824	33,660	33,410	32,554	32,748	32,384ʳ	32,176	32,364
38 Netherlands Antilles	839	1,154	1,350	1,393	1,254	1,319	1,386	1,249	1,110	1,135
39 Panama	10,210	7,848	7,707	7,071	7,083	7,039	6,751	6,856	6,985	6,923
40 Peru	2,357	2,536	2,384	2,337	2,345	2,353	2,310	2,286ʳ	2,237	2,221
41 Uruguay	686	977	1,088	1,021	1,019	1,014	1,013	1,013	1,007	1,018
42 Venezuela	10,643	11,287	11,017	10,929	10,956	10,804	10,947	10,996	10,992	11,027
43 Other Latin America and Caribbean	1,991	2,277	2,091	2,077	2,139	2,154	2,072	2,060ʳ	2,633	2,132
44 Asia	60,952	67,837	66,278	65,351	63,595	63,430	61,788	63,470ʳ	63,246	63,590
China										
45 Mainland	214	292	710	741	650	572	543	358ʳ	635	560
46 Taiwan	2,288	1,908	1,849	1,827	1,954	1,937	1,641	1,718ʳ	1,540	1,517
47 Hong Kong	6,787	8,489	7,283	7,351	6,639	6,897	7,290	7,237ʳ	7,488	7,989
48 India	222	330	425	354	284	307	270	310	371	460
49 Indonesia	348	805	734	780	780	704	701	682	631	623
50 Israel	2,029	1,832	2,088	2,041	1,941	2,004	2,038	2,598ʳ	2,053	1,927
51 Japan	28,379	30,354	29,059	29,092	28,008	26,594	25,407	26,529ʳ	26,336	27,644
52 Korea	9,387	9,943	9,285	8,813	9,298	9,434	9,127	9,158ʳ	9,707	9,280
53 Philippines	2,625	2,107	2,550	2,560	2,435	2,360	2,384	2,448ʳ	2,454	2,487
54 Thailand	643	1,219	1,125	1,076	1,005	939	852	862	750	755
55 Middle East oil-exporting countries[4]	3,087	4,954	5,044	4,856	4,708	5,509	5,546	5,120	5,315	4,116
56 Other Asia	4,943	5,603	6,126	5,860	5,895	6,171	5,989	6,449ʳ	5,967	6,233
57 Africa	5,346	6,654	6,615	6,376	6,221	6,299	6,203	6,075ʳ	5,959	5,718
58 Egypt	322	747	728	584	674	629	612	626	606	585
59 Morocco	353	440	583	582	584	595	577	592	596	598
60 South Africa	2,012	2,634	2,795	2,666	2,420	2,508	2,497	2,524ʳ	2,402	2,214
61 Zaire	57	33	18	29	24	24	24	24	24	25
62 Oil-exporting countries[5]	801	1,073	842	791	819	893	871	740	743	722
63 Other	1,802	1,727	1,649	1,724	1,700	1,651	1,621	1,569ʳ	1,589	1,574
64 Other countries	2,107	2,898	3,456	3,348	3,510	3,403	3,194	3,183ʳ	3,057	2,988
65 Australia	1,713	2,256	2,778	2,635	2,824	2,755	2,536	2,498ʳ	2,320	2,225
66 All other	394	642	678	713	686	648	658	685ʳ	737	764
67 Nonmonetary international and regional organizations[6]	68	164	674	300	240	80	815	710ʳ	275	438

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

NOTE. Data for period before April 1978 include claims of banks' domestic customers on foreigners.

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

Millions of dollars, end of period

Type of claim	1982	1983	1984	1985						
				Feb.	Mar.	Apr.	May	June	July	Aug.p
1 **Total**	**396,015**	**426,215**	**431,474**	....	**430,544**	....	....	**425,692r**	....	....
2 Banks' own claims on foreigners	355,705	391,312	398,558	393,212	396,898	390,022	390,992	396,253r	390,938	387,275
3 Foreign public borrowers	45,422	57,569	61,473	61,828	61,676	60,972	61,673	61,241r	61,188	60,862
4 Own foreign offices[1]	127,293	146,393	156,202	154,524	157,933	155,144	156,989	162,840r	158,174	155,517
5 Unaffiliated foreign banks	121,377	123,837	123,791	121,372	122,145	119,369	119,108	118,493r	117,921	117,596
6 Deposits	44,223	47,126	48,168	47,685	49,672	47,664	48,096	48,135r	48,798	49,258
7 Other	77,153	76,711	75,624	73,687	72,473	71,706	71,012	70,358r	69,124	68,338
8 All other foreigners	61,614	63,514	57,092	55,487	55,143	54,536	53,222	53,679r	53,655	53,300
9 Claims of banks' domestic customers[2]	40,310	34,903	32,916	....	33,646	....	....	29,439r	....	....
10 Deposits	2,491	2,969	3,380	....	3,871	....	....	2,870	....	....
11 Negotiable and readily transferable instruments[3]	30,763	26,064	23,805	....	24,576	....	....	21,064	....	....
12 Outstanding collections and other claims	7,056	5,870	5,732	....	5,198	....	....	5,505r	....	....
13 MEMO: Customer liability on acceptances	38,153	37,715	36,667	....	35,204	....	....	31,699r	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	42,499	46,217	40,508r	40,261	39,703	39,375	37,455r	36,073r	37,121	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1981▲	1982	1983	1984		1985	
				Sept.	Dec.	Mar.	June
1 **Total**	**154,590**	**228,150**	**243,715**	**240,590**	**243,170**	**239,222**	**231,713**
By borrower							
2 Maturity of 1 year or less[1]	116,394	173,917	176,158	162,802	165,321	164,883	158,641
3 Foreign public borrowers	15,142	21,256	24,039	21,086	22,141	23,496	23,899
4 All other foreigners	101,252	152,661	152,120	141,716	143,180	141,387	134,742
5 Maturity of over 1 year[1]	38,197	54,233	67,557	77,788	77,849	74,339	73,072
6 Foreign public borrowers	15,589	23,137	32,521	38,571	39,672	38,088	37,425
7 All other foreigners	22,608	31,095	35,036	39,217	38,177	36,251	35,647
By area							
Maturity of 1 year or less[1]							
8 Europe	28,130	50,500	56,117	56,741	58,173	60,269	55,656
9 Canada	4,662	7,642	6,211	5,841	5,978	7,481	6,135
10 Latin America and Caribbean	48,717	73,291	73,660	61,449	60,825	60,071	63,545
11 Asia	31,485	37,578	34,403	32,268	33,435	30,651	27,537
12 Africa	2,457	3,680	4,199	4,798	4,442	4,109	4,003
13 All other[2]	943	1,226	1,569	1,705	2,468	2,301	1,764
Maturity of over 1 year[1]							
14 Europe	8,100	11,636	13,576	11,249	9,590	8,545	8,628
15 Canada	1,808	1,931	1,857	1,801	1,890	2,181	2,116
16 Latin America and Caribbean	25,209	35,247	43,888	56,625	57,834	55,372	53,507
17 Asia	1,907	3,185	4,850	5,106	5,386	5,235	5,203
18 Africa	900	1,494	2,286	1,857	2,033	1,963	1,996
19 All other[2]	272	740	1,101	1,150	1,116	1,043	1,622

