VOLUME 75 □ NUMBER 12 □ DECEMBER 1989

FEDERAL RESERVE BULLETIN

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

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

Table of Contents

771 *THE FORMATION OF PRIVATE BUSINESS CAPITAL: TRENDS, RECENT DEVELOPMENTS, AND MEASUREMENT ISSUES*

Although various estimates of the value of the U.S. capital stock have long been published, a widely available series that gauges the productiveness of the stock had been unavailable until 1983, when the Bureau of Labor Statistics unveiled a new statistical series called capital input. This article discusses some basic concepts of capital measurement, examines the accumulation of private business capital in the United States after World War II in light of the BLS measure, and uses that measure to assess a current controversy over the strength of investment and capital growth in the 1980s.

784 *INDUSTRIAL PRODUCTION*

Industrial production decreased 0.1 percent in September.

786 *STATEMENTS TO CONGRESS*

Martha R. Seger, Member, Board of Governors, gives the views of the Board on the Government Check Cashing Act of 1989 and the Basic Banking Services Access Act of 1989 and says that the Board believes that voluntary efforts by financial institutions and further development of electronic benefits transfer will meet many of the goals of the bills, without the burden and cost that rules and regulations inevitably impose, before the Subcommittee on Consumer Affairs and Coinage of the House Committee on Banking, Finance and Urban Affairs, October 17, 1989. (This statement was delivered by Governor LaWare.)

790 John P. LaWare, Member, Board of Governors, presents the views of the Board on the extent of state member banks' compliance with federal laws that prohibit discrimination in mortgage lending and says that the Board is committed to vigorously enforcing the antidiscrimination laws for which it has responsibility, before the Subcommittee on Consumer and Regulatory Affairs of the Senate Committee on Banking, Housing, and Urban Affairs, October 24, 1989.

795 Alan Greenspan, Chairman, Board of Governors, testifies in connection with the Zero-Inflation Resolution and the Federal Reserve Reform Act of 1989 and says that the Zero-Inflation Resolution is an example of appropriate guidance for the central bank if the Congress chooses to go in that direction; however, the provisions of the Federal Reserve Reform Act could well prove detrimental to the implementation of effective monetary policy, before the Subcommittee on Domestic Monetary Policy of the House Committee on Banking, Finance and Urban Affairs, October 25, 1989.

803 Manuel H. Johnson, Vice Chairman, Board of Governors, presents the views of the Board on the condition of the nation's banking system and says that the performance of most institutions during 1988 and for the first part of 1989 suggests that progress has been made in meeting the problems of the industry, before the Senate Committee on Banking, Housing, and Urban Affairs, October 25, 1989.

810 Vice Chairman Johnson comments on the Treasury Department's report on U.S. international economic and exchange rate policy and says that what underlies the policy dialogue with the Group of Seven countries and with the newly industrializing countries is a recognition that balanced and mutually consistent economic policies

among major countries are essential for a healthy and stable world economy, before the Subcommittee on International Development, Finance, Trade and Monetary Policy of the House Committee on Banking, Finance and Urban Affairs, October 31, 1989.

812 *RECORD OF POLICY ACTIONS OF THE FEDERAL OPEN MARKET COMMITTEE*

At its meeting on August 22, 1989, the Committee adopted a directive that called for maintaining the current degree of pressure on reserve positions and that provided for giving special weight to potential developments that might require some slight easing during the intermeeting period. With regard to the factors that were important in considering any intermeeting changes in reserve conditions, the Committee continued to give primary weight to the inflation outlook. Accordingly, slightly greater reserve restraint might be acceptable during the intermeeting period, while some slight lessening of reserve pressure would be acceptable, depending on progress toward price stability, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The reserve conditions contemplated by the Committee were expected to be consistent with growth of M2 and M3 at annual rates of around 9 percent and around 7 percent respectively over the three-month period from June to September. The intermeeting range for the federal funds rate was left unchanged at 7 to 11 percent.

820 *ANNOUNCEMENTS*

Meeting of Consumer Advisory Council.

Revised List of Marginable OTC Stocks now available.

Proposed amendments to Regulation T; proposed revisions to Regulation C; changes to the operating schedule for Fedwire funds transfers and book-entry securities transfers.

Publication of *Annual Statistical Digest, 1988.*

Discontinuance of publication of the *Historical Chart Book.*

823 *LEGAL DEVELOPMENTS*

Various bank holding company, bank service corporation, and bank merger orders; and pending cases.

A1 *FINANCIAL AND BUSINESS STATISTICS*

These tables reflect data available as of October 27, 1989.

A3 Domestic Financial Statistics
A46 Domestic Nonfinancial Statistics
A55 International Statistics

A71 *GUIDE TO TABULAR PRESENTATION, STATISTICAL RELEASES, AND SPECIAL TABLES*

A78 *BOARD OF GOVERNORS AND STAFF*

A80 *FEDERAL OPEN MARKET COMMITTEE AND STAFF; ADVISORY COUNCILS*

A82 *FEDERAL RESERVE BOARD PUBLICATIONS*

A84 *SCHEDULE OF RELEASE DATES FOR PERIODIC RELEASES*

A86 *INDEX TO STATISTICAL TABLES*

A88 *INDEX TO VOLUME 75*

A99 *FEDERAL RESERVE BANKS, BRANCHES, AND OFFICES*

A100 *MAP OF FEDERAL RESERVE SYSTEM*

The Formation of Private Business Capital: Trends, Recent Developments, and Measurement Issues

Stephen D. Oliner, of the Board's Division of Research and Statistics, wrote this article. Michelle L. Phillips provided research assistance.

The rate at which the stock of business plant and equipment expands is a major determinant of labor productivity, business competitiveness, and ultimately the long-run rate of increase in the standard of living. Thus, policymakers, scholars, and business leaders pay close attention to estimates of capital accumulation as a key economic indicator.

In the mid-1950s the Bureau of Economic Analysis (BEA) developed measures of the value of the capital stock to track depreciation in the national income and product accounts and to estimate national wealth. These BEA estimates of the capital stock were not intended to measure the productive services provided by capital on a period-by-period basis; therefore, they are not well suited for studies relating capital accumulation to economic growth and advances in productivity. It was not until 1983, when the Bureau of Labor Statistics (BLS) unveiled a new statistical series, called capital input, that data capable of measuring capital services became widely available.

This article discusses some basic concepts of capital measurement, examines the accumulation of private business capital in the United States after World War II in light of the BLS measure, and uses that measure to assess a current controversy over the strength of investment and capital growth in the 1980s.[1]

NOTE. The author thanks the following reviewers of earlier drafts, who bear no responsibility for any errors that remain: Flint Brayton, Carol A. Corrado, Eileen Mauskopf, Lawrence Slifman, Charles S. Struckmeyer, and Peter A. Tinsley, of the Board's staff; John C. Musgrave and Jack E. Triplett, of the Bureau of Economic Analysis; and Michael J. Harper, of the Bureau of Labor Statistics.

CAPITAL STOCK, CAPITAL SERVICES, AND CAPACITY

The flow of output that a firm can produce in a given period depends on the service flows provided by its capital stock and labor force, both working in combination with materials, services, and energy purchased by the firm. This description of production—the so-called production function—implies that the influence of capital accumulation on output and productivity is not governed by the growth of the capital stock as such but rather by changes in the flow of services generated by that stock. The emphasis on the services provided by capital parallels the treatment of labor input in studies of production, in which the contribution of labor to output reflects the number of hours worked by employees rather than simply the size of the work force.

Although data are available on the hours worked by labor, the analogous information on the flow of services from capital is generally difficult to obtain. For example, consider a fleet of delivery trucks owned by a furniture store. An accurate measure of capital services provided by these trucks would have to take into account the

1. A more detailed yet relatively nontechnical introduction to the theory and measurement of capital can be found in Charles R. Hulten, "The Measurement of Capital," in Ernst R. Berndt and Jack E. Triplett, eds., *Fifty Years of Economic Measurement* (University of Chicago Press for the National Bureau of Economic Research, forthcoming). Hulten also discusses some of the strengths and weaknesses of the data underlying the BEA and BLS measures of capital, a topic not covered here in any depth.

number of miles logged by each truck and the share of its carrying capacity used on each delivery. Individual companies probably do not maintain information at this level of detail, and government surveys certainly do not collect it.

In the absence of direct measures of capital services, analyses of production typically assume that such flows are proportional to some measure of the capital stock. In terms of the preceding example, the number of trucks might substitute as an indicator of the services they provide. However, the capital stock acts as only a rough proxy for the actual service flows from capital. For example, when the economy emerges from a recession—a period when the use of existing plant and equipment becomes more intensive—the flow of service from capital rises faster than the stock of capital.

Just as capital stock and capital services are distinct concepts, so are capital stock and capacity. Capacity can be defined in many ways; the Federal Reserve Board's index of industrial capacity measures it as "the greatest level of output that a plant can maintain within the framework of a realistic work pattern, taking account of normal downtime, and assuming sufficient availability of inputs to operate machinery and equipment in place."[2] Thus, the Federal Reserve defines capacity as the flow of output that could be produced with relatively full utilization of the available capital stock, given prevailing wage rates and given prices of materials used in production.

Because capacity is a measure of peak output under normal operating conditions and capital represents an input to production, estimates of the capital stock play a role in the construction of the Federal Reserve's index of industrial capacity. The Federal Reserve initially estimates capacity with data obtained by combining its indexes of industrial production with survey data on utilization rates from DRI/McGraw-Hill and the Bureau of the Census; the Federal Reserve then refines these estimates with data on physical capacity obtained from various industry sources and with data on the capital stock.

The growth of the capital stock, taken alone, has not been a reliable guide to estimating growth in capacity. Long-run differences may reflect a variety of factors. Some of these factors, such as improvements in the organization of production activities and increases in the productivity of capital, are reflected in the faster trend growth of capacity compared with the capital stock. Other differences affect shorter-term comparisons of the two series. For example, in the 1970s a significant portion of capital spending consisted of equipment to abate pollution and improve worker health and safety. Although the equipment appeared as part of measured capital, it did not boost a plant's ability to produce goods, and thus did not affect measured capacity. Another difference that weakens the link between annual changes in capital stock and capacity has to do with the treatment of retirements of outmoded or unprofitable facilities. As noted below, estimates of the capital stock assume that each type of asset has a constant average service life, regardless of economic conditions, whereas the information used to compile the capacity estimates reflects the fact that firms tend to extend the service lives of their capital assets during periods of strong growth in output.

PUBLISHED ESTIMATES OF CAPITAL

The Bureau of Economic Analysis, in the Department of Commerce, and the Bureau of Labor Statistics, in the Department of Labor, construct the principal estimates of capital for the United States.[3] The differences between the estimates of the BEA and the BLS are fundamental and

2. Statistical release, "Capacity Utilization: Manufacturing, Mining, Utilities, and Industrial Materials," Board of Governors of the Federal Reserve System, September 15, 1989. For a description of the method used to construct the Federal Reserve's capacity indexes, see Richard Raddock, "Revised Federal Reserve Rates of Capacity Utilization," *Federal Reserve Bulletin*, vol. 71 (October 1985), pp. 754–66.

3. For further information on the BEA method for constructing capital stock, see Bureau of Economic Analysis, *Fixed Reproducible Tangible Wealth in the United States, 1925–85* (Government Printing Office, 1987); and John A. Gorman and others, "Fixed Private Capital in the United States," *Survey of Current Business*, vol. 65 (July 1985), pp. 36–47. For a detailed description of the BLS method, see Bureau of Labor Statistics, *Trends in Multifactor Productivity, 1948–81*, Bulletin 2178 (GPO, 1983), app. C.

reflect the different objectives of the two agencies.

In the early 1980s the BLS developed an estimate of capital services for use in the measurement of productivity in the U.S. economy. The BLS constructed its new estimate, known as capital input and described below in more detail, as a weighted aggregate of the stocks of various types of capital; the weights are set to account for differences in the service flows provided during a given period by each type of capital. However, the weights do not capture changes in utilization rates and thus do not give a complete measure of service flows.

In contrast, the BEA has never attempted to construct capital measures that are suitable for the analysis of output and productivity. Instead, its main objective has been to develop estimates of depreciation for use in the national income and product accounts (NIPA) and associated estimates of national wealth. Accordingly, the BEA constructs estimates of capital stocks that represent the cost of purchasing tangible capital, not the service flow provided by that capital in a given period.

To illustrate the distinction between the purchase cost (or value) of a capital good and its service flow per period, consider two different goods: a computer expected to be used for five years and a machine tool expected to be used for fifty years. Assume that the computer and the machine tool each can be purchased new today for $100. Given their identical purchase prices, firms implicitly place an equal value on the total stream of future services provided by each good. However, in any single period, the service flows from the computer and the machine tool are quite different. Assuming that no discount factor is applied to future services, the computer yields an average of $20 in services per year for five years, while the machine tool yields $2 per year for fifty years. The computer, then, is ten times more productive than the machine tool in each year, even though both have the same purchase price and thus yield the same total amount of service over their lifetimes.

For the BLS capital input series, the most important characteristic of the two goods in this example is their tenfold difference in annual service flows; for the BEA measures of capital stocks, the central characteristic is their identical purchase price. Thus, regardless of whether a firm bought the computer or the machine tool, the increase in the capital stock as measured by the BEA at the date of purchase would be the same—the amount of the purchase price. However, the increase in capital input as measured by the BLS—the annual service flow—would be greater if the firm bought the computer than if it bought the machine tool.

Perpetual Inventory Method

To construct estimates of the stock of individual types of capital (such as office and computing equipment, industrial buildings, or metalworking machinery, to name a few), the BEA and the BLS both use, with only slight variations, a technique known as the perpetual inventory method. The principal difference in the measures of the two agencies arises later, when they aggregate the individual stocks that have been calculated with the perpetual inventory method.

The perpetual inventory method expresses the stock of a particular type of capital as a weighted sum of the investment spending for the vintages of that good still in service. The method requires data on investment outlays, the average service life of the investment good, and the pattern of retirements around this average life. The BEA and the BLS employ essentially the same data on current-dollar investment spending, the same price deflators to convert investment outlays to constant dollars, identical estimates of average service lives, and similar distributions for retirements around the average service lives. The only notable difference in the way the BEA and the BLS implement the perpetual inventory method lies in the weights they apply to past investment.

Because capital input is intended to measure capital services, the BLS weights each vintage of investment by an estimate of the share of its initial productive efficiency remaining at each age. The BLS assumes that as the age of the good increases, its loss of efficiency accelerates (the so-called hyperbolic pattern), reflecting a combination of increased wear and downtime.

The BEA constructs two estimates of capital stock, the "net" stock and the "gross" stock, both of which are intended as measures of the value of capital. Accordingly, the BEA weights each vintage of investment in the perpetual inventory calculation by the proportion of the initial *value* of the investment good assumed to remain intact as it ages. For the net stock, the weights decline linearly with age because the net measure assumes that the value of a new capital good depreciates in a straight-line pattern. The resulting estimates of depreciation are used by the BEA to calculate corporate profits and capital consumption allowances in the NIPA. The Federal Reserve employs the BEA's net capital stocks to estimate tangible wealth in the United States in its biannual publication, *Balance Sheets for the U.S. Economy*. In contrast to its calculation of the net stock, the BEA's construction of the gross stock uses weights whose values remain fixed at 1 until the good is retired. The gross stock therefore represents the total purchase cost of all goods not yet retired from the capital stock.

Contrary to the BEA's intent, some analysts have interpreted the perpetual-inventory weights employed by the BEA to represent the productive efficiency of past investment, with efficiency in the net stock assumed to decline linearly with the age of the good and efficiency in the gross stock assumed to remain unimpaired until retirement. (The hyperbolic pattern, assumed by the BLS, is intermediate to these two patterns.) However, even under this interpretation, the BEA measures of capital stocks are not well suited for analyses of output and production because of the method by which the BEA aggregates the perpetual-inventory stocks of individual goods.

Aggregating the Perpetual-Inventory Stocks

With the stocks of individual types of capital in hand, the BLS and the BEA part company by aggregating these individual asset stocks to industry totals according to different techniques. In each case, the method used is appropriate for the type of capital measure the agency seeks to construct. The BEA simply adds together the value-based stocks of the individual goods to get aggregate gross and net measures of capital wealth. In contrast, the BLS arrives at aggregate capital input—its approximation of service flow per period—by weighting, according to their relative productivities, the individual stocks calculated by the perpetual inventory method.

To be more precise, the BLS method—known as Törnqvist aggregation—multiplies the growth rate of each asset stock by its corresponding share of total capital income and then sums the weighted growth rates. This procedure yields an estimate of the growth of capital services; these period-by-period growth rates are then chained together from an assumed initial level to generate capital input in levels.

The Törnqvist procedure assumes that income shares indicate the relative productivities of the individual capital goods. Income shares will have this property if firms act to maximize profits, in which case they will rent or purchase the costliest capital goods only if those goods generate the greatest output.[4] Assuming that income shares represent relative productivities, the BLS capital input measure has several desirable properties. First, at a given time, the measure takes account of the different levels of service provided by various capital goods. Second, as the income shares evolve over time, the capital input measure captures changes in the relative service flows across capital goods. Thus, except when service flows change because of shifts in the rate of capital utilization, capital input can be regarded as a reasonable measure of capital services.

In practice, weighting with income shares runs into difficulties. By definition, the income share for each good equals an imputed rental price for that good multiplied by the stock of the good, with the product divided by total capital income. The rental price is generally unobservable, and the BLS estimates it with the technique employed by Laurits R. Christensen and

4. For further discussion of the properties of Törnqvist aggregates, see W. E. Diewert, "Aggregation Problems in the Measurement of Capital," in Dan Usher, ed., *The Measurement of Capital*, vol. 45, Studies in Income and Wealth (University of Chicago Press for the National Bureau of Economic Research, 1980), chap. 8, pp. 433–528; and Michael F. Mohr, "Capital Inputs and Capital Aggregation in Production," Discussion Paper 31 (Bureau of Economic Analysis, August 1988).