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

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

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

Billions of dollars, end of period

Area or country	1981	1982	1983			1984				1985	
			June	Sept.	Dec.	Mar.	June[7]	Sept.	Dec.	Mar.	June[p]
1 **Total**	**415.2**	**438.7**	**439.9**	**431.0**	**437.3**	**435.1**	**430.6**	**410.1**	**407.7**	**409.3**	**400.6**
2 G-10 countries and Switzerland	175.5	179.7	177.1	168.8	168.0	166.0	157.7	148.0	147.6	152.4	146.7
3 Belgium-Luxembourg	13.3	13.1	13.3	12.6	12.4	11.0	10.9	9.8	8.8	9.4	9.0
4 France	15.3	17.1	17.1	16.2	16.3	15.9	14.2	14.3	14.1	14.6	13.6
5 Germany	12.9	12.7	12.6	11.6	11.3	11.7	10.9	10.0	9.0	8.9	9.6
6 Italy	9.6	10.3	10.5	9.9	11.4	11.2	11.5	9.7	10.1	10.0	8.9
7 Netherlands	4.0	3.6	4.0	3.6	3.5	3.4	3.0	3.4	3.9	3.7	3.7
8 Sweden	3.7	5.0	4.7	4.9	5.1	5.2	4.3	3.5	3.2	3.1	2.9
9 Switzerland	5.5	5.0	4.8	4.2	4.3	4.3	4.2	3.9	3.9	4.2	4.0
10 United Kingdom	70.1	72.1	70.8	67.8	65.4	65.1	60.5	57.4	59.8	64.8	65.2
11 Canada	10.9	10.4	10.8	8.9	8.3	8.6	8.9	8.1	7.8	9.0	8.0
12 Japan	30.2	30.2	28.5	29.0	29.9	29.7	29.3	27.9	27.2	24.7	21.9
13 Other developed countries	28.4	33.7	34.5	34.3	36.1	35.7	37.1	36.3	33.8	33.0	32.4
14 Austria	1.9	1.9	2.1	1.9	1.9	2.0	1.9	1.8	1.6	1.6	1.6
15 Denmark	2.3	2.4	3.4	3.3	3.4	3.4	3.1	2.9	2.2	2.1	1.9
16 Finland	1.7	2.2	2.1	1.8	2.4	2.1	2.3	1.9	1.9	1.8	1.8
17 Greece	2.8	3.0	2.9	2.9	2.8	3.0	3.3	3.2	2.9	2.9	2.9
18 Norway	3.1	3.3	3.4	3.2	3.3	3.2	3.2	3.2	3.0	2.9	2.9
19 Portugal	1.1	1.5	1.4	1.4	1.5	1.4	1.7	1.6	1.4	1.4	1.3
20 Spain	6.6	7.5	7.2	7.1	7.1	7.1	7.3	6.9	6.5	6.5	5.9
21 Turkey	1.4	1.4	1.4	1.5	1.7	1.9	2.0	2.0	1.9	1.9	2.0
22 Other Western Europe	2.1	2.3	2.0	2.1	1.8	1.8	1.9	1.7	1.7	1.7	1.8
23 South Africa	2.8	3.7	3.9	4.7	4.7	4.8	4.7	5.0	4.5	4.2	3.9
24 Australia	2.5	4.4	4.5	4.4	5.5	5.2	5.7	6.2	6.1	6.2	6.3
25 OPEC countries[2]	24.8	27.4	28.3	27.2	28.9	28.6	26.7	25.0	25.6	25.2	23.6
26 Ecuador	2.2	2.2	2.2	2.1	2.2	2.1	2.1	2.1	2.2	2.2	2.3
27 Venezuela	9.9	10.5	10.4	9.8	9.9	9.7	9.5	9.2	9.3	9.3	9.3
28 Indonesia	2.6	3.2	3.2	3.4	3.8	4.0	4.0	3.8	3.7	3.6	3.4
29 Middle East countries	7.5	8.7	9.5	9.1	10.0	9.8	8.4	7.4	8.2	7.8	6.5
30 African countries	2.5	2.8	3.0	2.8	3.0	3.0	2.7	2.5	2.3	2.3	2.1
31 Non-OPEC developing countries	96.3	107.1	108.8	109.8	111.6	112.2	112.8	111.9	112.2	111.3	110.4
Latin America											
32 Argentina	9.4	8.9	9.4	9.5	9.5	9.5	9.2	9.1	8.7	8.6	8.6
33 Brazil	19.1	22.9	22.7	23.1	23.1	25.1	25.4	26.3	26.3	26.4	26.6
34 Chile	5.8	6.3	5.8	6.3	6.4	6.5	6.7	7.1	7.0	7.0	6.9
35 Colombia	2.6	3.1	3.2	3.2	3.2	3.1	3.0	2.9	2.9	2.8	2.7
36 Mexico	21.6	24.5	25.3	25.9	26.1	25.6	26.0	26.1	25.8	25.7	25.6
37 Peru	2.0	2.6	2.6	2.4	2.4	2.3	2.3	2.2	2.2	2.2	2.1
38 Other Latin America	4.1	4.0	4.3	4.2	4.2	4.4	4.1	3.9	3.9	3.7	3.6
Asia											
China											
39 Mainland	.2	.2	.2	.2	.3	.3	.6	.5	.7	.7	.3
40 Taiwan	5.1	5.3	5.1	5.2	5.3	4.9	5.3	5.2	5.1	5.3	5.5
41 India	.3	.6	.7	.8	1.0	1.0	1.0	1.1	1.0	1.0	1.0
42 Israel	2.1	2.3	2.3	1.7	1.9	1.6	1.9	1.7	1.8	1.7	2.3
43 Korea (South)	9.4	10.9	10.9	10.9	11.3	11.1	11.2	10.3	10.8	10.5	10.1
44 Malaysia	1.7	2.1	2.6	2.8	2.9	2.8	2.7	3.0	2.8	2.8	2.8
45 Philippines	6.0	6.3	6.4	6.2	6.2	6.7	6.3	5.9	6.0	6.1	5.9
46 Thailand	1.5	1.6	1.8	1.8	2.2	2.1	1.9	1.8	1.8	1.7	1.5
47 Other Asia	1.0	1.1	1.2	1.0	1.0	.9	1.1	.9	1.1	1.1	.9
Africa											
48 Egypt	1.1	1.2	1.3	1.4	1.5	1.4	1.4	1.2	1.2	1.1	1.0
49 Morocco	.7	.7	.8	.8	.8	.8	.8	.8	.8	.8	.8
50 Zaire	.2	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
51 Other Africa[3]	2.3	2.4	2.2	2.4	2.3	2.2	1.9	1.9	2.1	2.2	2.0
52 Eastern Europe	7.8	6.2	5.8	5.3	5.3	4.9	4.9	4.5	4.4	4.3	4.3
53 U.S.S.R.	.6	.3	.4	.2	.2	.2	.2	.2	.1	.2	.3
54 Yugoslavia	2.5	2.2	2.3	2.3	2.4	2.3	2.3	2.3	2.3	2.2	2.2
55 Other	4.7	3.7	3.0	2.8	2.8	2.5	2.4	2.1	2.0	1.9	1.8
56 Offshore banking centers	63.7	66.8	69.3	68.7	70.5	71.4	74.1	66.9	66.8	66.2	65.9
57 Bahamas	19.0	19.0	20.7	21.6	21.8	24.6	27.5	23.7	21.5	21.6	21.5
58 Bermuda	.7	.9	.8	.8	.9	.7	.7	1.0	.9	.7	.9
59 Cayman Islands and other British West Indies	12.4	12.9	12.7	10.5	12.2	12.0	12.2	11.1	11.7	12.3	12.4
60 Netherlands Antilles	3.2	3.3	2.6	4.1	4.2	3.3	3.3	3.1	3.4	3.3	3.2
61 Panama[4]	7.7	7.6	6.6	5.7	6.0	6.3	6.6	5.7	6.8	5.7	5.5
62 Lebanon	.2	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.8	13.9	14.5	15.2	15.0	14.4	13.5	12.7	12.5	12.4	12.6
64 Singapore	8.7	9.2	11.2	10.5	10.3	10.0	10.2	9.5	9.8	10.0	9.6
65 Others[5]	.1	.0	.0	.1	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[6]	18.8	17.9	16.2	16.9	17.0	16.3	17.3	17.3	17.3	16.9	17.5