Dale W. Jorgenson.[5] Unfortunately, economic theory provides little guidance on a number of decisions required to estimate the rental price, and therefore the accuracy of the income shares used as weights in the share aggregation is uncertain.

THE GROWTH OF PRIVATE BUSINESS CAPITAL SINCE WORLD WAR II

An examination of the longer-term growth of aggregate U.S. business capital can reveal whether important differences exist between the BLS and BEA methods of measuring capital. This examination also reveals some of the major trends in the formation of private capital over the postwar period and sets the stage for the discussion of more recent developments.

The BEA measures of private nonresidential fixed capital cover equipment and nonresidential structures, which constitute the assets typically considered in discussions of business capital formation. The BLS capital input measure, however, covers a broader range of goods—not only equipment and nonresidential structures but also rental housing, inventories, and land. To permit comparisons between the measures of the two agencies, I constructed from unpublished BLS data a capital input series of narrower scope. This narrower series is the Törnqvist aggregate for the stocks of equipment and nonresidential structures alone, and thus its coverage is comparable to that of the BEA measures.

1. Growth of business capital input and capital stock, selected periods, 1948–87[1]

Measure	Average annual growth (percent) 1948–87	Average annual growth (percent) 1982–87	Index value, 1987 (1948 = 1)
	All private industry		
Capital input, Bureau of Labor Statistics[2]			
As published	3.4	3.1	3.70
Narrow measure	3.8	3.5	4.40
Capital stock, Bureau of Economic Analysis[3]			
Gross stock	3.3	3.0	3.55
Net stock	3.5	2.5	3.97
	Manufacturing		
Capital input, Bureau of Labor Statistics[2]			
As published	3.3	1.1	3.66
Narrow measure	3.5	1.6	3.94
Capital stock, Bureau of Economic Analysis[3]			
Gross stock	3.4	1.7	3.73
Net stock	3.2	.5	3.50
MEMO			
FRB capacity index[4]	3.9	2.7	4.57

1. Capital stock and capital input are measured in 1982 dollars. The BLS capital input series cover the private business sector. The sector covered by the BEA capital stock series is slightly broader, as it includes nonprofit institutions.
2. The published measure of capital input consists of producers' durable equipment, nonresidential structures, residential rental structures, business inventories, and land. The narrow measure consists of producers' durable equipment and nonresidential structures.
3. Gross and net stocks consist of producers' durable equipment and nonresidential structures.
4. Annual average of monthly observations for the Federal Reserve Board's measure of capacity in manufacturing.
SOURCE. Bureau of Economic Analysis, Bureau of Labor Statistics, Board of Governors of the Federal Reserve System, and, for the narrow measure of BLS capital input, calculations by the author from unpublished BLS data.

Trend Growth, 1948–87

During the 1948–87 period, the narrow BLS capital input measure (equipment and nonresidential structures alone) grew at a faster pace than did the BEA measures of gross and net private nonresidential fixed capital (table 1, top panel); a similar gap exists in the first five years of the current expansion (the BLS data end in 1987). The difference between the growth of capital input and capital stock may seem small on a yearly basis, but it cumulates significantly over time: If the alternative measures were set equal to a common value in 1948, the level of narrowly defined capital input by 1987 would be 11 percent larger than the net capital stock and 24 percent larger than the gross capital stock.

The difference in growth rates between the narrow capital input measure and the BEA series reveals the significance of applying income-share weights to the capital stocks of individual types of assets. As discussed below, the stocks of short-lived assets have grown more quickly than those of longer-lived assets over the postwar period. Moreover, because of

5. "The Measurement of U.S. Real Capital Input," *Review of Income and Wealth*, vol. 15 (December 1969), pp. 293–320.

their rapid rate of depreciation, short-lived assets have a relatively high rental price and a high share of capital income. An aggregate whose components are weighted by income shares, such as the capital input measure, thus will take account of the fact that firms have shifted toward installing assets that deliver a high level of service per period; the BEA measures, with unweighted components, do not capture this rise in overall productivity.

The narrow measure of capital input has grown faster than the BEA's estimates of capital stock, but the published series for capital input has not. The difference between the growth rates of the two capital input series arises because the postwar growth of equipment has outpaced that of all other major asset groups. Equipment plays a smaller role in the published BLS measure—which includes land, inventories, and rental housing—than it does in the narrower BLS combination of equipment and nonresidential structures alone. Hence, despite weighting by income shares, the 1948–87 growth in the published measure of BLS capital input was about the same as that in the BEA capital stocks (table 1, top panel).

The Federal Reserve's index of manufacturing capacity has expanded over the postwar period more rapidly than any of the capital measures for that sector (table 1, bottom panel). This divergence of longer-run trends between estimated peak factory output and measures of capital input and capital stock stems from a number of factors. For example, as discussed earlier, technical improvements not embodied in the capital stock have worked over time to boost efficiency. In addition, organizational changes, such as the more intensive use of the capital stock through an expansion of shiftwork, have tended to raise capacity for any given level of the capital stock.[6]

As table 1 also shows, the growth of capital and, to a lesser extent, of capacity slowed in the manufacturing sector in the 1982–87 period. The slower pace probably resulted in part from the heightening of foreign competition and the consequent loss of market share by U.S. manufacturers. The competitive inroads on U.S. manufacturing are evidenced in the 1982–87 period by a lag in production gains and by a low rate of capacity utilization relative to the 1948–87 average; in turn, these effects restrained the accumulation of capital and the expansion of capacity. The slowdown in capital growth during the current expansion is addressed at length later in this article, but in the context of all private industry.

Variations in Postwar Growth

The range of the observed annual growth rates of capital input and capital stock from 1948 to 1987 was relatively narrow. For capital measures limited to equipment and nonresidential structures, the vast majority of the annual growth rates stand between 2¼ percent and 5¼ percent (table 2). Thus, the growth of capital has been fairly smooth in the postwar period, in contrast to the annual growth rates of flow variables such as business fixed investment, which have been much more erratic. However, to some degree, the relative smoothness of capital growth has likely been an artifact of the assumption by the BEA and the BLS that average service lives, and the retirement patterns around these averages, are fixed over the business cycle. In fact the discard rate appears to change over the course of the cycle, rising

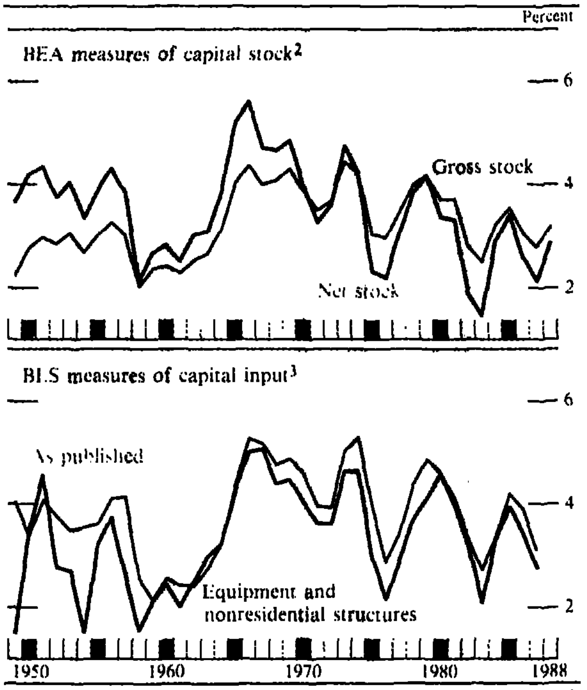
2. Variability in growth of business capital input and capital stock, all private industry, 1948–87[1]
Percent

Measure	Ninety percent of annual growth rates, 1948–87[2]	
	Lower bound	Upper bound
Capital input, Bureau of Labor Statistics		
As published	1.6	4.7
Narrow measure	2.4	5.2
Capital stock, Bureau of Economic Analysis		
Gross stock	2.3	4.3
Net stock	2.2	4.9
MEMO		
Business fixed investment	−9.9	14.6

1. Covers the thirty-nine annual growth rates from 1948 to 1987. For description of terms and sources, see notes to table 1.
2. Excludes lowest 5 percent and highest 5 percent of values.

6. Murray F. Foss, *Changing Utilization of Fixed Capital: An Element in Long-term Growth* (American Enterprise Institute for Public Policy Research, 1984).

1. Growth of business capital, 1982 dollars[1]



1. *The shading represents recessions as defined by the National Bureau of Economic Research.*

2. Bureau of Economic Analysis measures of private nonresidential fixed capital stock. Gross stock is the cumulative value of past investment not yet discarded. Net stock is gross stock less accumulated depreciation.

3. The Bureau of Labor Statistics compiles estimates of capital input in the private business sector; its published series covers rental housing, inventories, and land, as well as equipment and nonresidential structures. The series shown here for equipment and nonresidential structures alone is a narrower measure of capital input constructed by the author from unpublished BLS data.

SOURCE. Bureau of Economic Analysis, Bureau of Labor Statistics, and author's calculation.

during recessions and falling during expansions.[7] For example, during periods of strong demand and rising prices, firms apparently use plants whose high operating costs would otherwise make them unprofitable. Once demand slackens, these plants become uneconomic and are removed from service.

Despite the smoothing inherent in the BEA and BLS series, the measured growth of capital stock and capital input has moved in tandem with the business cycle (chart 1). As a rule, capital growth picks up as an expansion proceeds, peaking in some cases before the expansion ends and in other cases with the onset of recession. During recessions, the growth of capital typically tapers off. This growth pattern contrasts with that for business fixed investment, which grows fastest just after a recovery begins. This difference reflects the fact that the growth of capital depends on the level of investment spending, not on its growth rate (see the appendix), and that investment levels are relatively low early in an expansion.

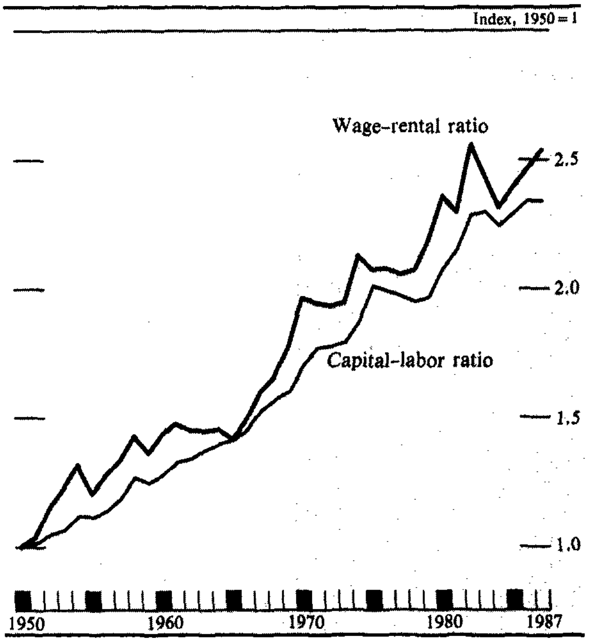
The difference between the cyclical pattern of investment and that of capital accumulation appears to conform to the so-called accelerator model of firms' investment behavior. As the economy emerges from recession, firms become more optimistic about sales and therefore wish to expand their capital stocks to accommodate the expected growth in business. This desire produces the high rate of growth in investment spending usually observed at that point in the cycle. As the cycle progresses, the rising level of investment produces an increasing rate of capital accumulation. Once the growth of capital reaches the steady rate desired by firms, investment spending tends to flatten out at a level that supports the continuation of this pace of capital accumulation.

The Capital-Labor Ratio, 1948-87

A primary factor working to increase the standard of living in industrialized countries is the persistent rise in the amount of capital used by each worker (the capital–labor ratio). In the United States, the capital–labor ratio in private business has risen over the postwar period regardless of the measures used for capital or labor (the options for the latter include hours paid, hours worked, employment, and the labor force). The measure of the capital–labor ratio shown in chart 2, where capital is represented by the published BLS capital input series and labor by hours paid, rose an average of 2.4 percent per year during the four postwar decades. The capital deepening that resulted ac-

7. Susan G. Powers, "The Role of Capital Discards in Multifactor Productivity Measurement," *Monthly Labor Review*, vol. 111 (June 1988), pp. 27-35.

2. The capital-labor ratio and the wage-rental ratio in the private business sector[1]



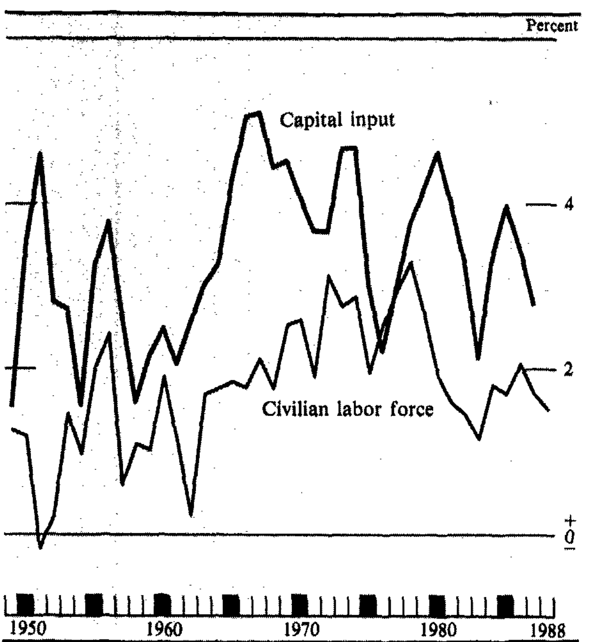
1. The wage-rental ratio is compensation per hour divided by the rental price of the published BLS series for capital input. The capital-labor ratio is published capital input divided by hours paid for all persons.
SOURCE. Bureau of Labor Statistics.

counts for more than one-third of the rise in labor productivity during the period.[8]

Since World War II, labor costs generally have risen faster than the rental price for capital (chart 2), with the resulting uptrend in the wage-rental ratio virtually paralleling that for the capital-labor ratio. Although the rise in these ratios reflects a variety of factors, one major influence likely has been the technical advances that have both raised the productivity of capital goods and lowered the cost of manufacturing these goods relative to the general inflation rate—the computer revolution being the prominent example. Such a phenomenon makes capital a progressively cheaper input compared with labor and encourages firms to substitute capital for labor. Because the wage-rental ratio and the capital-labor ratio have moved up together, the shares of total income earned by capital and labor have been stable over the postwar period. Indeed, for the private business sector, the BLS estimates that the capital share over 1948–87 varied by no more than 2 percentage points in any single year from its postwar average of 36 percent.

The upward movement in the capital-labor ratio has been fairly smooth, as shifts in the growth of the labor supply have tended to be accompanied by similar changes in the growth of capital input (chart 3). The relatively weak growth of capital input in the late 1950s and early 1960s was mirrored by slow growth of the labor force. Similarly, the robust expansion of capital input between the mid-1960s and the mid-1970s was accompanied by the bulge in the labor force produced by the maturation of the baby boom

3. Growth in the published BLS measure of capital input and in the civilian labor force



8. The standard growth-accounting procedure weights the 2.4 percent rate of growth in the capital-labor ratio by the capital share of total income (about 0.36) to obtain the contribution of the capital-labor ratio to growth in labor productivity in private business. The calculation shows that capital deepening accounted for about 37 percent of the 2.3 percent average annual growth in labor productivity over the 1948–87 period. The remainder of the increase in productivity came from a variety of factors captured in the so-called productivity residual. See Stephen D. Oliner, "Capital and the Slowdown of Growth in the United States: A Review," Working Paper Series 87 (Board of Governors of the Federal Reserve System, Division of Research and Statistics, Economic Activity Section, July 1988) for further discussion of both growth accounting and the role of capital-related factors in the growth of labor productivity.

generation. The tendency for the growth of both capital and labor to depart from trend simultaneously and in the same direction suggests that secular movements in labor supply, along with cyclical effects, account for part of the variation in capital input growth over the postwar period.

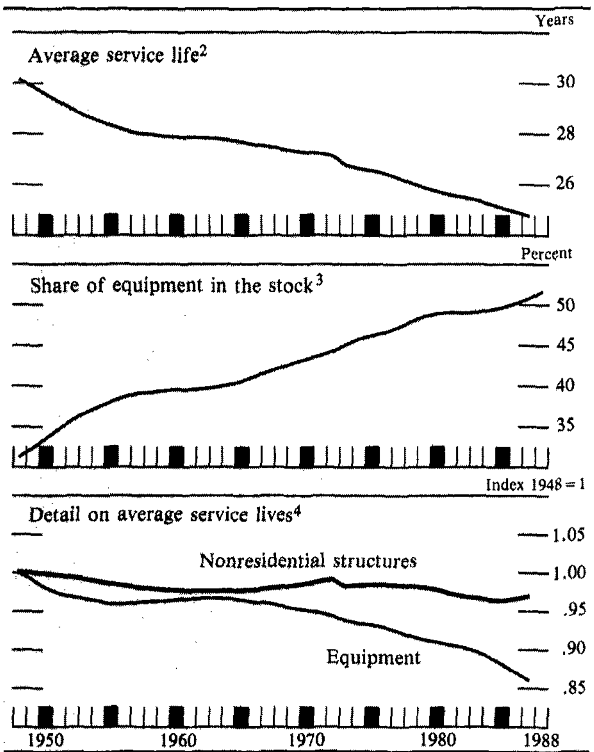
Changes in the Composition of the Capital Stock

As U.S. firms increased their use of capital relative to labor in the postwar period, they replaced long-lived capital assets with short-lived assets. Between 1948 and 1987, the average service life of the gross stock of private nonresidential fixed capital fell from about 30 years to 25 years (chart 4, top panel). The shortened average life largely reflects a shift from structures to equipment in the makeup of the capital stock (middle panel of chart 4); in turn, this shift likely has been driven by the far greater growth in the productivity of equipment relative to structures. In particular, the revolution in computer technology improved the price-performance balance much more for equipment than for structures.