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

2. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

7. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1981	1982	1983	1984				1985
				Mar.	June	Sept.	Dec.	Mar.p
1 **Total**	**28,618**	**27,512**	**25,268r**	**29,571r**	**34,269r**	**30,759r**	**28,793r**	**25,564**
2 Payable in dollars	24,909	24,280	22,247r	26,334r	31,071r	27,954r	25,920r	22,886
3 Payable in foreign currencies	3,709	3,232	3,020	3,237	3,198	2,804	2,873	2,678
By type								
4 Financial liabilities	12,157	11,066	10,494r	14,267r	18,595r	15,900r	13,937r	11,073
5 Payable in dollars	9,499	8,858	8,715r	12,249r	16,553r	14,103r	12,069r	9,322
6 Payable in foreign currencies	2,658	2,208	1,779	2,018	2,043	1,797	1,868	1,751
7 Commercial liabilities	16,461	16,446	14,774	15,304	15,674	14,859	14,857	14,490
8 Trade payables	10,818	9,438	7,765	7,893	7,897	6,900	6,990	6,961
9 Advance receipts and other liabilities	5,643	7,008	7,009	7,411	7,776	7,959	7,867	7,529
10 Payable in dollars	15,409	15,423	13,533	14,085	14,518	13,852	13,851	13,563
11 Payable in foreign currencies	1,052	1,023	1,241	1,219	1,155	1,007	1,006	927
By area or country								
Financial liabilities								
12 Europe	6,825	6,501	5,742r	7,190r	7,335	6,679	6,798	6,100
13 Belgium-Luxembourg	471	505	302	428	359	428	471	298
14 France	709	783	843	956	900	910	995	896
15 Germany	491	467	502	524	571	521	489	506
16 Netherlands	748	711	621r	569r	595	595	578	602
17 Switzerland	715	792	486	641	563	514	569	541
18 United Kingdom	3,565	3,102	2,839	3,841	4,097	3,463	3,389	3,028
19 Canada	963	746	764	795	735	825	863	840
20 Latin America and Caribbean	3,356	2,751	2,628r	4,900r	9,038r	6,800	4,561r	2,652
21 Bahamas	1,279	904	751	1,419	3,642	2,606	1,423	853
22 Bermuda	7	14	13	51	13	11	13	25
23 Brazil	22	28	32	37	25	33	35	29
24 British West Indies	1,241	1,027	1,039r	2,635	4,546	3,271r	2,105r	1,521
25 Mexico	102	121	213	243	237	260	367	25
26 Venezuela	98	114	124	121	124	130	137	3
27 Asia	976	1,039	1,332	1,355	1,462	1,566	1,682	1,460
28 Japan	792	715	898	947	1,013	1,085	1,121	945
29 Middle East oil-exporting countries[2]	75	169	170	170	180	144	147	116
30 Africa	14	17	19	19	16	16	14	12
31 Oil-exporting countries[3]	0	0	0	0	0	1	0	0
32 All other[4]	24	12	10	9	9	14	19	10
Commercial liabilities								
33 Europe	3,770	3,831	3,245	3,567	3,409	3,961	3,987	3,486
34 Belgium-Luxembourg	71	52	62	40	45	34	48	37
35 France	573	598	437	488	525	430	438	401
36 Germany	545	468	427	417	501	558	619	553
37 Netherlands	220	346	268	259	265	239	245	272
38 Switzerland	424	367	241	477	246	405	257	233
39 United Kingdom	880	1,027	732	847	794	1,133	1,082	734
40 Canada	897	1,495	1,841	1,776	1,840	1,906	1,975	1,727
41 Latin America and Caribbean	1,044	1,570	1,473	1,807	1,705	1,758	1,871	1,698
42 Bahamas	2	16	1	14	17	1	7	11
43 Bermuda	67	117	67	158	124	110	114	112
44 Brazil	67	60	44	68	31	68	124	101
45 British West Indies	2	32	6	33	5	8	32	21
46 Mexico	340	436	585	682	568	641	586	654
47 Venezuela	276	642	432	560	630	628	636	395
48 Asia	9,384	8,144	6,741	6,620	6,989	5,569	5,307	5,782
49 Japan	1,094	1,226	1,247	1,291	1,235	1,429	1,256	1,241
50 Middle East oil-exporting countries[2,5]	7,008	5,503	4,178	3,735	4,190	2,364	2,372	2,786
51 Africa	703	753	553	539	684	597	588	727
52 Oil-exporting countries[3]	344	277	167	243	217	251	233	255
53 All other[4]	664	651	921	995	1,046	1,068	1,128	1,070

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1981	1982	1983	1984				1985
				Mar.	June	Sept.	Dec.	Mar.^p
1 **Total**	**36,185**	**28,725**	**34,790^r**	**33,727^r**	**32,099^r**	**30,626^r**	**29,570^r**	**28,404**
2 Payable in dollars	32,582	26,085	31,695^r	30,879^r	29,118^r	27,835^r	26,973^r	25,843
3 Payable in foreign currencies	3,603	2,640	3,096	2,848	2,982	2,792	2,597	2,560
By type								
4 Financial claims	21,142	17,684	23,660^r	22,850^r	21,646^r	20,227^r	18,980^r	18,118
5 Deposits	15,081	13,058	18,375	17,764^r	16,498^r	15,419^r	14,347^r	14,126
6 Payable in dollars	14,456	12,628	17,872	17,332^r	15,977^r	14,979^r	13,927^r	13,629
7 Payable in foreign currencies	625	430	503	432	522	439	420	497
8 Other financial claims	6,061	4,626	5,284^r	5,086^r	5,148^r	4,808^r	4,633	3,992
9 Payable in dollars	3,599	2,979	3,328^r	3,341^r	3,387^r	3,116^r	3,190	2,427
10 Payable in foreign currencies	2,462	1,647	1,956	1,745	1,761	1,693	1,442	1,565
11 Commercial claims	15,043	11,041	11,131	10,877^r	10,454^r	10,399^r	10,591	10,286
12 Trade receivables	14,007	9,994	9,721	9,554^r	9,111^r	8,896^r	9,110	8,762
13 Advance payments and other claims	1,036	1,047	1,410	1,323	1,343	1,503	1,481	1,524
14 Payable in dollars	14,527	10,478	10,494	10,206^r	9,754^r	9,740^r	9,856	9,787
15 Payable in foreign currencies	516	563	637	671	699	659	735	499
By area or country								
Financial claims								
16 Europe	4,596	4,873	6,452^r	6,367^r	6,485^r	5,703^r	5,643^r	5,691
17 Belgium-Luxembourg	43	15	37	30	37	15	15	29
18 France	285	134	150	171	151	151^r	126^r	86
19 Germany	224	178	163^r	148^r	166^r	192^r	224	196
20 Netherlands	50	97	71	32	158	62	66	72
21 Switzerland	117	107	38	115	61	64	66	46
22 United Kingdom	3,546	4,064	5,781	5,663^r	5,660^r	4,988^r	4,745^r	4,974
23 Canada	6,755	4,377	5,974^r	5,496^r	5,302^r	4,492^r	4,006	3,945
24 Latin America and Caribbean	8,812	7,546	10,164^r	9,971^r	8,615^r	8,859^r	8,045	7,427
25 Bahamas	3,650	3,279	4,745	4,017^r	3,269^r	3,392^r	3,270	2,992
26 Bermuda	18	32	102	3	11	5	6	4
27 Brazil	30	62	53	87	83	84	100	98
28 British West Indies	3,971	3,255	4,163	4,946^r	4,415^r	4,495^r	3,905	3,745
29 Mexico	313	274	293^r	281^r	230	232	215	201
30 Venezuela	148	139	134	130	124	128	125	101
31 Asia	758	698	764	762^r	977	900	961	856
32 Japan	366	153	297	318^r	321	371	353	509
33 Middle East oil-exporting countries[2]	37	15	4	7	8	7	13	6
34 Africa	173	158	147	144	158	160	210	101
35 Oil-exporting countries[3]	46	48	55	42	35	37	85	32
36 All other[4]	48	31	159^r	109^r	109	113	114	97
Commercial claims								
37 Europe	5,405	3,826	3,670	3,610	3,555	3,570	3,812	3,369
38 Belgium-Luxembourg	234	151	135	173	142	128	138	149
39 France	776	474	459	413	408	411	440	375
40 Germany	561	357	349	365	447	370	374	359
41 Netherlands	299	350	334	310	306	303	340	345
42 Switzerland	431	360	317	336	250	289	271	253
43 United Kingdom	985	811	809	787	812	891	1,063	872
44 Canada	967	633	829	1,061	933	1,026	1,021	1,248
45 Latin America and Caribbean	3,479	2,526	2,695	2,419	2,042	1,976	1,973	1,913
46 Bahamas	12	21	8	8	4	14	8	9
47 Bermuda	223	261	190	216	89	88	115	164
48 Brazil	668	258	493	357	310	219	214	210
49 British West Indies	12	12	7	7	8	10	7	6
50 Mexico	1,022	775	884	745	577	595	583	493
51 Venezuela	424	351	272	268	241	245	206	193
52 Asia	3,959	3,050	3,063	3,010^r	3,091^r	2,895^r	3,086	3,012
53 Japan	1,245	1,047	1,114	1,195^r	1,183^r	1,089^r	1,191	1,154
54 Middle East oil-exporting countries[2]	905	751	737	701	710	703	688	693
55 Africa	772	588	588	497	536	595	470	522
56 Oil-exporting countries[3]	152	140	139	132	128	135	134	177
57 All other[4]	461	417	286	280	297	338	229	221

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1983	1984	1985 Jan.–Aug.	1985 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	69,770	60,473	50,044	7,125	6,303	5,106	6,476	6,471r	7,181	6,355
2 Foreign sales	64,360	63,388	49,386	7,180	6,748	5,071	6,371	6,069r	6,522	5,699
3 **Net purchases, or sales (–)**	**5,410**	**–2,915**	**658**	**–56**	**–445**	**36**	**106**	**402r**	**659**	**655**
4 **Foreign countries**	**5,312**	**–3,030**	**624**	**–51**	**–402**	**28**	**149**	**404r**	**559**	**655**
5 Europe	3,979	–2,975	–1,002	–215	–582	–161	–269	72r	336	377
6 France	–97	–405	–50	–41	–13	24	17	26	–3	–41
7 Germany	1,045	–50	–88	–109	–113	23	38	5	126	76
8 Netherlands	–109	–315	–340	–108	–129	16	–48	–86	42	18
9 Switzerland	1,325	–1,490	–484	–133	–122	–48	–81	49	38	–29
10 United Kingdom	1,799	–647	–187	129	–195	–191	–214	49r	104	308
11 Canada	1,151	1,673	328	168	–2	33	9	–62	66	68
12 Latin America and Caribbean	529	493	1,111	158	80	169	247	132	119	108
13 Middle East[1]	–808	–1,998	105	–101	116	–96	44	106r	53	35
14 Other Asia	395	–372	–5	–99	–41	91	101	174	–23	56
15 Africa	42	–23	16	–2	–13	–1	–8	13	25	9
16 Other countries	24	171	70	40	39	–6	25	–31	–16	1
17 **Nonmonetary international and regional organizations**	**98**	**115**	**34**	**–5**	**–43**	**8**	**–44**	**–1**	**100**	**1**
BONDS[2]										
18 Foreign purchases	24,000	39,331	50,310	8,219	5,484	4,501	6,747	5,319r	8,502	5,602
19 Foreign sales	23,097	26,071	28,104	3,649	2,598	3,068	3,689	3,943r	4,254	3,797
20 **Net purchases, or sales (–)**	**903**	**13,260**	**22,206**	**4,570**	**2,886**	**1,432**	**3,058**	**1,376r**	**4,249**	**1,805**
21 ***Foreign countries***	**888**	**12,963**	**21,871**	**4,489**	**2,936**	**1,408**	**3,246**	**1,243r**	**3,597**	**2,116**
22 Europe	909	11,793	20,387	4,143	2,952	1,634	2,762	1,199r	3,210	1,852
23 France	–89	207	179	–17	–10	18	0	–35	–2	169
24 Germany	344	1,731	268	–153	–112	174	6	13	182	104
25 Netherlands	51	93	104	44	8	–9	–11	–9	–2	74
26 Switzerland	583	644	1,773	315	483	65	71	93	492	244
27 United Kingdom	434	8,520	17,434	4,018	2,550	1,294	2,398	1,039r	2,391	1,303
28 Canada	123	–71	63	–11	–5	0	43	4	4	–24
29 Latin America and Caribbean	100	390	289	50	69	–82	178	27r	39	–82
30 Middle East[1]	–1,161	–1,011	–1,806	84	–127	–507	–112	–507r	265	–80
31 Other Asia	865	1,862	2,926	337	89	381	372	518	610	479
32 Africa	0	1	6	0	0	0	1	0	3	1
33 Other countries	52	0	7	54	–41	–19	2	1	3	–28
34 **Nonmonetary international and regional organizations**	**15**	**297**	**335**	**81**	**–50**	**25**	**–188**	**133**	**651**	**–312**
	Foreign securities									
35 Stocks, net purchases, or sales (–)	–3,765	–1,057	–2,829	–663	–457	–101	129	–174r	–550	–231
36 Foreign purchases	13,281	14,591	12,274	1,607	1,379	1,437	1,753	1,632r	1,580	1,664
37 Foreign sales	17,046	15,648	15,103	2,271	1,836	1,538	1,623	1,806r	2,130	1,895
38 Bonds, net purchases, or sales (–)	–3,239	–4,052	–3,609	202	–950	–670	–1,035	–261r	–518	–551
39 Foreign purchases	36,333	57,312	49,408	5,299	5,673	5,674	7,469	6,691r	7,144	6,034
40 Foreign sales	39,572	61,364	53,017	5,097	6,623	6,345	8,504	6,952	7,662	6,585
41 **Net purchases, or sales (–), of stocks and bonds**	**–7,004**	**–5,109**	**–6,438**	**–461**	**–1,407**	**–772**	**–906**	**–434r**	**–1,068**	**–782**
42 **Foreign countries**	**–6,559**	**–4,720**	**–6,721**	**–761**	**–1,217**	**–680**	**–1,070**	**–386r**	**–1,298**	**–572**
43 Europe	–5,492	–8,632	–7,492	–96	–1,208	–798	–1,980	–680r	–1,114	–898
44 Canada	–1,328	413	–1,393	–422	–68	23	99	–157	–783	36
45 Latin America and Caribbean	1,120	2,472	1,499	–49	7	136	812	73r	150	178
46 Asia	–855	1,345	538	250	99	–13	202	353r	418	121
47 Africa	141	–107	4	–3	–26	–5	2	13	18	9
48 Other countries	–144	–210	124	58	–21	–23	8	14r	13	–19
49 **Nonmonetary international and regional organizations**	**–445**	**–389**	**283**	**300**	**–190**	**–91**	**164**	**–49**	**229**	**–210**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions

Millions of dollars

Country or area	1983	1984	1985 Jan.–Aug.	1985 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total[2]**	**3,693**	**21,438**	**14,591**	**2,308**	**−4,401**	**−4,324**	**2,981**	**5,757[r]**	**4,786**	**−3,458**
2 Foreign countries[2]	3,162	16,433	19,724	2,153	−4,756	2,249	4,249	5,757[r]	5,364	929
3 Europe[2]	6,226	11,070	4,259	−81	−1,435	1,818	544	1,025	975	881
4 Belgium-Luxembourg	−431	289	434	18	0	80	101	17	21	92
5 Germany[2]	2,450	2,958	1,386	−129	−1,538	299	851	415	725	884
6 Netherlands	375	454	159	11	−201	−7	−73	10	148	342
7 Sweden	170	46	1,133	−10	1	30	157	775	119	−89
8 Switzerland[2]	−421	635	880	358	313	183	−133	143	−21	72
9 United Kingdom	1,966	5,223	−1,404	−342	293	188	−1,021	−96	−761	−84
10 Other Western Europe	2,118	1,466	1,671	12	−303	1,045	663	−239	743	−336
11 Eastern Europe	0	0	0	0	0	0	0	0	0	0
12 Canada	699	1,526	4	−242	38	334	114	6	7	−144
13 Latin America and Caribbean	−212	1,413	2,734	735	−82	466	581	205[r]	156	524
14 Venezuela	−124	14	110	−11	2	10	−9	80	0	33
15 Other Latin America and Caribbean	60	528	985	71	65	177	462	123[r]	−7	95
16 Netherlands Antilles	−149	871	1,639	674	−149	278	127	2[r]	163	397
17 Asia	−3,535	2,377	12,524	1,726	−3,289	−331	2,943	4,516	4,307	−442
18 Japan	2,315	6,062	11,378	559	177	1,717	1,054	2,666	3,752	875
19 Africa	3	−67	94	1	1	13	57	10	10	−1
20 All other	−17	114	110	14	11	−51	9	−6	−91	111
21 Nonmonetary international and regional organizations	535	5,006	−5,133	155	355	2,075	−1,267	−1[r]	−577	−4,388
22 International	218	4,612	−4,822	504	338	1,792	−1,057	−105	−219	−4,400
23 Latin American regional	0	0	3	1	0	−3	5	0	0	0
MEMO										
24 Foreign countries[2]	3,162	16,433	19,724	2,153	−4,756	2,249	4,249	5,757[r]	5,364	929
25 Official institutions	779	515	5,986	1,322	−5,278	−598	3,466	2,713	1,788	44
26 Other foreign[2]	2,382	15,918	13,736	830	521	2,846	782	3,045	3,575	886
Oil-exporting countries										
27 Middle East[3]	−5,419	−6,277	−220	−372	554	−827	108	1,422	−1	−1,131
28 Africa[4]	−1	−101	0	0	0	0	0	0	0	0

1. Estimated official and private transactions in marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Sept. 30, 1985		Country	Rate on Sept. 30, 1985		Country	Rate on Sept. 30, 1985	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria	4.0	Aug. 1985	France[1]	9.25	Sept. 1985	Norway	8.0	June 1983
Belgium	9.5	Sept. 1985	Germany, Fed. Rep. of	4.0	Aug. 1984	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	15.5	Jan. 1985	United Kingdom[2]	......	......
Canada	9.31	Sept. 1985	Japan	5.0	Oct. 1983	Venezuela	11.0	May 1983
Denmark	7.0	Oct. 1983	Netherlands	5.0	Aug. 1985			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.
NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1982	1983	1984	1985 Mar.	Apr.	May	June	July	Aug.	Sept.
1 Eurodollars	12.24	9.57	10.75	9.32	8.74	8.13	7.60	7.89	8.02	8.14
2 United Kingdom	12.21	10.06	9.91	13.52	12.70	12.61	12.38	12.01	11.42	11.49
3 Canada	14.38	9.48	11.29	11.42	10.15	9.77	9.58	9.33	9.16	9.10
4 Germany	8.81	5.73	5.96	6.36	5.99	5.87	5.66	5.31	4.75	4.64
5 Switzerland	5.04	4.11	4.35	5.77	5.35	5.15	5.14	5.07	4.64	4.59
6 Netherlands	8.26	5.58	6.08	7.14	6.82	6.90	6.58	6.29	5.80	5.72
7 France	14.61	12.44	11.66	10.71	10.49	10.15	10.18	9.97	9.79	9.57
8 Italy	19.99	18.95	17.08	15.82	15.15	14.91	15.00	14.37	14.36	13.95
9 Belgium	14.10	10.51	11.41	10.75	10.09	9.35	8.96	8.95	9.50	9.33
10 Japan	6.84	6.49	6.32	6.30	6.26	6.26	6.30	6.29	6.30	6.31