Within the aggregate of equipment, investment has shifted toward short-lived assets, especially beginning around 1970, because of the great expansion in the use of information-processing and other high-technology equipment—computers, electronic communications gear, photocopiers, and scientific instruments—at the expense of more traditional types of industrial equipment. As a result, the average service life for the gross stock of equipment fell roughly 15 percent between 1948 and 1987, from 17.5 years to about 15 years (bottom panel of chart 4). In contrast, the average service life for the gross stock of nonresidential structures fell only about 3 percent over this period.

A shift toward short-lived assets has two effects on measures of capital. First, it raises the aggregate rate of efficiency loss for capital, as shorter-lived assets suffer more rapid wear than longer-lived goods. Accordingly, while the change is under way, the first effect depresses the growth of measured capital input or capital stock, all else equal. Both the BEA and the BLS capture this effect in their measures of capital

4. Measures of the shift within private nonresidential fixed capital stock toward shorter-lived assets[1]



1. Stocks measured in 1982 dollars.

2. Weighted average of the BEA estimate of service life for each type of equipment and nonresidential structure, with the weight for each type equal to its share of the BEA gross private nonresidential fixed capital stock.

3. BEA gross stock of private producers' durable equipment divided by BEA gross private nonresidential fixed capital stock.

4. For nonresidential structures, the weighted average of the BEA estimate of service life for each type of nonresidential structure, with the weight for each type equal to its share of the BEA gross stock of nonresidential structures. The average service life of equipment calculated in parallel fashion.

SOURCE. Bureau of Economic Analysis and author's calculations.

through the use of the perpetual inventory equation.

The second effect is that, for each dollar of capital spending, short-lived assets deliver a greater flow of services during each period of use (as indicated by their higher rental price), raising the overall productivity of capital. The BLS procedure incorporates this second effect because it weights the growth of the stock for each asset with an estimate of that asset's share of total capital income. In contrast, the BEA procedure, which adds together the stocks of different assets without weighting, does not capture the change in service flows delivered during a given period. Because the average service life of assets has steadily declined over the postwar period, the unweighted aggregates tend to rise more slowly than the share-weighted measures, as indicated in table 1.

Some observers take the shift toward short-lived assets to be an unfavorable development precisely because they see that the growth of the unweighted measures of capital stock slows with the rise in the rate of aggregate efficiency loss. However, as shown above, this effect is only part of the story. Given the concomitant rise in current service flows, the substitution of short-lived for long-lived assets is not inherently worrisome if the pace of aggregate capital spending is well maintained.

Private Business Capital Formation and Investment during the Current Expansion

As noted at the outset, economists have debated the strength of capital accumulation by U.S. businesses during the 1980s. This issue fits into a larger debate about the health of the U.S. economy during the current expansion, particularly about the strength of investment given the relatively high level of real interest rates over the period. According to one view, private capital accumulation during the current expansion has been robust, with strong investment demand accounting for both the high real interest rates during the decade and the large inflow of foreign capital; thus, on this view, neither the high rates nor the capital inflow indicate a serious imbalance. In contrast, a more traditional perspective regards the large U.S. federal budget deficit as mainly responsible for the high real interest rates, which in turn have crowded out private capital formation. The BLS capital input series provides a partial resolution of the differing views.

The adequacy of capital accumulation can be assessed only by reference to some benchmark. One common benchmark is the growth of labor input, because the factor that influences the gains in labor productivity and ultimately in living standards is the expansion of capital input relative to labor, not of capital input as such. For example, a slowdown in the pace of annual capital growth from, say, 3 percent to 1 percent would be an ominous development if the labor force continued to expand at an unchanged pace. However, the same slowdown in capital growth would not be cause for worry if the rate of labor force growth diminished as well, thereby reducing the trend pace of economic expansion.

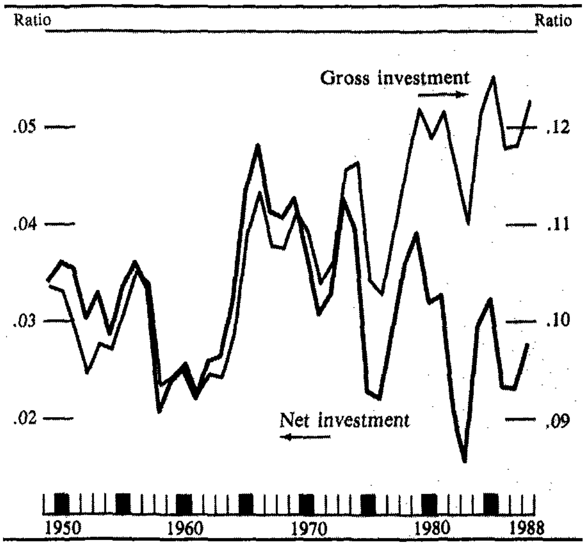
Although the capital–labor ratio is a reasonable gauge of the adequacy of capital formation, much of the recent debate has used ratios of investment spending to GNP as the benchmark. The share of investment spending in total output provides information on the resources devoted to capital accumulation and, in some cases, signals movements in the capital–labor ratio; this connection gives a rationale for examining measures of the investment-to-GNP ratio. However, such measures are one step removed from the more fundamental indicator—the capital services available per worker in the economy. When the composition of the capital stock changes, the growth in these service flows need not move in step with ratios of investment to GNP.

Investment as an Indicator of Capital Accumulation

In large part, the differing views concerning the recent pace of business capital formation turn on two conflicting ratios of business fixed investment to GNP. The first is the ratio of gross business fixed investment to GNP; the second is the ratio of net business fixed investment to GNP (net investment equals gross investment minus the BEA's estimate of depreciation for the private nonresidential fixed capital stock).

Chart 5 displays the ratio of gross and net business fixed investment to GNP, both expressed in 1982 dollars. The gross investment ratio has trended up through the postwar period, reaching record levels in the 1980s, whereas the net investment ratio has trended down since the mid-1960s and now stands close to the lowest levels of the postwar period. Thus, these alternative ratios yield contrary impressions of the strength of capital formation. The shift toward short-lived assets, which raised considerably the overall rate of depreciation on the nonresidential capital stock after the mid-1970s, has created the difference in the ratios. The increase in the ratio of

5. Ratio of business fixed investment to GNP, 1982 dollars[1]



1. Net investment is gross investment less BEA estimate of depreciation of the gross private nonresidential fixed capital stock.
SOURCE. Bureau of Economic Analysis.

gross business fixed investment to GNP has failed to keep pace with the rising depreciation rate, yielding a decline in the net investment ratio.

Arguments have been advanced in favor of each investment share. Analysts on the side of the net share have noted that the gross ratio improperly ignores the rising rate of depreciation and efficiency loss associated with the shift toward short-lived capital goods. Other observers prefer the gross investment share when examining trends in capital accumulation, for two reasons. First, they question the accuracy of the net investment share given the lack of solid information available on the rate of depreciation. Second, they note that even if the net share accurately captures the rise in the aggregate depreciation rate when investment outlays shift toward short-lived assets, it understates in that case the flow of services provided by the capital stock because it does not show the higher service flow per period generated by short-lived goods.[9]

9. See Frank de Leeuw, "Interpreting Investment-to-Output Ratios: Nominal/Real, Gross/Net, Stock/Flow, Narrow/Broad," Discussion Paper 39 (Bureau of Economic Analysis, March 1989).

The BLS Measure of Capital Input

The concerns about each investment ratio have merit, suggesting that neither the gross investment share nor the net investment share is fully appropriate as an indicator of trends in capital accumulation when the mix of assets in the capital stock changes. As noted above, the more informative yardstick by which to assess the pace of capital formation is the capital–labor ratio. The measure of capital used in the ratio should capture the service flows from capital, taking account of shifts in the composition of the stock and the resulting changes in the rate of aggregate efficiency loss. As already shown, the BLS capital input series was designed specifically to capture these service flows and thus is well suited to the issue at hand.

Despite its aptness, the BLS measure has received little attention in the debate over capital formation in the 1980s, probably because capital input is not as widely known as the BEA series on investment and capital stock. The following analysis uses the capital input measure to examine whether the pace of capital accumulation has changed significantly in recent years. Because concerns about capital formation have centered on plant and equipment, the analysis employs not only the published BLS measure of capital input for private business—which includes rental housing, inventories, and land, in addition to equipment and nonresidential structures—but also my narrow version of the measure, which is restricted to equipment and nonresidential structures.

Several measures of labor can be used to calculate the capital–labor ratio, including total hours worked, total hours paid, employment, and the labor force. Computing the capital–labor ratio with either hours or employment yields a measure that is highly sensitive to the business cycle; for example, as the economy comes out from a recession, employment and labor hours tend to increase more rapidly than capital input, depressing growth in the capital–labor ratio measured with either of these indicators of labor. To avoid the need for cyclical adjustment, the discussion focuses on the growth of capital input relative to the labor force, which is far less sensitive to the business cycle.

Table 3 displays the growth of capital input per person in the labor force over various segments of the postwar period. Growth of the ratio slowed sharply between 1973 and 1979—a period marked by two energy crises and relatively poor economic performance. Then, in the 1980s, growth of the ratio moved back toward the pre-1973 pace, although the extent of the pickup depends on whether one examines the full period from 1979 to 1987 or the shorter period limited to the current expansion.

The data in table 3 shed some light on the debate over the adequacy of capital formation in recent years. Regardless of the particular capital–labor ratio examined, the data do not appear to support the view that private investment spending and capital accumulation have been unusually strong during this decade. Table 3 also casts doubt on the opposing view that private capital accumulation in the 1980s has been especially weak, as the growth of capital input relative to the labor force during 1979–87 did not differ much from the average rate over the previous thirty years. Instead, this analysis suggests a more middle-of-the-road assessment: The growth of capital input has continued to exceed that of the civilian labor force in the 1980s by a fairly wide margin, indicating no obvious break with the earlier postwar pattern of capital accumulation.

SUMMARY

The BEA and the BLS publish a variety of measures of the tangible capital owned by private businesses in the United States. Of these, only the BLS capital input series is intended to be used in analyses of output and productivity; the BEA estimates of the capital stock are constructed as measures of capital wealth, not capital services.

Over the postwar period, the BLS measure of capital input in private business has expanded at about a 3½ percent annual rate. This advance has yielded considerable capital deepening—the increase in the capital used by each worker—and accounts for more than one-third of the growth in labor productivity over the postwar period. In addition, the persistent shift in the composition of the capital stock toward short-lived assets has boosted the growth of capital input for equipment and nonresidential structures relative to the growth in estimates of capital stock published by the BEA. The gap reflects the high level of capital service provided by short-lived assets, a phenomenon captured only by the capital input series.

The growth of capital input has tended to move up and down with that of the civilian labor force throughout the postwar period, including the 1980s. Thus, the pace of capital accumulation has continued to support a rate of capital deepening in recent years not much different from the postwar average, suggesting that characterizations of capital formation in the 1980s as unusually weak or unusually strong are unwarranted.

APPENDIX: THE RELATION BETWEEN INVESTMENT AND THE CAPITAL STOCK

The relationship between investment and the growth of the capital stock is often a point of confusion. In particular, the assertion is sometimes made that a large increase in investment spending, regardless of the initial level of outlays, should lead to a sizable rise in the capital stock. The discussion here demonstrates that

3. Growth in the ratio of capital input to the labor force, selected periods, 1948–87[1]

Average annual change, percent

Capital input measure in numerator of ratio	1948–87	1948–73	1973–79	1979–87	1982–87
As published	1.6	1.8	.8	1.8	1.5
Narrow measure	2.1	2.2	1.5	2.0	1.8

1. Capital input measured in 1982 dollars. For description of capital input, see table 1, notes 1 and 2.

SOURCE. Author's calculations based on data from the Bureau of Labor Statistics.

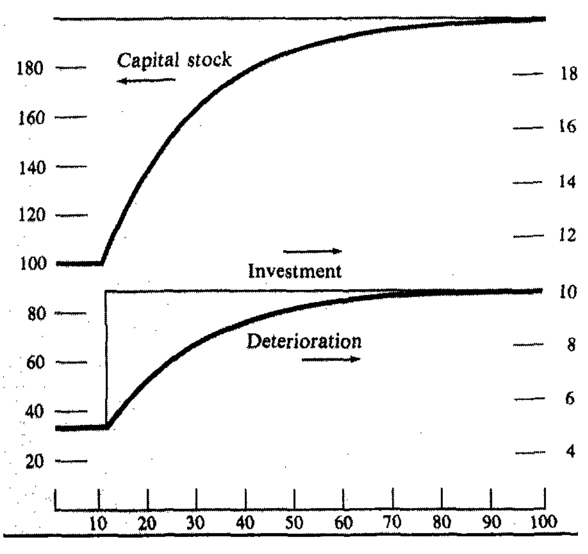
capital-stock *growth* depends directly on the *level* of net investment spending. For a capital stock designed to measure the productive services from capital, net investment is defined as investment outlays minus the physical deterioration of existing stock. (In contrast, for a capital stock intended to measure the value of capital, net investment is defined as investment outlays minus the *depreciation* of existing stock.)

The link between the level of net investment and the growth of capital stock follows directly from the perpetual inventory equation, in which the estimate of the change in the capital stock at time t can be written as

$$K_t - K_{t-1} = I_t - aK_{t-1},$$

where K is the capital stock, I is investment outlays, and a represents the constant rate of efficiency loss as capital goods age. The equation says that the change in the capital stock equals the additions to the stock from investment outlays minus the deterioration of the existing stock. The growth of investment plays no direct role in this equation. When one recalls that capital is a stock and investment is a flow, this equation makes sense: The growth of a stock depends on the level of flows into the stock, in this case investment flows net of deterioration.

Relation between investment and capital stock

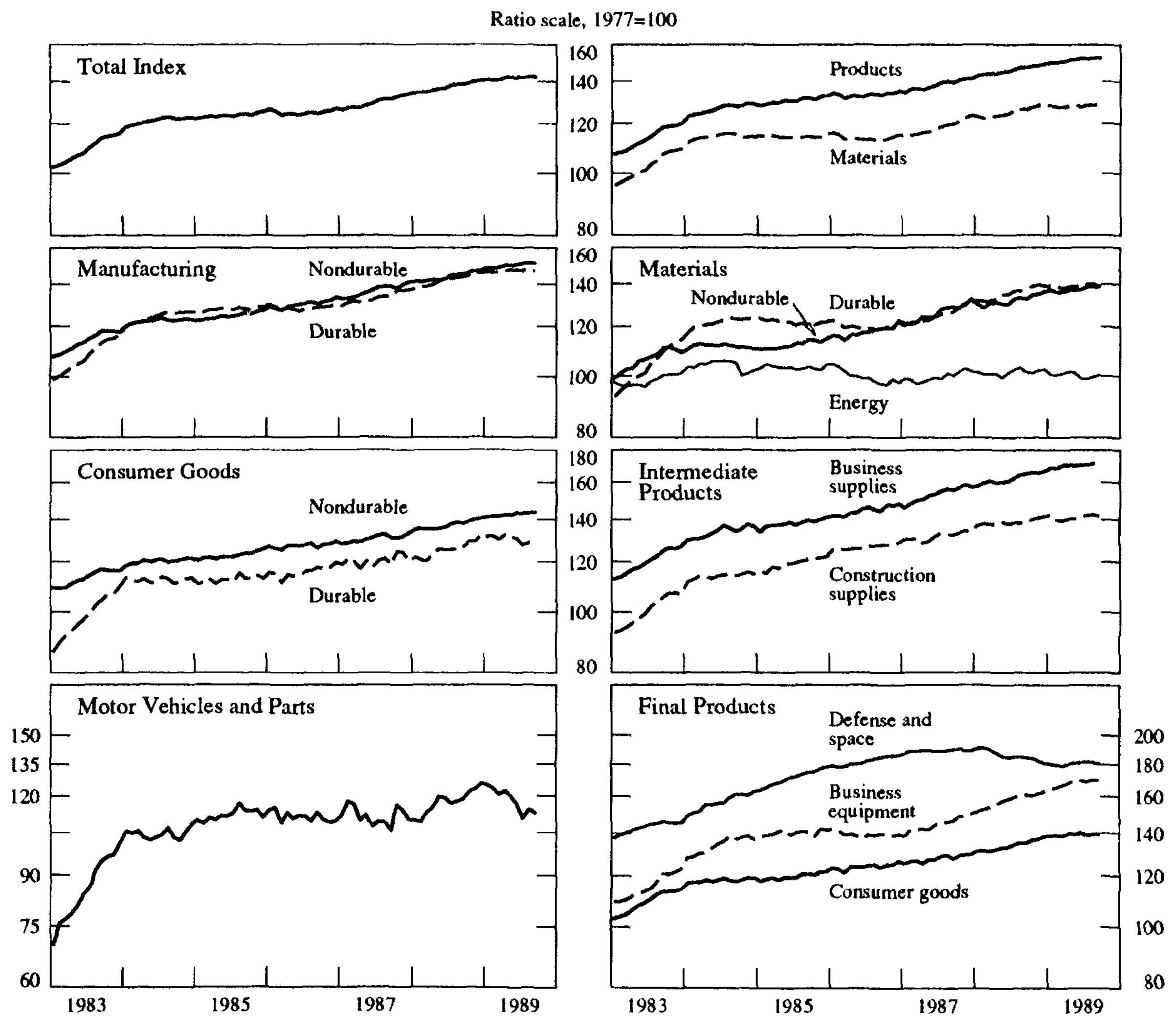


The equation for growth in the capital stock can be illustrated through a simple example (see chart). Assume that the constant rate of deterioration is 5 percent, the initial level of the capital stock is 100, and the initial level of investment is 5. In the initial state, investment just balances deterioration, leaving the capital stock unchanged. Then, in period ten, the level of investment doubles to 10 and remains at this higher level forever. Given the doubling of investment and no immediate change in the level of deterioration, the capital stock grows by 5 units in period ten. As time passes, the capital stock continues to grow, as the fixed level of investment continues to exceed replacement requirements. However, over time, replacement requirements get progressively larger, reflecting the increased size of the capital stock. Eventually the process comes to a halt, with capital stock having doubled in value to 200 and the level of investment once again equaling the amount of deterioration. The example makes clear that, after a one-time rise in the level of investment, the capital stock continues to grow for a long time. Similarly, a one-time decline in the level of investment restrains the growth of capital stock over an extended period.

Industrial Production

Released for publication October 17

Industrial production decreased 0.1 percent in September after an increase of 0.3 percent in August. The most significant declines occurred in the output of trucks, basic metals, and construction supplies. The decline in truck production more than offset a sharp rise in auto assemblies. Output of most other major sectors changed little. At 142.3 percent of the 1977 average, the total index in September was 2.7 percent higher than it was a year earlier. For the third quarter as a whole, growth in total output decelerated to 1.3 percent at an annual rate after a gain of 3.3 percent in the second quarter. Manufacturing output declined 0.2 percent in September, and



All series are seasonally adjusted. Latest series: September.

Group	1977 = 100		Percentage change from preceding month					Percentage change, Sept. 1988 to Sept. 1989
	1989		1989					
	Aug.	Sept.	May	June	July	Aug.	Sept.	
	Major market groups							
Total industrial production	**142.4**	**142.3**	**.0**	**.3**	**.0**	**.3**	**−.1**	**2.7**
Products, total	152.6	152.6	.1	.5	−.3	.4	.0	3.5
Final products	151.0	151.1	.2	.5	−.5	.4	.1	3.6
Consumer goods	139.3	139.5	−.3	.6	−.8	.3	.1	3.4
Durable	128.6	128.2	−.7	−.3	−2.5	.9	−.3	1.5
Nondurable	143.3	143.7	−.1	.9	−.2	.1	.3	4.1
Business equipment	169.9	169.8	.8	.3	−.4	.6	.0	5.6
Defense and space	181.0	180.5	.4	.2	.3	−.4	−.3	−2.2
Intermediate products	158.0	157.9	−.1	.4	.4	.3	−.1	3.3
Construction supplies	142.4	141.6	.0	.7	.6	.3	−.6	2.3
Materials	128.6	128.2	−.3	−.1	.4	.2	−.3	1.4
	Major industry groups							
Manufacturing	149.1	148.7	.0	.4	.0	.3	−.2	3.0
Durable	147.6	146.9	.1	.2	−.3	.4	−.5	2.2
Nondurable	151.1	151.3	−.1	.7	.3	.1	.1	4.1
Mining	102.7	103.6	−.3	−.6	.2	1.0	.9	−.1
Utilities	113.6	115.0	−1.3	−1.2	.0	−.5	1.2	1.7

NOTE. Indexes are seasonally adjusted.

capacity utilization in manufacturing, at 83.7 percent, declined 0.4 percentage point. Detailed data for capacity utilization are shown separately in "Capacity Utilization," Federal Reserve monthly statistical release G.3.

In market groups, production of consumer goods edged up in September as autos and nondurables posted gains, but trucks and home goods declined. Auto assemblies rose to an annual rate of 6.8 million units from a rate of 6.4 million units in August. Production of business equipment in September was unchanged, and in the third quarter rose less than 2 percent at an annual rate after having advanced at nearly a 10 percent rate during the first half of this year.

Total industrial production—Revisions

Estimates as shown last month and current estimates

Month	Index (1977=100)		Percentage change from previous months	
	Previous	Current	Previous	Current
June	141.9	142.0	.2	.3
July	142.0	142.0	.1	.0
Aug.	142.4	142.4	.3	.3
Sept.	...	142.3	...	−.1

Output of construction supplies continued to be sluggish and has changed little, on balance, since December. Production of materials declined 0.3 percent in September as durables, particularly basic metals and parts for consumer durable goods, fell sharply. Among other materials, chemicals, coal, and electricity generation posted gains.

In industry groups, the decrease in manufacturing output mainly reflected widespread weakness in durables, with the largest decline occurring in primary metals. Nondurables were about unchanged as chemicals and petroleum products rose, but textiles declined. Outside manufacturing, production at both mines and utilities rose sharply.

Statements to Congress

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 17, 1989.[1]

Thank you for the opportunity to provide the views of the Board of Governors of the Federal Reserve System on H.R. 3180, the Government Check Cashing Act of 1989, and H.R. 3181, the Basic Banking Services Access Act of 1989.

H.R. 3180 would require depository institutions to cash government checks at cost for noncustomers who are registered with the institution. A companion bill, H.R. 3181, would require depository institutions to offer "basic" transaction accounts. These accounts would be subject to minimal fees and balance requirements and would permit consumers to make up to ten withdrawals per month. Both bills call upon the Federal Reserve Board to set the price of these services. Virtually identical bills have been introduced in the Senate.

The Board is familiar with the concerns that motivated the introduction of the House and Senate bills. Indeed, we share the belief that banking services should be widely available to all. To encourage financial institutions to offer such services, in 1986, along with other federal and state financial institution regulators, we adopted and publicized a Joint Policy Statement on Basic Financial Services. The basic banking policy statement recognizes the need of consumers for a safe and accessible place to keep money. It also emphasizes that consumers need a convenient way to obtain cash (including by cashing government checks) and to make payments to third parties. The basic banking policy statement encourages the continued development of basic transaction accounts and check cashing services by financial institutions. However, the policy statement also recognizes that addressing these concerns most effectively means tailoring services to differences in local needs and the characteristics of individual institutions. It reflects the belief that the development of truly useful services could be thwarted by the rigidities of legislation. Thus, in issuing the basic banking policy statement, the Board supported a voluntary rather than a mandatory approach. We thought that identifying a federal interest in the issue, but giving institutions the necessary flexibility to develop account products for the particular needs of their communities, would yield the best results. We continue to support voluntary efforts as the most effective response.

Comments on Check Cashing Bill

For several reasons, we are concerned about enactment of a requirement that depository institutions cash the government checks of noncustomers. Initially, it is not clear that check cashing services are so widely unavailable that imposing burdensome federal requirements for mandatory check cashing is warranted. Over the last several years, various surveys have been conducted to assess the availability of check cashing services. Perhaps because of varying methodology, the results of the surveys differ on the extent to which people without accounts at a financial institution have access to check cashing services. Surveys by consumer groups found that few institutions offer the service while surveys sponsored by industry groups and by the General Accounting Office (GAO) found that generally many do.

The 1988 survey of the Consumer Federation of America, for example, found that about 30 percent of the institutions they polled would cash government checks for noncustomers. On the

1. This statement was delivered by Governor LaWare.

other hand, at least two surveys found that check cashing services were much more widely available. The GAO's recent report to the Congress on government check cashing states that, as of 1985, 86 percent of banks and 55 percent of thrift institutions cash U.S. Treasury checks for noncustomers. In addition, a 1988 survey of the American Bankers Association found that more than 90 percent of the institutions surveyed would cash government checks for noncustomers. Taken together these surveys suggest that many institutions are already providing check cashing services. And we hope that over time even more institutions will offer such services, encouraged by the basic banking policy statement and also by the increased emphasis on institutions having a good Community Reinvestment Act (CRA) record. In this regard, our recent joint agency policy statement on the CRA lists the cashing of government checks and the offering of basic banking accounts for low- and moderate-income people as a favorable factor in contributing to a positive CRA assessment.

Given the available information, the Board has doubts that enough of a problem has been demonstrated to justify sweeping legislation with specific requirements. Furthermore, enactment of check cashing requirements—with all of the inevitable regulations—may do little, in fact, to increase the number of people who are taking advantage of such services. For example, the state of Connecticut requires institutions to cash state-issued checks for recipients of public assistance. Yet, informal reports from bank representatives in that state indicate that there has not been a noticeable increase in the number of persons using financial institutions to cash these checks since passage of the law. We believe it would be useful to wait and see if these preliminary reports continue to hold true before launching a nationwide program that might not be effective.

Besides our doubts about whether the need for check cashing legislation has been demonstrated, and whether it will be effective, the Board has several other concerns. As a general matter, we think that the government should be very cautious about mandating the services that every financial institution must offer and, in particular, setting the fees that are permitted to be charged for such services. If the government determines that there is a need for low-cost cashing of government checks, it probably should first explore the possibility of making that service available itself. For example, using federal post offices to cash government checks might be considered since they offer financial services such as money orders and, like financial institutions, they are accessible nationwide in urban and rural areas. Another idea that should continue to be developed is electronic delivery of government benefits. Successful delivery systems for electronic benefits are currently operating, including programs in New York City and St. Paul, Minnesota. Further, a pilot program involving electronic delivery of Social Security Supplemental Security Income benefits is expected to be launched this fall in Baltimore. Electronic delivery systems offer numerous benefits for beneficiaries, government agencies, and financial institutions. They include eliminating problems with delayed, lost, or stolen checks, providing quicker resolution of problems concerning payments, and lowering costs to all parties.

A more specific concern that we have with the legislation is demonstrated by the process for determining the fees that may be charged for cashing government checks. The bill requires the Board to study the "actual costs" of financial institutions and to set the fees permitted to be charged for these services to recover these costs. It would be extremely difficult and expensive for the Board to obtain uniform data from institutions on their actual costs for providing the check cashing services envisioned by the bill. Furthermore, the cost to an institution for cashing government checks will inevitably vary from institution to institution based on size and locality. Inasmuch as cashing a check for a noncustomer is an interest-free loan by an institution, there also are certain hidden costs to an institution that may be different from its costs for cashing a customer's check.

Thus, any fees set by the Board would almost certainly be an average of those costs and, as such, could never reflect the actual differences among institutions. With a single federally established fee, some institutions would fail to recover their costs while other institutions would be overcompensated. Finally, it appears inequitable for financial institutions to be required to cash government checks at cost while other entities, such as check cashers, could continue to offer such services at a profit.

The Board is also concerned that financial institutions could increasingly fall victim to fraud if the check cashing legislation is enacted. Given that checks can easily be stolen and identification cards are readily forged, the risks of fraud may be significant.

The bill recognizes the fraud risk but limits regulatory relief to large scale fraud on a "classification of checks" as determined by the Board. This fraud provision may be small comfort to institutions since it would likely take a long time for the Board to learn of any general patterns of fraud. By then, significant losses might already have been suffered. Individual cases of fraud will be very difficult to protect against, since the bill requires that an institution cash any government check upon presentation of certain limited registration information.

We are aware that at present the overall level of fraud involving U.S. government checks is low. However, the level may be high in certain areas where Social Security or other benefits checks are stolen directly from recipients or from mail carriers. Furthermore, the fraud losses of an individual institution may be significant, even though the overall level of fraud is low. We also believe that there is a good chance that the overall level of fraud with government checks could increase following enactment of the legislation. For example, a large-scale fraudulent check cashing ring has operated for more than four years in several eastern states and is responsible for up to $15 million in losses. This check cashing ring had highly sophisticated methods, including a "how-to" manual to train its members to pass bad personal checks. It is not farfetched to think that such techniques might be applied to government check cashing if all institutions are required to accept checks. The bill would prevent individual institutions from protecting themselves from fraud on a case-by-case basis by establishing procedures that are more protective than those included in the bill.

As mentioned earlier, other innovative arrangements are being investigated that would eliminate many of the problems with delivering government benefits by paper checks. The Board strongly supports the facilitation of electronic alternatives for the delivery of government payments. These "electronic benefits transfer" (EBT) arrangements probably are a better long-term solution to the problems that motivate the check cashing legislation.

We have reason to be encouraged about the prospects of the EBT alternative. Over the course of the past year, several meetings have been held among representatives of government agencies, financial institutions, and consumer groups to develop a "blueprint" for a model electronic benefits service program. This document is expected to be published by December. In addition, several programs are now operating and others are about to be initiated. The GAO has concluded that electronic delivery provides significant advantages over a paper-based system of delivery of government benefits, and the Board wholeheartedly agrees. Consequently, we are pleased with the increased momentum in EBT activity. It is possible, of course, that these systems may not prove as efficient or useful as we hope. But, in our view, it seems wise to concentrate on encouraging these farsighted efforts as a solution rather than prematurely imposing on financial institutions permanent and unavoidably burdensome new requirements that may not solve the problem.

Comments on Basic Banking Bill

Turning to the basic banking bill, the Board questions the need for mandatory basic banking for many of the same reasons that it questions the need for mandatory government check cashing. Initially, it is not clear that the price of banking services is the primary reason why many people do not currently have accounts. Since 1977, we have sponsored four surveys that provided data from which we could determine the number of families without depository accounts. Our research suggests that the overall percentage of families without deposit accounts has remained fairly constant at around 10 percent in the period 1977–86. (A Census Bureau estimate cited by the GAO in its report is higher at 18 percent.) Our research indicates that roughly 30 percent of the families whose income falls in the lowest quintile do not hold accounts. Although the percentages for this latter group have fluctuated, the numbers were more or less the same in 1986 as in 1977. Thus, while many low-income families do not have accounts—and we think it is unfortunate that people who may want accounts are outside the nation's financial system—the fact that the percentage has remained relatively constant suggests that recent increases in fees and minimum balance requirements have not caused a significant decline in account holding. Rather than the cost of opening or maintaining an account, there are probably more fundamental reasons for much of the lack of account ownership. For example, given the convenience of check cashing alternatives and the difficulties in managing an account with limited resources, some low-income people may not choose to open an account. It may be that some people simply prefer not to deal with banks, especially if they are unfamiliar with them or distrust them.

The survey on account holding that we conducted does not contain information about the availability of basic banking accounts among financial institutions. We have not conducted such a specific survey. A survey of the availability of basic banking accounts would be costly and time-consuming for the Board to undertake. It would take a minimum of nine to twelve months to design and conduct a survey of this type and to analyze the data. In any event, with the account variety among institutions and the variations in the needs of people depending on where they live, survey information on basic banking likely will not present a clear picture.

There have, in fact, been several surveys by other groups aimed at assessing the availability of low-cost banking accounts. As may be expected, the survey findings vary greatly, in part because of different definitions of "basic banking accounts," and thus do not conclusively answer the question of how widely basic banking services are available. As with the surveys on check cashing, surveys by consumer organizations found that relatively few institutions offer basic banking accounts—the GAO suggested this as well, except in the case of accounts for senior citizens—while surveys sponsored by industry representatives concluded that many do. Depending on which national survey is considered, the percentage of institutions offering basic banking accounts ranges from a low of about 15 percent to a high of about 74 percent. Assuming that the actual number is somewhere between those extremes, many financial institutions appear to be providing this service.

Several states have also undertaken studies to determine how accessible low-cost banking services are for their citizens. In a survey of virtually all financial institutions in New York State, the Banking Department found that low-cost banking services are widely available. It also concluded that the vast majority of low- and moderate-income people have ready access to such accounts. Although the New York State study found that not *all* institutions offered basic accounts, it found that at least *some* institutions in each rural and metropolitan area offered them. The Pennsylvania Department of Banking reported in a 1988 study that almost 54 percent of the institutions they surveyed offered a type of basic account. The Pennsylvania report recommended that similar studies be conducted periodically in the state "to measure trends within the banking industry." The State of Virginia currently is conducting a study of account availability in that state, involving surveys of both consumers and financial institutions and a series of public hearings around the state.

Given the data, in our view the jury still is out on the extent to which there is a basic banking "problem," and on when, if ever, legislation is needed to fix it. At a minimum, clearer evidence that a problem exists is probably needed before considering taking legislative action. While none of the surveys found that every institution offered basic accounts, the need for access to these accounts can be met as long as *some* institutions in each community offer them. And that is what the surveys generally found to be the case.

As with the check cashing bill, the Board is concerned about the many difficulties in setting fees for transaction accounts, particularly when it must determine the "net processing costs" for financial institutions based on "actual time studies." It would be very expensive to obtain uniform data from institutions since various components affect their individual costs, and there is no uniform cost accounting system used by all institutions. As with check cashing, a single federally established fee would be inequitable because it would not reflect the actual differences in costs among individual institutions.

The basic banking policy statement that I mentioned demonstrates the federal government's encouragement of financial institutions to provide basic services. But it has the benefit of leaving the development and implementation of such programs to the creativity of individual institutions. The basic banking bill would result in the standardization of basic banking services. In our view, a better approach is for individual institutions to address the varying and changing needs of low-income and elderly individuals. A number of different account products have evolved as a result of voluntary efforts by financial institutions. Some, for example, involve savings accounts with money orders used for third-party payments. Others, based on a "pay-as-you-go" idea, have fees for each check, rather than a monthly maintenance fee as contemplated by the bill. Either of these accounts could be preferable to the bill's basic banking account for the person who writes fewer than ten checks each month. Thus the bill risks thwarting the voluntary development of alternative products such as these that may more directly meet the needs of some low-income consumers. Indeed, an institution might have little incentive to offer additional, and potentially cheaper, basic banking services once a standard service is required by law.