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

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1982	1983	1984	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.
1 Australia/dollar[1]	101.65	90.14	87.937	65.84	67.68	66.51	69.95	70.70	68.96
2 Austria/schilling	17.060	17.968	20.005	21.717	21.868	21.532	20.446	19.632	19.949
3 Belgium/franc	45.780	51.121	57.749	62.283	62.572	61.719	58.626	56.543	57.395
4 Brazil/cruzeiro	179.22	573.27	1841.50	4511.58	5239.00	5786.00	6236.19	6714.00	7453.33
5 Canada/dollar	1.2344	1.2325	1.2953	1.3658	1.3756	1.3676	1.3526	1.3575	1.3703
6 China, P.R./yuan	1.8978	1.9809	2.3308	2.8480	2.8556	2.8693	2.8809	2.9093	2.9722
7 Denmark/krone	8.3443	9.1483	10.354	11.114	11.2244	10.9962	10.456	10.1459	10.2906
8 Finland/markka	4.8086	5.5636	6.0007	6.4652	6.4641	6.3660	6.0798	5.9464	6.0140
9 France/franc	6.5793	7.6203	8.7355	9.4427	9.4829	9.3414	8.8513	8.5323	8.6599
10 Germany/deutsche mark	2.428	2.5539	2.8454	3.0946	3.1093	3.0636	2.9083	2.7937	2.8381
11 Greece/drachma	66.872	87.895	112.73	134.86	137.239	136.00	131.75	131.75	136.74
12 Hong Kong/dollar	6.0697	7.2569	7.8188	7.7902	7.7766	7.7698	7.7527	7.7906	7.8043
13 India/rupee	9.4846	10.1040	11.348	12.400	12.5004	12.441	12.031	11.898	12.126
14 Ireland/pound[1]	142.05	124.81	108.64	101.17	100.71	102.19	107.79	111.43	109.55
15 Israel/shekel	24.407	55.865	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1354.00	1519.30	1756.10	1975.89	1984.45	1953.92	1900.33	1873.51	1903.42
17 Japan/yen	249.06	237.55	237.45	251.84	251.73	248.84	241.14	237.46	236.53
18 Malaysia/ringgit	2.3395	2.3204	2.3448	2.4922	2.4759	2.4685	2.4696	2.4644	2.4841
19 Mexico/peso	72.990	155.01	192.31	246.57	254.8182	294.22	346.70	339.78	373.02
20 Netherlands/guilder	2.6719	2.8543	3.2083	3.4981	3.5097	3.4535	3.2732	3.1429	3.1921
21 New Zealand/dollar[1]	75.101	66.790	57.837	45.520	45.197	45.949	49.826	53.564	53.285
22 Norway/krone	6.4567	7.3012	8.1596	8.9314	8.9442	8.8255	8.4338	8.2487	8.3337
23 Philippines/peso	8.5324	11.0940	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Portugal/escudo	80.101	111.610	147.70	174.56	177.545	176.15	169.77	167.34	172.5
25 Singapore/dollar	2.1406	2.1136	2.1325	2.2199	2.2228	2.2291	2.2109	2.2191	2.2268
26 South Africa/rand[1]	92.297	89.85	69.534	51.50	50.18	50.54	51.07	43.07	39.49
27 South Korea/won	731.93	776.04	807.91	861.21	792.56	875.00	876.46	885.09	847.46
28 Spain/peseta	110.09	143.500	160.78	172.85	175.397	173.42	167.97	164.49	168.91
29 Sri Lanka/rupee	20.756	23.510	25.428	27.113	27.404	27.433	27.327	27.377	27.430
30 Sweden/krona	6.2838	7.6717	8.2706	8.9946	8.9895	8.8565	8.4703	8.3106	8.3907
31 Switzerland/franc	2.0327	2.1006	2.3500	2.5948	2.6150	2.5721	2.4060	2.2962	2.3749
32 Taiwan/dollar	n.a.	n.a.	39.633	39.728	39.906	39.857	40.136	40.501	40.465
33 Thailand/baht	23.014	22.991	23.582	27.466	27.554	27.433	27.053	26.889	27.050
34 United Kingdom/pound[1]	174.80	151.59	133.66	123.77	124.83	128.08	138.07	138.40	136.42
35 Venezuela/bolivar	4.2981	10.6840	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MEMO									
36 United States/dollar[2]	116.57	125.34	138.19	149.56	149.92	147.71	140.94	137.55	139.14

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

NOTE. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) release. For address, see inside front cover.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

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

General Information

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

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

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

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REMARKS BY CHAIRMAN PAUL A. VOLCKER, TO THE EMPIRE CLUB OF CANADA AND THE CANADIAN CLUB OF TORONTO, October 28, 1985.

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  The Federal Open Market Committee
  Federal Reserve Bank Board of Directors
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Truth in Leasing
U.S. Currency
What Truth in Lending Means to You

STAFF STUDIES: Summaries Only Printed in the Bulletin

Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

Staff Studies 115–125 are out of print.

114. MULTIBANK HOLDING COMPANIES: RECENT EVIDENCE ON COMPETITION AND PERFORMANCE IN BANKING MARKETS, by Timothy J. Curry and John T. Rose. Jan. 1982. 9 pp.
126. DEFINITION AND MEASUREMENT OF EXCHANGE MARKET INTERVENTION, by Donald B. Adams and Dale W. Henderson. August 1983. 5 pp.
127. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: JANUARY–MARCH 1975, by Margaret L. Greene. August 1984. 16 pp.
128. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: SEPTEMBER 1977–DECEMBER 1979, by Margaret L. Greene. October 1984. 40 pp.
129. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: OCTOBER 1980–OCTOBER 1981, by Margaret L. Greene. August 1984. 36 pp.
130. EFFECTS OF EXCHANGE RATE VARIABILITY ON INTERNATIONAL TRADE AND OTHER ECONOMIC VARIABLES: A REVIEW OF THE LITERATURE, by Victoria S. Farrell with Dean A. DeRosa and T. Ashby McCown. January 1984. *Out of print.*
131. CALCULATIONS OF PROFITABILITY FOR U.S. DOLLAR–DEUTSCHE MARK INTERVENTION, by Laurence R. Jacobson. October 1983. 8 pp.
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134. SMALL EMPIRICAL MODELS OF EXCHANGE MARKET INTERVENTION: A REVIEW OF THE LITERATURE, by Ralph W. Tryon. October 1983. 14 pp.
135. SMALL EMPIRICAL MODELS OF EXCHANGE MARKET INTERVENTION: APPLICATIONS TO CANADA, GERMANY, AND JAPAN, by Deborah J. Danker, Richard A. Haas, Dale W. Henderson, Steven A. Symansky, and Ralph W. Tryon. April 1985. 27 pp.
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142. MERGERS AND ACQUISITIONS BY COMMERCIAL BANKS, 1960–83, by Stephen A. Rhoades. December 1984. 30 pp.
143. COMPLIANCE COSTS AND CONSUMER BENEFITS OF THE ELECTRONIC FUND TRANSFER ACT: RECENT SURVEY EVIDENCE, by Frederick J. Schroeder. April 1985. 23 pp.
144. SCALE ECONOMIES IN COMPLIANCE COSTS FOR CONSUMER CREDIT REGULATIONS: THE TRUTH IN LENDING AND EQUAL CREDIT OPPORTUNITY LAWS, by Gregory E. Elliehausen and Robert D. Kurtz. May 1985. 10 pp.
145. SERVICE CHARGES AS A SOURCE OF BANK INCOME AND THEIR IMPACT ON CONSUMERS, by Glenn B. Canner and Robert D. Kurtz. August 1985. 31 pp.
146. THE ROLE OF THE PRIME RATE IN THE PRICING OF BUSINESS LOANS BY COMMERCIAL BANKS, 1977–84, by Thomas F. Brady. November 1985. 25 pp.