CONCLUSION

We share the concern that people who may want access to financial services are outside the nation's financial system, and we recognize the need for institutions to make a greater effort to reach out to all segments of the public. We adopted our basic banking policy statement in response to these concerns, and we think that voluntary efforts have gone a long way toward dealing with them. Our general impression, looking at banking applications, is that many banks offer some type of low-cost account, and we expect to see more and more in the future in light of our policy statement on CRA.

In our experience, well-intentioned legislation and regulations, particularly as they pyramid one on top of the other, involve a cumulative burden that is sometimes not fully appreciated—especially as it affects the numerous small financial institutions. All of us should be concerned about the expense and burden of new rules when a need for legislation has not been clearly demonstrated. In our view, the surveys on check cashing and basic banking do not give a strong enough message that such widespread problems exist to the extent that it is now time to enact new laws.

The Board continues to believe that voluntary efforts by financial institutions and further development of electronic benefits transfer will meet many of the goals of the bills—probably more effectively—without the burden and cost that rules and regulations inevitably impose. □

Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer and Regulatory Affairs of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, October 24, 1989.

I appreciate the opportunity to appear before this Senate subcommittee to present the Federal Reserve Board's view on the extent of state member banks' compliance with federal laws that prohibit discrimination in mortgage lending. In particular, my testimony will summarize the Board's "Report on Loan Discrimination," which was submitted to the Congress pursuant to Section 1220 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

Section 1220 required the Board and the other federal financial institution supervisory agencies to report to the Congress on their findings on the extent of discriminatory lending practices by mortgage lenders subject to their regulation or supervision (in the Board's case, state member banks) "based on a review of currently available loan acceptance and rejection statistics." In addition, the reports were to provide recommendations for appropriate measures to assure nondiscriminatory lending practices.

Although the Board has a comprehensive compliance examination program to ensure that state member banks comply with the Equal Credit Opportunity Act and the Fair Housing Act, it does not currently have mortgage loan acceptance or rejection statistics of the type contemplated by Section 1220. Consequently, we were unable to provide the requested analysis. Recent amendments to the Home Mortgage Disclosure Act will require certain state member banks as well as other lenders to report this type of data, but it will not be available until fall 1991.

Nevertheless, the Board was able to draw some conclusions about the possible extent of discriminatory conduct in the mortgage lending activities of state member banks as a result of the Federal Reserve System's consumer compliance examination program. In addition, some information was provided by our consumer complaint program. Finally, we have followed closely the concerns over disparities in the amount of residential mortgage lending between minority and nonminority areas as detailed by studies in Atlanta, Cleveland, Detroit, and Boston—the latter conducted by the Federal Reserve Bank of Boston. These studies provide useful, but limited, insight into the issue.

Antidiscrimination Laws

Two laws directly prohibit discrimination in mortgage lending—the Fair Housing Act and the Equal Credit Opportunity Act. These two laws are complementary in some important respects relating to mortgage lending. For example, both set forth criteria that lenders may not consider when making credit decisions.

The objective of the Fair Housing Act is to help assure nondiscriminatory practices in all aspects of the housing market. Consequently, it applies to a wide range of persons involved in the sale or rental of housing and regulates many aspects of residential real estate-related transactions. With regard to mortgage credit, the Fair Housing Act makes it unlawful for mortgage lenders to discriminate in a residential real estate-related transaction against any person because of race, color, religion, sex, national origin, handicap, or familial status. The primary impact of the act with regard to state member banks is to require equal treatment of applications for mortgage loans from members of a protected class.

The Equal Credit Opportunity Act and the Federal Reserve System's Regulation B, which implements the act, are designed to assure the nondiscriminatory availability of all types of credit, including mortgage loans, to all creditworthy applicants. The act and the regulation prohibit creditor practices that discriminate against an applicant because of race, color, religion, national origin, sex, marital status, or age (provided the applicant has the capacity to contract); the fact that all or part of the applicant's income derives from a public assistance program; or the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act. In addition, there are certain other important requirements in the act and regulation relevant to mortgage lending procedures that are designed in different ways to further the overall purpose of promoting the nondiscriminatory availability of credit.

The Board has broad rulewriting responsibility for the Equal Credit Opportunity Act but very limited enforcement authority. The Congress directed the Board to prescribe regulations to carry out the purpose of the act for covered lenders—including, for example, all banks, other depository institutions, and mortgage lenders. In contrast, the Board is given administrative enforcement responsibility for only state member banks.

The Fair Housing Act, itself, does not give the Board any rulewriting or enforcement authority. The Department of Housing and Urban Development and the Attorney General are designated as the responsible federal agencies with regard to such matters. Nevertheless, the procedures for the Board's consumer compliance examination program include checking for state member bank compliance with the Fair Housing Act under our general authority to assure that banks are complying with federal law.

Before I explain the Board's enforcement program, I would like to briefly explain some characteristics of state member banks to indicate the type of financial institutions on which our program is focused and on which our conclusions are based.

State member banks are relatively small in size and number and many are rural. As of December 31, 1988, there were 1,109 state member banks out of a total of 13,418 commercial banks in the United States (approximately 8 percent). They hold about 14 percent of total deposits held by commercial banks in this country, and 90 percent of state member banks have total assets of less than $500 million. More than 45 percent of state member banks are not located in a metropolitan statistical area (MSA).

Moreover, state member banks are not a significant presence in the mortgage lending area. Analysis of the most recent aggregated Home Mortgage Disclosure Act statistics (1987) indicate that state member banks originated less than 3 percent of all home purchase loans reported.

Federal Reserve Board's Consumer Affairs Program

The Board first established a specialized consumer compliance examination program in 1977. This program required that the twelve Reserve Banks around the country conduct examinations of state member banks to determine compliance with consumer protection legislation by using a cadre of specially trained examiners. The scope of these examinations specifically included the Equal Credit Opportunity and Fair Housing Acts. From the beginning, the examiners were instructed to place special emphasis on violations involving potential discrimination of the kind prohibited by these statutes.

In 1979, the Board reassessed its enforcement responsibilities in the areas of consumer affairs and civil rights and made several changes to its consumer affairs program. These changes included increased training for examiners in detecting discriminatory lending practices. Changes were also made in the System's processing of consumer complaints. They also placed increased emphasis on investigating serious complaints such as allegations of loan discrimination.

In 1981, the Board re-emphasized responsibilities of state member banks under the Equal Credit Opportunity Act and the Fair Housing Act, and put the banks on notice that the Board would vigorously enforce these acts. This reminder took the form of a policy statement that stated that failure to comply with certain provisions of the acts were viewed by the Board to be particularly serious and would require retroactive corrective action.

Federal Reserve System efforts to detect loan discrimination by state member banks focus on the consumer compliance examination effort. Consumer compliance examinations are conducted by examiners at the Reserve Banks who are specially trained in consumer affairs and civil rights examination techniques. The Board and each of the Reserve Banks maintain staff who work primarily with consumer complaints. The Board's staff provides general guidance and oversight to the Reserve Banks in both areas. The Federal Reserve System's consumer compliance examinations are scheduled at regular intervals and are comprehensive. As a result, the Board has been able to maintain a high-quality examination program over the years.

Each state member bank is examined on a regular basis. The Board's examination frequency policy calls for an examination to be scheduled every eighteen months for a bank with a satisfactory record. Banks with exceptional records can be examined every two years. Those banks with less than satisfactory records are to be examined every six months or every year, depending on the severity of their problems.

The Board believes that expecting a bank examiner to master both the "safety and soundness" and consumer affairs–civil rights aspects of bank examinations is not practical given the existing complexities of both areas that continue to increase. Consequently, the Federal Reserve has developed a separate career path for consumer affairs examiners equivalent to that of commercial examiners at the Reserve Banks. The Board provides special training to these examiners.

On average, checking for compliance with the antidiscrimination laws takes almost nineteen hours per examination to complete and results in a comprehensive assessment of the institution's lending practices.

The procedures focus primarily on comparing the treatment of members of a protected class with other loan applicants. First, the bank's loan policies and procedures are reviewed. This is done by reviewing bank documents, as well as interviewing loan personnel. During this phase, the examiner will seek to determine, among other things, the bank's credit standards. After the examiner has identified those standards, he or she will then contrast those standards with a judgmental sampling of actual loan applications, especially applications received by the bank from members of a protected class. This means that the examiner is looking at the same information that the bank used to make its credit decision, including such things as credit history, income, and total debt burden. If an instance is discovered in which those standards appear not to have been used, it could be an indication of prohibited discrimination. This would provide the basis for a discussion with lending personnel or more intensive investigation. Finally, an overall analysis of the bank's treatment of applications from members of protected classes is conducted to determine whether there are any patterns or individual instances in which such members were treated less favorably than other loan applicants.

One other aspect of the examination procedures is an analysis of the geographic distribution of the bank's credits. Two ways in which this can be done are by plotting the location of the bank's accepted and rejected loans in a selected category on a map, and by using Home Mortgage Disclosure Act data if available. These data are then cross-referenced to census data, or other available information that identifies low- and moderate-income and minority neighborhoods. The geographic analysis has two functions. First, it may highlight lending practices evidenced by a geographic pattern that has a negative impact on members of a protected class. Second, it is used in evaluating the bank's performance under the Community Reinvestment Act.

Another regular part of the examination includes conversations initiated by the examiner with persons in the community knowledgeable about local credit needs. The examiners will routinely ask about public perceptions of the availability of credit to minorities and low- and moderate-income persons. This information may suggest that a particular area of the bank needs additional scrutiny and may provide crucial insights into how the bank is serving the credit needs of its local community, particularly those individuals in the community protected by the antidiscrimination statutes.

There are, however, two significant reasons why these procedures, extensive as they are, may not provide absolute assurance that there have been no individual instances of discrimination.

First, state member banks, like most lenders, provide a certain amount of flexibility in their credit standards. This flexibility reflects the fact that variations are normally found in each applicant's request for credit. In addition, numerous factors are used to establish creditworthiness (for example, the amount and reliability of income, employment history, other debts, credit history, adequacy and availability of loan collateral, length of time at present residence, the existence and nature of deposit relationships), and this increases the difficulty in determining with any degree of certainty whether a member of a protected class was denied credit due to the fair application of credit standards or to discrimination.

Second, the pricing, structure, and even availability of loans also vary. These variations are primarily due to business considerations that might include, for example, the perceived risk of loan default, usury or other legal requirements, the bank's cost of funds at any given time, and liquidity considerations. Such factors often make it more difficult to determine whether those who obtained credit, albeit on different terms, were treated equally.

For these two reasons, making conclusive judgments as to whether any particular variation is due to legitimate business reasons or discrimination is an inexact and difficult task. Discrimination can occur in many subtle ways, and it seldom leaves a visible audit trail. As a consequence, we can rarely be certain that discrimination has occurred, and we seldom make this formal finding. However, it is not uncommon for examiners to fully explore a questionable variation through conversations with bank personnel. This aspect of the examination process may play a substantial role in sensitizing lenders to the issue of discrimination.

As part of the examination procedures, examiners are instructed to review bank practices and policies regarding preapplication contact with potential customers. In this regard, it is often difficult for compliance examiners to determine, with certainty, what type of interaction may have occurred between potential applicants and the bank before an application is received. If applicants are being discouraged from submitting an application and there is no documented evidence of such treatment, it is possible that the examiner will not learn of this improper bank conduct unless the affected applicants come forward.

Overall, the number and nature of the violations of the Equal Credit Opportunity Act and the Fair Housing Act discovered during our compliance examinations suggest that state member banks are in substantial compliance with the requirements of both acts. While there are several procedural requirements of Regulation B and the Fair Housing Act that some state member banks have not followed, as detailed in our report, these violations do not directly involve the antidiscrimination provisions.

In summary, we do not find policies or practices that suggest that individual state member banks take the race of an applicant into account when making a credit decision. Moreover, the very fact that bank personnel know that examiners will be closely scrutinizing their behavior, through review of bank records, probably has a considerable influence on helping to discourage discriminatory conduct by individual employees.

Home Purchase Lending Disparities by Race

In recent years the staff of the Federal Reserve System has conducted or reviewed several research studies that have examined the relationship between the racial composition of neighborhoods and residential mortgage lending. Copies of these materials, which pertain to Atlanta, Boston, Cleveland, and Detroit, were included in our report.

The Federal Reserve work has all been based on information obtained from records of actual loans granted (either from data obtained pursuant to the Home Mortgage Disclosure Act or from local government property records) rather than from loan application records. Consequently, these studies do not specifically address the question raised in section 1220, which is the extent of mortgage lending discrimination revealed in a review of loan application and disposition records. Nevertheless, the studies do provide some insights into the relationships between race and home lending.

The studies show the following:

- There are differences in the number and dollar volume of conventional home purchase and home improvement loans extended to borrowers in different neighborhoods.
- After accounting for differences in neighborhood income levels, in the number of housing units across neighborhoods, as well as in other selected control variables, areas with predominantly black populations receive fewer home purchase loans, but more home improvement loans, from commercial banks and thrift institutions than similar predominantly white neighborhoods.
- A significant portion of the home purchase finance extended in predominantly black neighborhoods is supplied by nondepository institutions, such as mortgage companies, and, except for Boston, most of these loans are either government-insured or guaranteed (apparently high home prices in Boston have precluded some potential loan applicants from using FHA-insured financing in recent years).

Each of the studies discusses various factors that may account for these loan patterns. For example, the Boston study describes in some detail the complex interaction of demand and supply in both the housing and mortgage markets that combine to jointly determine the distribution of home purchase loans across different neighborhoods. Because the distribution of loans reflects the joint determination of supply and demand factors, many of which are closely related to each other, interpreting the significance of any particular variable is extremely difficult.

The studies, however, do not draw definitive conclusions about the existence or extent of racial discrimination. They are nonetheless useful because they identify the presence of differential lending patterns across neighborhoods and thus focus attention on these matters. For example, the finding that mortgage bankers and other nondepository sources of finance are a dominant source of credit in many predominantly minority areas has raised questions about the adequacy of bank and thrift institution marketing and community outreach in these communities. In addition, the observation that FHA-insured financing is heavily used in minority middle-income neighborhoods suggests that depository institutions could garner a larger share of the home loan market in these neighborhoods if more of them offered FHA-insured loans or similar low down-payment, privately insured conventional mortgage alternatives. Finally, the existence of these disparities, regardless of their cause, should at the very least prompt mortgage lenders to review their marketing and outreach efforts as well as their product offerings in minority neighborhoods. We have recently stressed this responsibility in a joint agency policy statement on the Community Reinvestment Act.

RECOMMENDATIONS

The Board was also asked to provide recommendations for appropriate measures to assure nondiscriminatory lending practices. In light of the recent amendments contained in the FIRREA to the Home Mortgage Disclosure Act and the Community Reinvestment Act, we have no proposals for new legislation.

The amendments to the Home Mortgage Disclosure Act will accomplish the following:

- Extend coverage of the Home Mortgage Disclosure Act to essentially all types of mortgage lenders.
- Require disclosure of data on the disposition of loan applications (besides data on loans originated and purchased).
- Require disclosure of data on the race, sex, and income level of borrowers and applicants.

These amendments will provide new information about the characteristics of loan applicants that will enhance the ability of examiners to determine whether a lender's credit standards are being fairly applied. Also, the extension of the coverage of HMDA to include essentially all mortgage lenders will provide a more complete context in which to judge a bank's mortgage lending efforts.

FIRREA amends the Community Reinvestment Act to provide that after July 1, 1990, the written evaluation of a depository institution's record of meeting the credit needs of its local community made by the institution's regulatory agency must be disclosed to the public. Public disclosure will increase the significance of the evaluation of the bank's performance with that act because it will likely lead to increased dialogue between banks, examiners, and community groups.

The Board believes that the new enhancements to these two statutes will assist in developing a more complete and accurate picture of mortgage lending practices than is possible today, and that no additional legislation is necessary. There are, however, several additional initiatives under review by the Board's staff or subcommittees of the Federal Financial Institution Examination Council (FFIEC), which are referred to in the report.

In closing, I would like to emphasize the Board's commitment to vigorously enforcing the antidiscrimination laws for which it has responsibility. Since homeownership is an important part of the American dream, we all want to assure that every American, regardless of race, is treated fairly if he or she pursues that goal. To this end, we think that our enforcement program helps provide confidence that state member banks are providing mortgage credit on a nondiscriminatory basis. □

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, October 25, 1989.

I appreciate this opportunity to testify in connection with two pieces of legislation currently before the Congress—the Zero-Inflation Resolution and H.R. 2795, the Federal Reserve Reform Act of 1989. Each of these, in its own way, raises issues that go to the heart of monetary policymaking in this country. The resolution would clarify congressional intent as to the broad objectives of policy, while H.R. 2795 would make changes in the structure and day-to-day practices of the Federal Reserve.

The possible implications of the proposed legislation should be given careful consideration. As our central bank, the Federal Reserve has been entrusted with a number of responsibilities deemed essential to the effective functioning of our economy, including upholding the purchasing power of the nation's currency, facilitating the smooth operation of payment systems, and standing ready as the lender of last resort. These responsibilities and the structure of the Federal Reserve have evolved from many years of deliberation about the proper role of a central bank in a democratic society. The question is how such a society can best construct a central bank that combines public accountability with the authority necessary to perform effectively.

The answer in the case of the United States has been the complex structure of the Federal Reserve System, which includes special qualities germane to the institution's charge. The System as a whole, including the twelve Reserve Banks, was established as a balancing of diverse regional and economic interests. By including representatives of the Reserve Banks on the primary decisionmaking body of our central bank, the Congress and the President signaled the importance of those regional perspectives and helped ensure that monetary policy would reflect the needs of the entire nation. The Federal Reserve also has been deliberately accorded a significant degree of insulation from day-to-day political pressures: For example, the members of the Board of Governors are appointed to fourteen-year terms and our budgets are not subject to oversight by the Administration or, more generally, to the authorization and appropriation process. While we have been given broad guidelines for policy and report regularly on our plans to carry them out, the near-term conduct of policy has been explicitly distanced from the political arena. This insulation has not meant isolation, as we coordinate and consult extensively with both the executive and legislative branches.

The System has been given an element of independence within government because the effective implementation of its special functions has been perceived to require it. This independence enables the central bank to resist short-term inflationary biases that might be inherent in some aspects of the political process. The Federal Reserve must take actions that, while sometimes unpopular in the short run, are in the long-run best interests of the country. The standard of living of the American people will be higher over time if we pursue monetary policies that are consistent with long-term price stability. Deviating from the path of policies directed toward long-term stability can create a temporary surge in an economy, but only at a longer-term cost in terms of unemployment and lowered standards of living that far exceeds the short-term benefits of revving up an economy.

The structure of the Federal Reserve, as well as its relationship with other parts of government, has evolved over time as the Congress and the Executive have sought to define the appropriate role and powers to grant a U.S. central bank. The considerable debate and study that went into the establishment of the Federal Reserve did not prevent the government from making major changes in the central bank's structure as, over time, the need for those changes was clearly demonstrated. In particular, a midcourse correction was undertaken in the 1930s. Further, less striking refinements have occurred in the intervening years.

The Federal Reserve as it stands today is the result of many years of informed discussion and refinement; that need not imply that its structure is the best of all possible structures. But it is one that works. It is a system in which the various parts mesh, and the job gets done. Changing such an organization, even perhaps improving one or more parts of it, may well have unforeseen and unfortunate consequences elsewhere in the structure. In other words, change, while it may have benefits, also has potential costs. The fact that the existing Federal Reserve institutional structure has been unchanged for many years has enabled the organization to develop a means of operation dedicated to the most efficient carrying out of its responsibilities. When elements of the structure have been less than optimum, relationships have evolved to compensate. If the structure is altered, time will be required to recompensate. In short, for a period of time the efficacy of the organizational structure will decline.

H.J. Res. 409

The Zero-Inflation Resolution represents a constructive effort to provide congressional guidance to the Federal Reserve. If passed, it would further clarify the intent of the Congress and the President as expressed in prior legislation. Legislative direction as to the appropriate goals for macroeconomic policy in general and monetary policy in particular have been provided before. Unfortunately, the instructions have defined multiple objectives for policy, which have not always been entirely consistent—at least over the near term.

The current resolution is laudable, in part because it directs monetary policy toward a single goal, price stability, that monetary policy is uniquely suited to pursue. While such influences as oil price shocks, droughts, depreciation of the dollar, or excise tax hikes may boost broad price indexes at one time or another, sustained inflation requires at least the acquiescence of the central bank.

Moreover, the objective set in this legislative proposal would promote the welfare of the American people because price stability is a prerequisite for, over time, maximizing economic growth and standards of living. As the resolution spells out, the elimination of inflation would allow the economy to operate more efficiently and productively by reducing the need to predict and to protect against inflation. The elimination of inflation would allow interest rates to decline and would reduce the uncertainty about price trends that can discourage saving and investment. In general, as I indicated earlier, over the long run, price stability is a precondition to the economy turning in its best possible performance. It is for this reason that the Federal Reserve remains determined to reach this goal.

The resolution explicitly recognizes this long-run relationship, and in an effort to get there, it sets a five-year deadline on eliminating inflation. Such a deadline is attainable, but it would have costs. During this transition period, growth could be reduced for a while from what it otherwise would have been. Because price-setting behavior in our economy has considerable momentum, the requisite slowing of demand would tend to translate, in the first instance, into a slowing of real output and only subsequently into restraint on prices. In the longer run, of course, whatever losses are incurred in the pursuit of price stability would surely be more than made up in increased output thereafter.

The extent of the near-term slowdown in real output would be influenced by a variety of factors, including importantly the strength of inflation expectations. At the moment, after seven years of inflation trending around a 4 percent annual rate, individuals, businesses, and financial markets appear to believe with some conviction that inflation is likely to remain in this vicinity. Of course, over the years, monetary policy will be bringing inflation down further, and inflation expectations will adjust downward as well, but the mere passage of legislation such as this could be helpful in reducing those expectations even more quickly. Nevertheless, with the nation's last prolonged period of approximately stable prices now a generation in the past, the public is likely to remain skeptical until it observes real, consistent progress.

The elimination of inflation is not a simple mechanical operation. To minimize the costs associated with the process and to react to unexpected events, the Federal Reserve must retain significant flexibility. Monetary policy is only one of many influences on the economy. The stance of fiscal policy, the condition of financial markets, and the course of foreign economic developments are among the other major factors affecting the economy. As events unfold, adequate policy responsiveness requires ongoing judgment and flexibility in decisionmaking by the monetary authorities.

Various other influences on the economy can prove either helpful or harmful in the process of eliminating inflation. For example, maintaining free and open markets for products and productive resources is a key factor in facilitating that process. Competitive markets provide the most efficient and complete employment of resources, allowing the economy to grow at its potential. The flexibility provided by free markets is especially beneficial during periods of transition, such as that implied by this resolution. Thus, reducing unnecessary regulations and rigidities could, by enhancing market flexibility, lessen the strain of adapting to a stable price environment. This conclusion applies with respect both to domestic impediments and to international barriers; protectionism can raise the costs of lowering inflation.

The federal deficit also would affect the path to price stability. To the extent that the federal government restrains its demand, the need for restraining private sector credit demand would be reduced, and funds would become more available for that sector. In other words, the degree of monetary policy restraint implicitly mandated by the resolution's five-year deadline would be lessened by better balance in the federal government's accounts.

The Federal Reserve Board fully supports the thrust of the current resolution because price stability is in the best interests of the nation and because it is achievable. But the reminder that significant costs could accompany the transition to stable prices is also a reminder, both to the Federal Reserve and to the rest of the government, that efforts would have to be made to minimize those costs. By minimizing the transition costs, we ensure the continued willingness to pay those costs so that we may realize the long-term, and very substantial, benefits of price stability.

H.R. 2795: Secretary of the Treasury

In the remainder of my testimony, I will take up each of the provisions of the second piece of legislation under consideration, H.R. 2795, in the order in which it presents them. The first provision would make the Secretary of the Treasury a member of the FOMC. I understand, however, that this provision is being changed instead to require periodic meetings between the FOMC and representatives of the Administration.

I was pleased to hear that the original provision would disappear, because expanding the Secretary's responsibilities in that manner could have significant, adverse effects on monetary policy. As you know, legislation in 1935 explicitly removed the Secretary from the Federal Reserve Board, and the clear intent of the Congress in doing so was to assure that the Federal Reserve would be insulated from day-to-day political pressure and influence by the Treasury Department and the Administration. Placing the Secretary of the Treasury on the FOMC would have torn away an essential part of that insulation. Moreover, as the Administration official responsible for funding the federal government, the Secretary might face conflicting goals—on the one hand, the immediate need to finance the deficit at the lowest possible interest rates, and, on the other, the obligation to support a monetary policy consistent with a stable economic environment over time.

The substitute provision replaces that more radical change with the requirement to hold several meetings each year. I am fully in favor of productive exchanges of information and opinions between members of the FOMC and members of the Administration. In fact, there already exist a large number of forums in which those views are aired, providing ample opportunity for the Administration to make us aware of its perspective. We maintain a close working relationship with the Secretary and the Treasury generally, as well as with other departments and agencies, including the Office of Management and Budget. Board and Treasury staffs are in daily communication with each other, and the Secretary and I meet at least once a week. I also meet often with the Chairman of the Council of Economic Advisers, and I speak frequently by telephone with both the Chairman and the Secretary.

As a consequence of these contacts, both the Administration and the Federal Reserve are fully informed about each other's views on the economy and their plans for policy. These interactions contribute to the coordination that is so necessary in carrying out the nation's economic policy. Moreover, to ensure the continued coordination of macroeconomic policy, the Full Employment and Balanced Growth Act of 1978 already requires us, in our semiannual reports to the Congress, to relate our objectives to the economic goals set forth by the Administration.

Notwithstanding the existing channels, I would support expanding these contacts if the individuals involved feel that it would be useful. Specifically, more frequent meetings of the so-called Quadriad—the Secretary of the Treasury, the Chairman of the Council of Economic Advisers, the Director of Management and Budget, and the Chairman of the Federal Reserve Board, with or without the President—might be useful. What I do not favor is the creation of unnecessary and duplicative arrangements, which would set up highly formalized channels of communication, such as those apparently called for in the substitute provision.

Under this proposal, the required meetings, involving the FOMC and the Quadriad, would take place immediately before certain, key FOMC meetings. Although intended only to improve the coordination of economic policymaking, the proposal, by subjecting the FOMC to a more intensely political perspective, could risk bending monetary policy away from long-term strategic goals.

The ability of the Federal Reserve to conduct monetary policy as it does today—with relative freedom from day-to-day pressures from the Administration, as provided by the Congress itself—has served the nation well over the years and should be retained.

H.R. 2795: Coterminus Term

The satisfactory performance of the status quo also enters into the debate surrounding other provisions of the bill. One section would alter the schedule on which the Chairman of the Board of Governors is appointed. While generally maintaining the current, four-year length of that term, it would make it begin one year after the beginning of a presidential term, thereby always allowing a new President to appoint a new Chairman about a year after inauguration. Should the Chairmanship become vacant prematurely, an appointment could be made only for the remainder of the unexpired term. By contrast, the present system has an element of chance: All Chairmen are appointed to four-year terms, and because some did not serve out their full terms, the relation of the Chairman's term to that of the President has changed over the years.

Proposals to change to coterminus, or approximately coterminus, terms have been discussed and debated for more than twenty-five years. The main reason advanced for making the change has been to promote better coordination of macroeconomic policy between the Administration and the Federal Reserve. The prompt appointment of a compatible Chairman would help ensure that monetary policy complements the Administration's policy stance, and it would reduce the potential for prolonged policy conflicts. In addition, there has been some concern that current law could result in the Chairman's appointment regularly occurring during the very politicized atmosphere of a presidential election. On the other side of the debate, opponents have argued that the change would move too much in the direction of linking the Federal Reserve to the White House and it would run counter to the important principle of maintaining the Federal Reserve's policy at some arm's length from the Executive.

At various times over the years, the Federal Reserve has both supported and opposed proposals of this type. Having looked at the arguments on both sides, I do not find those in favor of the change to be particularly persuasive. As I indicated earlier, ample opportunities for coordination of policy already exist. In addition, I am concerned that linking the Chairman's term to the President's would imply less independence from the White House than what has prevailed up to now. Moreover, some practical problems could arise in response to the need to fill an unexpired term. For example, should the Chairmanship open up with only a relatively short time left to run, it might be very difficult to induce the best qualified person to accept the position on a short-term basis, as an intervening presidential election would prevent any assurance of reappointment.

To my mind the present arrangement has worked reasonably well. I do not perceive strong advantages in changing it.

H.R. 2795: Immediate Disclosure

Another provision of the bill would affect the daily implementation of policy by requiring the immediate disclosure of all monetary policy actions. The argument for this proposal rests on the importance of openness and accountability in our government, and on the perceived value of promptly giving markets all available information.

I agree that these are vital characteristics, and I believe that the Federal Reserve's record on this score has been good. We make our decisions public immediately, except when doing so could undercut the efficacy of policy or compromise the integrity of policymaking. When we change the discount rate or reserve requirements, those decisions are announced at once. When we establish new ranges for money and credit growth, those ranges are set forth promptly in our reports to the Congress. And when the Congress requests our views, we come before this committee and others to testify. Moreover, we publish our balance sheet every week with a one-day lag. What we do not disclose immediately are the implementing decisions with respect to our open market operations. However, even the operating targets ultimately are released to the public. We publish a lengthy record of the policy deliberations and decisions from each Federal Open Market Committee meeting shortly after the next regular meeting has taken place. In this respect, the Federal Reserve compares very favorably with the central banks of other major industrial nations.

The immediate disclosure of any changes in our operating targets would make this information available more quickly to all who were interested, but it also would have costs. Simply put, this provision would take a valuable policy instrument away from us. It would reduce our flexibility to implement decisions quietly at times to achieve a desired effect while minimizing possible financial market disruptions. Currently, we can choose to make changes either quite publicly or more subtly, as conditions warrant. With an obligation to announce all changes as they occurred, this distinction would evaporate; all moves would be accompanied by announcement effects akin to those currently associated with discount rate changes. If markets always accurately assessed the implications of such announcements, incorporating them into the structure of prices, then market efficiency might be enhanced by making our open market objectives public immediately. However, prices can, and do, overreact to particular announcements, as the stock market movements of the last two weeks seem to confirm. The loss of flexibility implied by the announcement requirement would be regrettable, especially in view of the inevitable uncertainties surrounding the outlook for financial markets and the economy.

The need for flexibility is especially pressing in times of acute financial unrest. At those times, it is imperative that the Federal Reserve remain able to respond promptly and in whatever manner is most appropriate to the moment. The fluidity of financial crises requires the same kind of fluidity in our response. Some types of announcements could well be helpful in such circumstances—as, for example, the very general statement made at the time of the October 1987 stock market crash appeared to be. However, it would be ill advised and perhaps virtually impossible to announce short-run targets for reserves or interest rates when markets were in flux. Our open market operations might depend on market conditions at the moment and might not be accurately represented by an announcement of a particular goal for reserves or interest rates. Moreover, the specific instrument settings might themselves be changing as developments unfolded. Markets are often prone to overreact at times when the financial system appears fragile, and under these conditions, the requirement to publicize each change could risk further unsettling the markets.

In the normal course of events, a public-announcement requirement also could impede timely and appropriate adjustments to policy. In recent years, the Federal Reserve has been most successful when it has anticipated pressures on the economy and has moved promptly to counter them. The immediate announcement of changes to our instrument settings could adversely affect the policymaking process that has made this possible and could impart a degree of sluggishness to policy responses. The Federal Reserve might be forced to focus more on the announcement effect associated with its action, than on the ultimate economic impact.

Currently, the basic policy stance of the Federal Reserve is reviewed by the Congress and the nation when we present our semiannual report on monetary policy. The longer-run ranges for money and credit, along with other considerations set forth in those reports, constitute the framework within which shorter-run, implementing actions are taken. Should the basic policy objectives change, that would be announced promptly. The current debate concerns only the immediate disclosure of operational decisions connected with carrying out those basic objectives. Our conclusion is that mandating such announcements would yield only marginal rewards, but could significantly reduce the effectiveness of policy.

H.R. 2795: GAO Audit

A similar conclusion holds with respect to the bill's next provision, which would extend the scope of the General Accounting Office's audits of the Federal Reserve by allowing the GAO to review our monetary policy activities. The monetary policy area was one of the very few areas of Federal Reserve activity explicitly exempted from review by the Federal Banking Agency Audit Act of 1978, which authorized GAO audits of the remaining functions.

We fully appreciate the interest of the Congress and the public in the conduct of monetary policy. Indeed, surveillance and disclosure of governmental activities are essential in a democratic society. It is only when certain aspects of these requirements undercut the capability of an agency to carry out its mandate from the Congress that they may not be in the public interest. There is a tradeoff of values—the valid desire of the public for surveillance and disclosure relative to the value to the public of effective policy.

The benefits proposed by H.R. 2795 would in my judgment be small because the enhanced GAO audit would tend to duplicate functions that are already performed. Specifically, the monetary policy function of the Federal Reserve is, in effect, already audited by the Congress itself when we present testimony and semiannual monetary policy reports. Moreover, a vast and continuously updated literature of expert evaluations of U.S. monetary policy exists. The contribution that a GAO audit would make to the active, public discussion of the conduct of monetary policy in this country is not likely to outweigh the possible negatives.

Those negatives would include a potential compromising of Federal Reserve effectiveness, in part because the FOMC might feel heightened pressure from the Congress, through this channel, to exercise other than its best professional judgment on policy matters. Even aside from the possibility that this provision might influence the stance of monetary policy, GAO scrutiny of policy deliberations, discussions, and actions could impede the process of formulating policy. A free discussion of alternative policies and possible outcomes is essential to minimize the chance of policy errors. The prospect of GAO review of formative discussions, background documents, and preliminary conclusions could have a chilling effect on the free interchange and consensus building that leads to good policy. Responsible review of policy results is welcome—a function already performed by the Congress itself—but second-guessing of the policy process could prove detrimental to that process, and ultimately to the effectiveness of policy.

H.R. 2795: The Budget Process

At this point, I would like to turn to the final section of the bill, the section related to the budgetary treatment of the Federal Reserve. This issue of budgetary treatment is one that has been considered many times. After each review, the Congress has concluded that the Federal Reserve's functional independence is inseparable from its budgetary independence. Subjecting the Federal Reserve's budget to review by the Administration and to the appropriations process could allow inappropriate political pressures to be brought to bear on the monetary authorities and on the making of monetary policy. The current proposal exhibits some sensitivity to this issue by providing that the Federal Reserve budget would be included in the budget by the President without change. In addition, as we understand it, the bill does not intend to subject the Federal Reserve to the appropriations process, although it is not explicit on this point. Nevertheless, the bill represents a potential first step toward placing both the Federal Reserve budget and Federal Reserve policy more closely under short-run political control.