REPRINTS OF BULLETIN ARTICLES
Most of the articles reprinted do not exceed 12 pages.

The Commercial Paper Market since the Mid-Seventies. 6/82.
Foreign Experience with Targets for Money Growth. 10/83.
Intervention in Foreign Exchange Markets: A Summary of Ten Staff Studies. 11/83.
A Financial Perspective on Agriculture. 1/84.
Survey of Consumer Finances, 1983. 9/84.
Bank Lending to Developing Countries. 10/84.
Survey of Consumer Finances, 1983: A Second Report. 12/84.
Union Settlements and Aggregate Wage Behavior in the 1980s. 12/84.
The Thrift Industry in Transition. 3/85.
U.S. International Transactions in 1984. 5/85.
A Revision of the Index of Industrial Production. 7/85.
Financial Innovation and Deregulation in Foreign Industrial Countries. 10/85.

Anticipated Schedule of Release Dates for Periodic Releases—Board of Governors of the Federal Reserve System[1]

Weekly Releases

	Approximate release days	*Date or period to which data refer*
Aggregate Reserves of Depository Institutions and the Monetary Base. H.3 (502) [1.20]	Thursday	Week ended previous Wednesday
Actions of the Board: Applications and Reports Received. H.2 (501)	Friday	Week ended previous Saturday
Assets and Liabilities of Insured Domestically Chartered and Foreign Related Banking Institutions. H.8 (510) [1.25]	Monday	Wednesday, 3 weeks earlier
Changes in State Member Banks. K.3 (615)	Tuesday	Week ended previous Saturday
Factors Affecting Reserves of Depository Institutions and Condition Statement of Federal Reserve Banks. H.4.1 (503) [1.11]	Thursday	Week ended previous Wednesday
Foreign Exchange Rates. H.10 (512) [3.28]	Monday	Week ended previous Friday
Money Stock, Liquid Assets, and Debt Measures. H.6 (508) [1.21]	Thursday	Week ended Wednesday of previous week
Selected Borrowings in Immediately Available Funds of Large Member Banks. H.5 (507) [1.13]	Wednesday	Week ended Thursday of previous week
Selected Interest Rates. H.15 (519) [1.35]	Monday	Week ended previous Saturday
Weekly Consolidated Condition Report of Large Commercial Banks and Domestic Subsidiaries. H.4.2 (504) [1.26, 1.28, 1.29, 1.30]	Friday	Wednesday, 1 week earlier

Monthly Releases

Capacity Utilization: Manufacturing, Mining, Utilities and Industrial Materials. G.3 (402) [2.12]	Midmonth	Previous month
Changes in Status of Banks and Branches. G.4.5 (404)	1st of month	Previous month
Commercial and Industrial Loan Commitments at Selected Large Commercial Banks. G.21 (423)	2nd week of month	2nd month previous
Consumer Installment Credit. G.19 (421) [1.55, 1.56]	Midmonth	2nd month previous
Debits and Deposit Turnover at Commercial Banks. G.6 (406) [1.22]	12th of month	Previous month
Finance Companies. G.20 (422) [1.51, 1.52]	5th working day of month	2nd month previous
Foreign Exchange Rates. G.5 (405) [3.28]	1st of month	Previous month
Industrial Production. G.12.3 (414) [2.13]	Midmonth	Previous month
Loans and Securities at all Commercial Banks. G.7 (407) [1.23]	3rd week of month	Previous month
Major Nondeposit Funds of Commercial Banks. G.10 (411) [1.24]	3rd week of month	Previous month
Maturity Distribution of Outstanding Negotiable Time Certificates of Deposit at Large Commercial Banks. G.9 (410)	3rd week of month	Last Wednesday of previous month
Monthly Report of Assets and Liabilities of International Banking Facilities. G.14 (416)	2nd week of month	Wednesday, 2 weeks earlier
Research Library—Recent Acquisitions. G.15 (417)	1st of month	Previous month

1. Release dates are those anticipated or usually met. However, please note that for some releases there is normally a certain variability because of reporting or processing procedures. Moreover, for all series unusual circumstances may, from time to time, result in a release date being later than anticipated.

The Bulletin table that reports these data is designated in brackets.

Monthly Releases—Continued	*Approximate release days*	*Date or period to which data refer*
Selected Interest Rates. G.13 (415) [1.35]	3rd working day of month	Previous month

Quarterly Releases

Agricultural Finance Databook. E.15 (125)	End of March, June, September, and December	January, April, July, and October
Country Exposure Lending Survey. E.16 (126)	January, April, July, and October	Previous 3 months
Domestic Offices, Commercial Bank Assets and Liabilities Consolidated Report of Condition. E.3.4 (113) [1.26, 1.28]	March, June, September, and December	Previous 6 months
Flow of Funds: Seasonally adjusted and unadjusted. Z.1 (780) [1.58, 1.59]	23rd of February, May, August, and November	Previous quarter
Flow of Funds Summary Statistics Z.7. (788) [1.57, 1.58]	15th of February, May, August, and November	Previous quarter
Geographical Distribution of Assets and Liabilities of Major Foreign Branches of U.S. Banks. E.11 (121)	15th of March, June, September, and December	Previous quarter
Survey of Terms of Bank Lending. E.2 (111) [1.34]	Midmonth of March, June, September, and December	February, May, August, and November
List of OTC Margin Stocks. E.7 (117)	January, April, July, and October	February, May, August, and November

Annual Releases

Aggregate Summaries of Annual Surveys of Securities Credit Extension. C.2 (101)	February	End of previous June

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References are to pages A3–A68 although the prefix "A" is omitted in this index

Index to Volume 71

GUIDE TO PAGE REFERENCES IN MONTHLY ISSUES

Issue	Text	Other ("A" pages) Total	Other ("A" pages) Index to tables	Issue	Text	Other ("A" pages) Total	Other ("A" pages) Index to tables
January . . .	1–74	1–80	77–78	July	487–600	1–80	77–78
February .	75–136	1–80	77–78	August	601–670	1–90	87–88
March	137–186	1–78	75–76	September	671–742	1–80	77–78
April	187–276	1–88	85–86	October . . .	743–822	1–80	77–78
May	277–372	1–80	77–78	November	823–912	1–90	87–88
June	373–486	1–88	85–86	December	913–980	1–98	79–80

The "A" pages referred to in this index are in the December issue.

For special tables published during 1985, see list on p. A69 of this issue.