The benefits of making this change would be minor compared with the costs because substantial and detailed information on the Federal Reserve's spending and operations is already available. Budgets for both the Board of Governors and the Reserve Banks are discussed and approved in public meetings of the Board. This committee holds annual oversight hearings at which we present testimony on these budgets, with a full airing of issues related to our revenues and expenditures. The budget of the Board is published annually as an information item in the appendix to the federal budget, and the estimated net income of the System is currently included in the budget itself. In addition, since 1986 we have published a separate *Budget Review* supplement to our annual report; this supplement was developed explicitly to present the details of our financial stewardship in a comprehensive, yet accessible, manner. Finally, very detailed data on the Federal Reserve's spending, drawn directly from our accounting and management information system, are made available to the public on a quarterly basis.

Bringing the Federal Reserve into the budget document would not enhance the available information about our revenues and expenditures, nor would it change the way our activities affect the fiscal balance. The Federal Reserve's large net earnings are paid over to the Treasury each year and are properly recorded as a receipt in the U.S. budget. Thus, the budget already reflects the influence of Federal Reserve operations on the overall fiscal position of the government.

Requiring the Federal Reserve to make budget submissions would translate into requiring the institution to maintain a dual accounting system. The Federal Reserve currently keeps its books according to generally accepted accounting principles, and would have to continue to do so for a variety of reasons, including the requirement of the Monetary Control Act that we price our services competitively. Thus, a shift to federal budget accounting would require not merely a one-time change, but ongoing duplicate accounting. As a result, to provide meaningful data for the federal budget document, the Federal Reserve would have to incur several million dollars a year in additional expenses.

I certainly share the view that the Federal Reserve must be fully accountable to the American people for its spending, as well as for its policy actions. We regard it as our duty to give a complete, public accounting of our operations. But this proposal would yield very little in the way of benefits to the American people while entailing some real costs.

Integrating Federal Reserve expenditures into the federal budget, contrary to our entire history and earlier congressional decisions, would, I fear, be interpreted as a clear step toward heightened political influence and control over the central bank.

CONCLUSION

In reviewing the legislation before us today, it is, broadly speaking, the appropriate degree of guidance and control over the Federal Reserve that is at issue. The Zero-Inflation Resolution is an example of appropriate guidance for the central bank if the Congress chooses to go in this direction. In further clarifying the government's long-run goals for monetary policy, the resolution would provide a broad framework and direction to the Federal Reserve. While we at the Federal Reserve sympathize with the desire for openness and accountability embodied in H.R. 2795, our considered view is that the provisions of this bill move only marginally, if at all, in this direction. Moreover, the proposed changes could well prove detrimental to the implementation of effective monetary policy. In the Board's judgment—as citizens, not just as members of the Federal Reserve System—it is a poor tradeoff.

In this regard, several points warrant repeating: First, that the independence of the Federal Reserve has, in practice, served the country well; second, that the Congress, in revisiting this issue on numerous occasions, has repeatedly reaffirmed that independence; and third, that while each proposal alone might represent only a small step, taken together they would erode this independence and, with it, the Federal Reserve's ability to carry out its responsibilities.

The Federal Reserve is part of government, operating with the other arms of government to further the economic objectives of the nation. The Federal Reserve is always subject to change through the legislative process. But in making changes, I would urge you to be sure there are sufficiently compelling considerations of policy in favor of the change. Those factors must be judged to outweigh the pragmatic considerations of tampering with a structure that has proved resilient and useful, as well as the risks of impairing our long-run prospects for economic growth.

In the past, the Congress has steadfastly supported the independence of the Federal Reserve. I can only encourage the Congress now to reaffirm this commitment. □

Statement by Manuel H. Johnson, Vice Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, October 25, 1989.

I welcome the opportunity to be here today to present the views of the Federal Reserve about the condition of the nation's banking system. During the last several years, the U.S. financial system has had to operate in an environment characterized by rapid change that has led to significant pressures on many institutions. The landmark legislation that the Congress recently enacted to deal with the savings and loan industry is a visible illustration of the problems that certain segments of our depository institutions industry have encountered in recent times. Although the problems of the U.S. banking system have been far less than those of thrift institutions, the banking industry is only now emerging from a difficult period in which historically large numbers of banks have failed. It is important as we go forward that we remain vigilant in our supervisory efforts to ensure that the banking system continues to rebuild its strength and maintain the confidence of the general public.

In my remarks today I will provide the Board's views of the general strength and outlook for the U.S. banking industry and of the principal issues that we face. I will also discuss some of the actions the Board has taken to foster a sounder, more resilient, and competitive banking system. In the process, I will generally address the areas cited in the committee's invitation letter. I would like to begin with an overview of current banking conditions.

OVERVIEW

An important theme when describing the recent performance of the banking industry is that many institutions have made progress toward increasing their earnings and strengthening their reserves and capital base. The pace of improvement may be slower than we would like, bank failure rates continue to be unacceptably high, and clear pockets of real and potential problems remain. Moreover, some large institutions, in particular, are reporting third-quarter losses due to asset quality problems that will give many of them losses for the year. Nevertheless, the industry seems to be better prepared to deal with its problems now than it has been in several years.

The progress—and the problems—that the industry has seen reflect in large part the length and nature of the current business cycle. Although we are currently benefiting from the longest peacetime expansion in U.S. history, it has not been felt equally by all sectors of the economy. The energy sector has been hurt severely by lower oil prices; the agricultural sector has been buffeted at times by low commodity prices and at other times by poor crop yields; conditions abroad have adversely affected the quality of many foreign loans and the strength of export markets; and the volatility of interest and exchange rates has increased the risks in many business sectors. These events have also contributed to excess supplies of real estate properties in some regions of the country that, at times, have produced sharp declines in real estate values. Those declines have not only created severe problems for many thrift institutions, but they have also affected some banks.

Technological change, financial innovations, and increased competition have also altered the environment for at least the major banking institutions. Foreign institutions, for example, have continued to increase their market share of U.S. business loans. Some of those foreign institutions have had lower capital standards and broader powers, providing them with a competitive edge. Many of the larger U.S. banking organizations have addressed this challenge, in part, by expanding their so-called off-balance-sheet activities, such as interest rate swaps and financial guarantees, and by devoting more energy to developing new financing techniques. They have also requested—and received—somewhat broader powers so that they can continue to compete with both nonbank firms and foreign banks.

The growing movement toward interstate banking has further altered the competitive environment for U.S. banks. The number of mergers and acquisitions of major financial institutions has increased sharply in recent years due to the failure of some large institutions and to the adoption of regional interstate compacts by many states. In general, these structural changes should help U.S. banks compete in world markets by increasing their financial strength and operating efficiencies. It may also, however, present them with additional challenges to implement the organizational and operating changes they need to manage their risks effectively. As banking regulators, we need to monitor these developments carefully in the months and years ahead as the industry continues to revise its structure and as we resolve the insolvent savings and loan associations.

Recent Financial Performance

Let me now turn to more specific indicators of recent banking industry performance. In general, these measures have shown an improvement in recent periods, especially for the regional institutions that are less exposed to heavily indebted foreign countries.

Profitability. Earnings of the U.S. banking industry rebounded strongly during 1988. Average return on assets during 1988 for all insured commercial banks was 0.80 percent, compared with 0.11 percent in 1987. This recent performance represented the highest reported profitability measure for the industry in decades. Importantly, the strongest performance was reported by many of the largest banks, which were responsible for the industry's losses in 1987 and which have the greatest need to strengthen their capital positions. The twenty-five largest bank holding companies, for example, reported a return on assets for 1988 of 0.90 percent, mostly reflecting the earnings of their subsidiary banks. Their 1988 results, however, reflected loan-loss provisions that, as a percent of assets, were significantly lower than they had been in recent years.

For many institutions, last year's relatively strong earnings performance has continued into 1989, as well. During the first half of the year, both the largest banks and the banking industry reported annualized average returns on assets of about 0.90 percent. Most recently, however, some of the largest institutions have substantially increased their provisions for loan losses, which will temper the earnings gain that much of the industry has made.

Much of the earnings improvement last year reflected sharply lower loan-loss provisions by the largest institutions, but other factors were also important, as well. Many of the larger companies, in particular, have increased their emphasis on generating noninterest revenues and on controlling operating expenses. Noninterest income of the twenty-five largest bank holding companies, from such sources as investment banking, asset sales, service charges, and loan commitments, as well as from foreign exchange and securities trading and other activities, has more than doubled in the past five years relative to total assets. That trend may continue as the largest banking organizations search for ways to improve investor returns while minimizing their credit risks and their need for additional shareholder funds.

The relatively low level of loss provisioning continued through the first half of 1989, as well. However, by the third quarter, many of the largest companies had announced substantial additions to their reserves, mostly in anticipation of further losses among their foreign loans and domestic real estate credits. The latest provisions give several of the largest U.S. banking organizations reserves for developing country loans that exceed 50 percent of their exposure.

The appropriate amount for the reserve depends partly on the strategy of the lender toward this business. The indebted countries clearly need some access to new financing. Those institutions that take a long-term view and are prepared to work with the borrowers may well realize higher returns on their loans than will those who are willing to take near-term losses and withdraw from that market. There is no magic number regarding the appropriate volume of reserves for these loans. Nevertheless, our policy has been, and remains, to require additional reserves, when we believe that conditions warrant.

The third-quarter losses that some large companies have reported, while troubling, should better position the companies for the future. Moreover, some companies have coupled their announcements of special provisions with disclosure of plans to issue significant amounts of additional common stock. While efforts to resolve asset quality problems must continue, actions that increase loan-loss reserves and strengthen capital are welcome.

Asset Quality. Asset quality remains the principal concern facing the industry. Some earlier problems seem to have receded, such as those in the agricultural sector that ravaged many midwestern banks, but others remain. Loans to some highly indebted countries continue to undermine the near-term earnings and competitive positions of some of the largest organizations, and the real estate markets have softened in several formerly buoyant sections of the country.

Real estate markets in New England, parts of the Southeast, and broad areas of the Southwest show the most visible signs of weakness. Problems in the Northeast have recently led several institutions there to make substantial provisions for real estate losses. Most of those expected losses, in turn, involve development and construction projects, including condominium projects, in particular. Recent trends in commercial vacancy rates, combined with other factors that could adversely affect that region's economy, could lead to problems for other banking institutions, as well.

Relative to total assets, the volume of nonperforming assets for the industry increased during the first half of 1989, after having declined during 1988. The volume of weak assets remains stubbornly high for the larger banking organizations, in large part due to their exposure to foreign borrowers. Nonperforming assets of the twenty-five largest bank holding companies increased slightly to 3.1 percent of their total assets at midyear, which is well above the average 2.2 percent reported by all holding companies. I will say more about the foreign debt situation later.

Exposure to highly leveraged borrowers, including involvement in leveraged buyouts and other highly leveraged financings, also has important implications for the risk profiles of banking institutions. Such transactions can be important vehicles for the necessary restructuring of some companies and, in this way, may contribute to the operating efficiency and financial performance of U.S. businesses. Nevertheless, the higher debt levels and relatively lower equity cushions that characterize such transactions can also weaken the borrower's ability to withstand financial adversity and, other things being equal, can raise the level of risk in bank loan portfolios.

At midyear 1989, the fifty largest bank holding companies had total loans and commitments to highly leveraged borrowers of more than $100 billion, an increase of 20 percent from the level they reported at the end of 1988. Although the vast majority of these claims are in the form of senior debt, the amounts outstanding are substantial for many companies, both in absolute terms and relative to their equity capital. This is clearly an area that warrants particularly close attention by bank managers and supervisors alike.

Capital Adequacy. An important indicator of the strength of the banking system is the measure of capital adequacy. Accordingly, developing both an accurate measure and an appropriate standard for evaluating the capital adequacy of banking organizations has always been of prime importance. The international risk-based capital standard adopted during the past year represents a milestone in international cooperation and should help to strengthen capital standards throughout the world.

Although the new standard is not effective until the end of 1990 and will not be fully implemented until two years later, most banking organizations are focusing on those requirements now. We estimate that about 94 percent of the nation's commercial banks met or exceeded the minimum risk-based capital standard at midyear, even under the more rigorous 1992 definitions. Even many of the large regional and money center bank holding companies meet the standard, or are well on their way toward meeting it.

The actions some companies have taken to raise additional capital in response to the future risk-based capital requirements also improve their capital ratios, as measured by current standards. Primary capital, for example, which includes equity capital, loan-loss reserves, and a few other components, averaged 8.25 percent of adjusted assets at midyear 1989 for all bank holding companies with assets exceeding $150 million. That figure compares with 8.08 percent at the end of 1988 and with 7.90 percent the year before. This general improvement has been widespread.

Much of the improvement in recent years has come through slower asset growth, especially on the part of the larger institutions. During 1988, total assets of all insured commercial banks grew only 4.4 percent, compared with rates of 7 to 8 percent during the first half of this decade and with rates in the mid-to-low teens during the 1970s. Average asset growth among the twenty-five largest banks has virtually stopped, increasing by only 0.6 percent last year after having been virtually unchanged during 1987.

Some of that slowdown reflects efforts to meet stronger capital standards, reduce foreign exposure, securitize assets, and focus on off-balance-sheet and other fee-generating activities. Growth of outstanding loan commitments and foreign exchange and interest rate contracts, for example, has been much stronger than asset growth in recent years. Transfers of certain securities activities from banks to bank holding company affiliates also explain some of the slow growth by these large banks. Measured on a consolidated holding company basis, the twenty-five largest institutions grew 4.2 percent last year.

The risk-based capital standard imposes specific minimum ratios for "Tier 1" (largely equity) capital as a percent of assets. That emphasis on equity should support and, we hope, help to extend the improvement we have seen in equity-to-asset ratios. At the end of 1988, for example, bank holding companies with assets exceeding $150 million reported equity equal to nearly 6.0 percent of their total assets—more than a percentage point higher than at the beginning of the decade. Although the twenty-five largest companies reported a lower average equity ratio of 5.33 percent, their relative improvement was even greater during that period.

The problems of the thrift industry have demonstrated the need for financial institutions to maintain adequate levels of tangible capital to absorb unexpected losses. The Federal Reserve shall continue to enforce prudent standards for state member banks and bank holding companies and ensure that these capital standards remain sound. The role of intangible assets, such as goodwill, in the capital measure for banks is minor now and will decline further during the next few years as the new standards are put in place. We shall also continue our efforts to coordinate those standards internationally so that they are administered similarly throughout the world and that U.S. banking organizations can compete worldwide on a more equitable basis.

The committee has asked whether the Federal Reserve believes that the U.S. banking system currently has sufficient capital to protect the public interest and avoid a serious drain of the bank insurance fund. Many bankers will testify that we seem constantly to urge higher levels of capital. Increased risks resulting from greater competition, expanding powers, and a rapidly changing environment for banking services suggest that some institutions should have materially higher levels of shareholder funds. In those cases, we have and shall continue to urge institutions to raise the necessary funds. Over all, though, the committee should recognize the considerable progress the industry has made to improve its capital position.

Besides issuing more equity securities, the domestic banking industry has generated substantial funds through increased retained earnings. Over the past several years, a trend toward higher earnings and lower dividend payout rates of large banks was especially helpful in that regard. During the past five years, the retained earnings of all insured U.S. commercial banks rose $39 billion, or 79 percent. By comparison, their total assets grew only 31 percent.

The new risk-based capital standard will identify the need for capital by relating the requirements to the specific composition of risk each organization accepts. The measure, however, is not a panacea and cannot be put on automatic pilot and then ignored. An adequate capital standard is a critical element of a sound supervisory system, but it is only one of many components. Vigilant supervision, thorough examinations, and prompt enforcement actions are other essential elements that I will address next.

Examination Efforts

The Federal Reserve believes that frequent onsite examinations are a critical component of an effective supervisory framework. In this regard, the Federal Reserve's policy is to examine all state member banks and bank holding companies with significant operations on an annual basis, either directly or in conjunction with state supervisory agencies. Problem institutions are examined more frequently and are subject to other more rigorous supervisory reviews.

Conditions of the past several years, in both the banking and thrift industries, have imposed significant pressures on our field examination resources. This year, in particular, our involvement in thrift institution examinations and closings has forced us to postpone the regular periodic examinations of some institutions that appear to be healthy and to limit the examination scope of others. While we can make such adjustments temporarily, we cannot do so for extended periods. Such actions would increase the possibility that problems could develop and grow without early detection. In light of these and other developments I have discussed in this statement, it is crucial that we continue to devote adequate resources to onsite examinations and other critical supervisory functions. It is also essential that we take any steps necessary to attract and retain qualified field examiners and supervisory personnel.

International Debt Situation

A significant area of concern for some of the nation's largest banking organizations continues to be their exposure to developing countries. The U.S. banking system is now much less vulnerable to debt-servicing difficulties by these countries than it was in the early 1980s. That is not to say that the problem is behind us. At midyear, exposure to problem debtor countries still represented more than 90 percent of the combined primary capital of the nine most internationally active U.S. banks and almost 40 percent of the capital of thirteen others.

Fortunately, though, this vulnerability continues to decline from much higher levels a few years ago. During 1988, alone, those twenty-two large banks reduced their net exposure to problem debtor countries almost $9 billion. In the first six months of this year, they reduced it another $4.5 billion. This progress has been made by reducing the exposure through a combination of asset sales, swaps, and chargeoffs, and, more important, by strengthening the capital and reserve base of the lending institutions. Indeed, by creating strong levels of reserves, most regional and superregional banking organizations have nearly removed these exposures as a major determinant of their financial strength.

Several large banks have recently further increased reserves against developing country debt. On balance, the Board views this as a positive development toward strengthening the banking system. However, both the banks and the regulatory agencies must continue to review these reserves on an ongoing basis to ensure that the level of bank reserves and capital is appropriate to current circumstances. Moreover, from the banks' own perspective as well as from the perspective of the international economy, commercial banks should continue to work with the borrowers and the international institutions in a continuing cooperative effort to improve the economies of these countries and, thereby, their ability to service their debts.

Problem and Failed Institutions

During 1988, the number of failed banks had reached another postwar high of 200 institutions, compared with 184 in 1987. An additional 21 banks with assets of $13.5 billion were operating with Federal Deposit Insurance Corporation (FDIC) assistance while a permanent solution was being reached. Since the total failures included numerous subsidiaries of several of the largest Texas banking organizations, the assets of the failed banks soared to $40.3 billion in 1988 from $6.9 billion the year before.

Both the number and size of bank failures have continued at high levels this year. Through September 1989, 160 commercial banks had failed, with total assets of $25.7 billion. The failures were heavily concentrated in the Southwest. Failures in the West and Midwest declined during 1988 from their 1986–87 peaks and accounted for only twenty failures in the first nine months of this year. With respect to the Federal Reserve's specific activities, nine state member banks have failed through September, compared with twenty-one for all of 1988.

The number and assets of problem institutions also remain historically and unacceptably high but also appear to have peaked. Both figures declined slightly in 1988 and have dropped further during 1989. At the end of the third quarter, 1,166 commercial banks were considered problem institutions by the FDIC, compared with a high of 1,575 banks at the end of 1987. Most of them are located in the Southwest, while conditions in the West and Midwest have improved. Softness in the automobile industry could aggravate economic conditions in the Midwest but, barring new major problems, should not reverse the trends toward fewer problem banks in that area.

Supervisory and Regulatory Initiatives

The Federal Reserve, often in cooperation with the other federal bank regulatory agencies, has adopted a number of significant measures in recent years to address real and potential risks in banks. As indicated earlier, we have also provided significant examination resources to help identify and resolve insolvent thrifts. Several of the major new initiatives are summarized below.

Capital Standards. Late last year the Board adopted a new risk-based capital standard for state member banks and bank holding companies that was based on negotiations conducted through the Bank for International Settlements. As I have suggested, this international standard emphasizes the need for "core" shareholder funds, recognizes risks in certain off-balance-sheet activities, and varies the amount of capital required for various types of assets by the amount of perceived credit risk contained in each asset or exposure. This standard should tailor each institution's capital requirements more closely to its willingness to accept risk and should also lead to more equitable competition among major banks worldwide.

The Board fully supports strong capital standards and has worked hard to improve the capitalization of the banking industry. Our influence comes not only through supervisory actions but also from administering the bank holding company application process. When deciding requests of banking organizations to merge with or acquire other institutions, the Federal Reserve has required and will continue to require applicants to raise additional shareholder funds, when necessary. This process will involve prohibiting poorly capitalized institutions from expanding through mergers and acquisitions and, at times, may even require other companies to strengthen their financial positions further. In that way, the structural changes occurring within the industry can lead to a stronger banking system.

Highly Leveraged Financings (HLFs). Early this year the Board revised its 1984 examination guidelines on HLFs, including leveraged buyouts, to strengthen its cautionary language and to stress further the need for lending institutions to thoroughly evaluate the financial strength of the borrowers. The new statement emphasized the importance of the following: (1) evaluating cash flows under varying economic conditions, (2) setting reasonable "in-house" limits on the consolidated exposure of HLF borrowers, and (3) establishing specific policies, procedures, and controls for HLF lending. The statement also urged banks to price these credits prudently to reflect adequately the trade-off between risk and return and to avoid compromising sound banking practices in a search for market share and short-term gains.

The Federal Reserve Banks have also employed these guidelines to give special attention to loans to customers with exceptionally high debt profiles. In this connection, the federal banking agencies have recently developed a definition of highly leveraged financings that they can use for examination and supervisory purposes. Such a consistent definition should help identify trends and compare the exposures of individual institutions.

New Securities Powers. Earlier this year, the Board agreed to permit several large U.S. bank holding companies to expand their securities activities by underwriting, on a limited basis, corporate debt and equity within the United States. However, before the companies could conduct those new activities they were required to demonstrate that they had adequate capital, managerial expertise, and controls. The Board granted its permission immediately for them to underwrite commercial debt instruments, and by midyear four companies had done that. However, the Board has withheld for at least one year its consent for them to underwrite equities. By its conditional approval, however, the Board indicated its willingness to allow U.S. banking organizations to provide that service, if proper systems are in place to control the risks.

This decision was made in response to changing market conditions and competitive positions and on the basis of existing authority granted in the Bank Holding Company Act. The Board was mindful of any increased risks such activities might present to the organization's core banking business and took special steps to ensure that the new underwriting powers were separated from the activities of any subsidiary bank(s) and that appropriate prudential safeguards were in place to protect affiliated banks. It also took special steps to ensure that the banking organizations conducting these activities were well capitalized or that they raised additional equity to support these incremental risks. That approach should improve the ability of domestic bank holding companies to compete more effectively with foreign and nonbank institutions, while protecting the public's interest in a safe and sound banking system.

Hostile Takeovers. Through past decisions, the Board has indicated its intent to remain neutral on the issue of friendly or unfriendly acquisitions of domestic banking organizations. Its principal interest in all acquisitions continues to be that the resulting organization be financially sound and have a strong capital position. The Federal Reserve will not, however, allow an institution to weaken its own condition significantly, either in an attempt to consummate an acquisition or to prevent one.

Interbank Payments System. An important and ongoing objective of the Federal Reserve has been the implementation of policies both to reduce Federal Reserve risk in providing payments services and to induce private participants to be more prudent in controlling their daylight credit exposures, particularly on private large-dollar payment systems. The largest of these, Clearing House Interbank Payments System (CHIPS), has agreed to adopt rules making settlement of their system more certain through both collateral and loss-sharing devices. In addition, the Board has adopted guidelines to reduce credit exposures on other domestic and foreign clearance and payments systems.

Last spring, the Board also proposed additional measures to encourage depository institutions to control their credit exposure by expanding the scope of its payments risk reduction program. Among other features, the proposals will impose explicit prices on Federal Reserve daylight credits and expand the use of collateral as a risk control technique for book entry clearance of U.S. government securities. When fully implemented, these changes, together with private sector initiatives, should reduce the overall level of U.S. payments system risk, shift the mix of domestic risks toward the private sector, and more accurately assign the risk to the private sector users of payment services.

CONCLUSION

These past few years have been difficult times for the banking industry, and significant problems remain. However, the performance of most institutions during 1988 and for the first part of this year suggests that progress has been made. The number of failed institutions seems poised to decline; the capital ratios for most banking organizations have strengthened; and the most severe problem institutions have now been addressed. We must see further gains, though, before we can say that the problems that have beleaguered the industry are behind us. □

Statement by Manuel H. Johnson, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on International Development, Finance, Trade and Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, October 31, 1989.

I appreciate the opportunity to appear before this subcommittee to comment on the Treasury Department's report on U.S. international economic and exchange rate policy.

As indicated in the report, there has been considerable change in the U.S. trade and current account balances over the past couple of years. The current account deficit (excluding capital gains or losses reported by direct investors), which peaked at $160 billion in 1987, had declined to $106 billion at a seasonally adjusted annual rate by the first half of this year. As a percentage of GNP the decline has been from 3½ percent to 2.1 percent over this same period.

The decline in our merchandise trade deficit has been of about the same magnitude. The volume of U.S. exports has been increasing at an average annual rate of about 20 percent for nearly three years, while the rate of growth of the volume of our non-oil imports has slowed substantially.

The counterpart to the reduction in U.S. external deficits is the reduction in external surpluses in a number of countries abroad, notably Japan, Taiwan, and Korea; a massive movement into current account deficit in the United Kingdom; and some further increase in deficits of some other European countries. Japan's surplus declined from $87 billion (3.6 percent of GNP) in 1987 to $67 billion (2.3 percent of GNP) at a seasonally adjusted annual rate in the first half of 1989. Taiwan's current account surplus declined from $18 billion in 1987 to a $10 billion rate in the first half of this year. Korea's surplus likewise declined from $14 billion in 1988 to about a $4 billion annual rate this year. And the U.K. current account deficit moved from $5 billion in 1987 to a deficit rate of $32 billion (3.8 percent of GNP) in the first half of 1989.

On the other hand, there was no reduction in Germany's surplus, which actually *rose* from $46 billion in 1987 to a $59 billion annual rate (5 percent of GNP) in the first half of this year, accounted for by an increase in Germany's surpluses with its European Community (EC) partners.

The dramatic change in U.S. external balances in the past two years was the result of the earlier decline in the dollar against major foreign currencies and against the Taiwan dollar and the Korean won, increases in productivity and cost competitiveness by U.S. producers, the slowing of the rate of growth in U.S. domestic demand, and a sharp increase in the rate of growth of domestic demand abroad. While the adjustment process has continued, there are signs suggesting it has begun to slow. This reflects, in part, the necessary actions taken by foreign industrial countries to reduce the growth of domestic demand to contain inflationary pressures and the continued relative attractiveness of assets denominated in U.S. dollars, which has bid up dollar exchange rates.

Since our current account deficits are significantly lower than they were in 1985–87, the sustained financing of such deficits is more likely now than was the case earlier. In thinking about options to improve our external accounts further, it must be remembered that a significant portion of our current account deficit reflects a worldwide saving–investment imbalance. Accordingly, any strategy designed to reduce the trade deficit should focus on policies that address this fundamental structural issue. Removing the many distortions that adversely affect U.S. savings must be high on the policy agenda. Recent suggestions by Treasury Secretary Brady to increase U.S. private savings are constructive. Reducing government deficit spending must also be a high priority to free up more overall domestic savings and help lower relative real interest rates.

In present circumstances, with the U.S. economy pressing on capacity constraints and monetary policy focusing on containing inflationary pressures, there is little room for substantial further reduction in U.S. external deficits absent a significant reduction of the saving–investment imbalance. In the meantime our efforts should concentrate on maintaining and improving the environment for the free flow of capital and on resisting protectionist nonsolutions.

The recognition that balanced and mutually consistent economic policies among major countries are essential for a healthy and stable world economy underlies the dialogue not just with other G-7 countries but also with the newly industrializing countries. We are pleased to see that considerable progress has been made in Taiwan and Korea over the past year in terms of allowing market forces to be reflected in the operation of their exchange markets.

Having said all this with regard to external adjustment, it is important to emphasize that the G-7 process of coordination of international economic policy properly is not concerned primarily with exchange rates or external adjustment per se. Rather, the aim is to achieve and to sustain the maximum long-run growth for the world economy consistent with low inflation. Current account imbalances and exchange rates become matters of policy concern when they threaten to lead to financial market and other disturbances that could thwart the attainment of the fundamental goal of sustainable growth with low inflation. □

Vice Chairman Johnson presented identical testimony before the Subcommittee on International Finance and Monetary Policy of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, November 16, 1989.

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON AUGUST 22, 1989

1. Domestic Policy Directive

The information reviewed at this meeting suggested that economic activity had continued to expand at a moderate pace in recent months. Job growth had remained sizable; and final demands, most notably in the consumer sector, appeared to be better maintained than had been indicated earlier. At the same time, price inflation had slowed, in large part reflecting a retracing of price increases in the food and energy sectors that had boosted inflation rates earlier this year; wage trends gave no signs of upward pressures.

Total nonfarm payroll employment rose appreciably further in July after a large advance in June. Most of the July increase took place at service establishments and in the construction industry where hiring had slowed during the first half of the year. Employment was little changed in manufacturing after three months of declines; much of the recent weakness had reflected layoffs in the automobile and electrical equipment industries. The civilian unemployment rate, at 5.2 percent, remained close to its average level in earlier months of the year.

Industrial production edged higher in July, offsetting the decline of the two previous months and continuing the general pattern of slow growth since the beginning of the year. Output of capital equipment posted another strong gain in July. Production of motor vehicles and parts declined substantially, but output of other consumer goods continued to rise at a moderate pace. Production of materials rebounded after declining on balance over the first half of the year. Total industrial capacity utilization held steady in July at a relatively high level. In manufacturing, despite a pickup in primary processing industries, operating rates edged lower and were down appreciably since January.

Retail sales rose considerably in July, and revisions for earlier months suggested that consumer spending in the second quarter had not been as weak as previously estimated. Purchases of nondurable goods advanced appreciably further in July from the upward revised levels of recent months. With a new round of manufacturers' incentives boosting sales of motor vehicles, spending on durable goods also increased. Housing starts rose slightly further in July following a large gain in June. The upturn in starts occurred in the wake of a bounceback in sales of both new and existing homes that was associated with the sizable decline in mortgage rates since April.

Recent indicators of business capital spending suggested some slowing of growth from the substantial pace of earlier months in the year. In June, shipments of nondefense capital goods increased modestly as a brisk rise in outlays for aircraft and computers outweighed a sharp decline in spending for other categories of producers' durable equipment. Nonresidential construction activity, led by stepped-up outlays for industrial structures, advanced strongly for a second consecutive month. Inventory investment in manufacturing and trade slowed in June to a pace well below the average rate of increase observed earlier in the year. In the manufacturing sector, inventories of most types of finished goods rose only moderately, while stocks of materials declined further. Inventories of work-in-process in the aircraft industry continued to grow, as the industry expanded production to keep pace with mounting orders. At the retail level, dealer stocks of automobiles rose a bit further. Inventories at other retail establishments also increased, but imbalances with sales appeared to be limited.

In June, the nominal U.S. merchandise trade deficit narrowed considerably, and for the second quarter as a whole it was about unchanged from a substantially reduced average value in the first quarter. Exports rebounded in June as increases in both capital and consumer goods outweighed a further decline in sales of agricultural goods. Imports declined appreciably, largely because of a drop in the value of oil imports. In the major foreign industrial countries, economic growth slowed significantly in the second quarter, following exceptionally rapid expansion in the first quarter.

Partly reflecting further sharp declines in consumer energy prices, producer prices of finished goods fell in July for a second consecutive month. Prices of finished consumer goods other than food and energy also declined, while prices of capital goods held steady. Apart from food and energy, prices of materials had fallen somewhat on balance at the intermediate level in recent months and had come down markedly at the crude stage. Consumer prices rose modestly in June after increasing sharply in earlier months of the year. Lower prices were registered for gasoline, fuel oil, and electricity; and consumer food prices rose more slowly. Prices of consumer services continued to advance in June at about the rate observed over the past year and a half. Average hourly earnings jumped in July after showing little change in the previous two months, and on balance the data for recent months suggested no change in prevailing wage trends.

At its meeting on July 5–6, the Committee adopted a directive that called for a slight reduction in the existing degree of pressure on reserve positions. The Committee agreed that somewhat greater or somewhat lesser reserve restraint would be acceptable in the intermeeting period depending on indications of inflationary pressures, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. This policy stance was expected to be consistent with growth of M2 and M3 over the period from June through September at annual rates of about 7 percent.

Immediately after the Committee meeting, the Manager for Domestic Operations conducted operations to achieve the slight easing in reserve conditions that the Committee had directed. At the same time, to reflect strength in seasonal borrowing, a small technical upward revision was made to the assumed level of adjustment plus seasonal borrowing. Late in July, as incoming data continued to portray a softer economy and some lessening in inflationary pressures, the Manager sought a further slight reduction in the degree of pressure on reserve positions. Adjustment plus seasonal borrowing averaged nearly $600 million over the three reserve maintenance periods completed since the July 5–6 meeting, while the federal funds rate moved down a little more than ½ percentage point to around 9 percent.

Other market interest rates fluctuated over a wide range during the intermeeting interval. Early in the period, rates tended to decline in response to weaker-than-anticipated economic data and related market expectations of further monetary easing. Subsequently, rates rebounded after the release of other economic indicators that were viewed as suggesting less weakness in the expansion and therefore a reduced likelihood of further easing. As a result, most rates ended the period with only modest net changes. Treasury bill rates were up about ¼ percentage point on balance, while private short-term interest rates declined by roughly 30 basis points, and major banks lowered their prime rate ½ percentage point to 10½ percent. In long-term debt markets, yields were about unchanged to slightly higher over the period. Most major stock price indexes reached record highs during the intermeeting period before giving up part of their gains.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies moved lower on balance through July as interest rate differentials favorable to the dollar were narrowing. In August, the dollar resumed its upward climb, spurred by continued political uncertainties abroad and a reassessment by market participants of the outlook for U.S. interest rates in light of a spate of new economic data. Over the intermeeting period as a whole, the dollar rose but at the end of the period remained below the highs of last June.

Growth of M2 and M3 accelerated in July and appeared to have continued at a fairly strong pace into August, evidently reflecting both the rebuilding of balances drawn down to meet April tax liabilities and the substantial narrowing of opportunity costs associated with holding liquid deposits. Through July, expansion of M2 had been around the lower end of the Committee's annual range, and M3 remained somewhat above the lower bound of its range.

The staff projection prepared for this meeting suggested that the nonfarm economy was likely to grow over the remainder of 1989 at about the pace estimated for the first half of the year but that some slowing of the expansion would occur in 1990. The projection assumed that fiscal policy would move noticeably toward restraint over the projection period and that the contribution of foreign trade to growth would be very limited, owing in part to the earlier appreciation of the dollar. Consumer demand was likely to be somewhat stronger over the next several quarters, bolstered by continued job growth and reflecting the ongoing effects on consumer sentiment of the advance in stock prices this year and the declines in interest rates since spring; in subsequent quarters, gradually mounting slack in labor markets would exert a restraining effect on consumer spending. The lower levels of interest rates also were expected to produce some pickup in residential construction activity. Growth in business capital spending, although moderating somewhat from the pace in the first half of the year, was projected to remain a source of strength. The recent weakening in food and energy prices pointed to a slower rise in consumer prices for the next few quarters; however, with margins of unutilized labor and other production resources still low, the underlying trend in inflation was not expected