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK, branch, or *facility* Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON* 02106	Joseph A. Baute Thomas I. Atkins	Frank E. Morris Robert W. Eisenmenger	
NEW YORK* 10045	John Brademas Clifton R. Wharton, Jr.	E. Gerald Corrigan Thomas M. Timlen	
Buffalo 14240	M. Jane Dickman		John T. Keane
PHILADELPHIA 19105	Robert M. Landis Nevius M. Curtis	Edward G. Boehne Richard L. Smoot	
CLEVELAND* 44101	William H. Knoell E. Mandell de Windt	Karen N. Horn William H. Hendricks	
Cincinnati 45201	Robert E. Boni		Charles A. Cerino
Pittsburgh 15230	Robert S. Kaplan		Harold J. Swart
RICHMOND* 23219	Leroy T. Canoles, Jr. Robert A. Georgine	Robert P. Black Jimmie R. Monhollon	
Baltimore 21203	Robert L. Tate		Robert D. McTeer, Jr.
Charlotte 28230	Wallace J. Jorgenson		Albert D. Tinkelenberg
Culpeper Communications and Records Center 22701			John G. Stoides
ATLANTA 30301	John H. Weitnauer, Jr. Bradley Currey, Jr.	Robert P. Forrestal Jack Guynn	
Birmingham 35283	Martha A. McInnis		Fred R. Herr
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Miami 33152	Eugene E. Cohen		Patrick K. Barron
Nashville 37203	Condon S. Bush		Jeffrey J. Wells
New Orleans 70161	Leslie B. Lampton		Henry H. Bourgaux
CHICAGO* 60690	Stanton R. Cook Robert J. Day	Silas Keehn Daniel M. Doyle	
Detroit 48231	Russell G. Mawby		Roby L. Sloan
ST. LOUIS 63166	W.L. Hadley Griffin Mary P. Holt	Thomas C. Melzer Joseph P. Garbarini	
Little Rock 72203	Sheffield Nelson		John F. Breen
Louisville 40232	Henry F. Frigon		James E. Conrad
Memphis 38101	Donald B. Weis		Paul I. Black, Jr.
MINNEAPOLIS 55480	John B. Davis, Jr. Michael W. Wright	Gary H. Stern Thomas E. Gainor	
Helena 59601	Gene J. Etchart		Robert F. McNellis
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Oklahoma City 73125	Patience S. Latting		William G. Evans
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DALLAS 75222	Robert D. Rogers Bobby R. Inman	Robert H. Boykin William H. Wallace	
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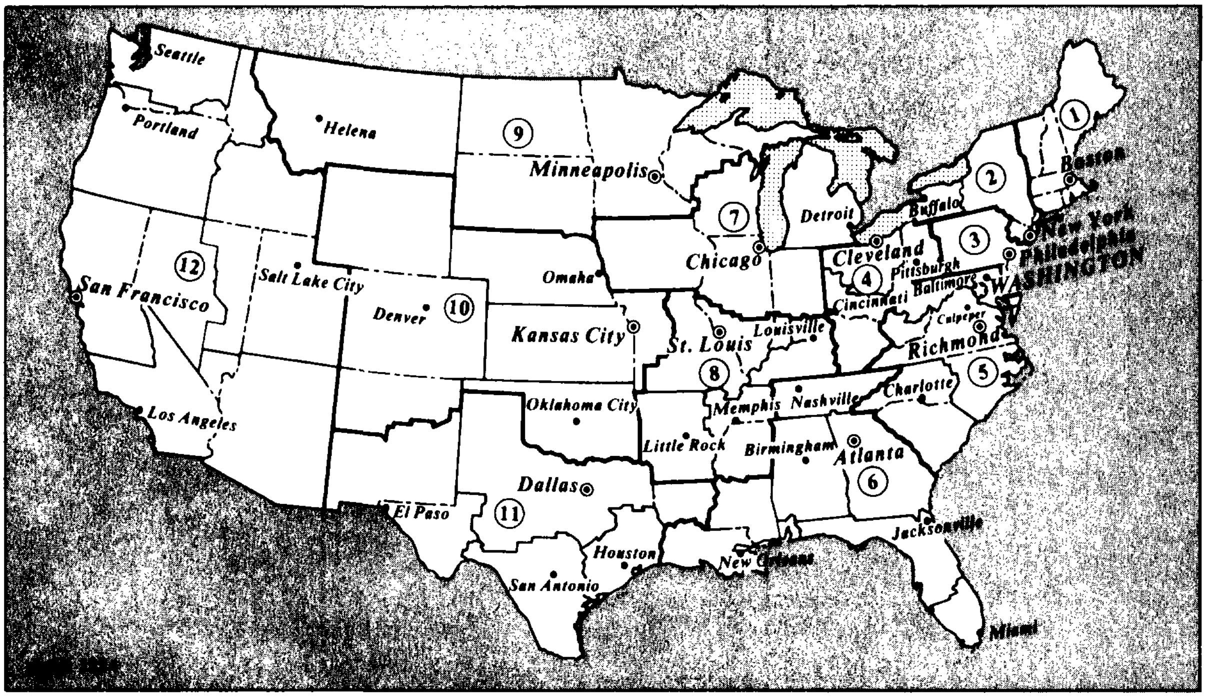
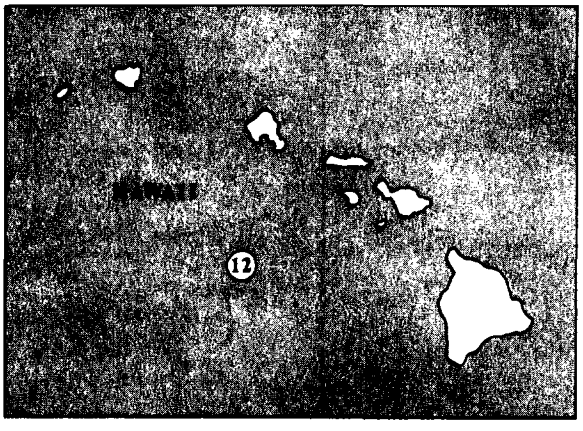
Portland 97208	Paul E. Bragdon		Angelo S. Carella
Salt Lake City 84125	Don M. Wheeler		E. Ronald Liggett
Seattle 98124	John W. Ellis		Gerald R. Kelly

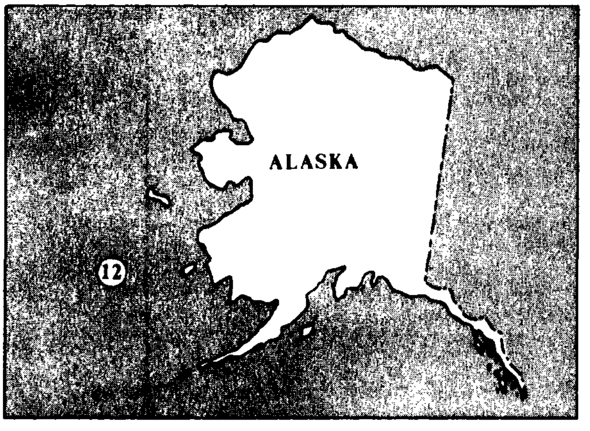
*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility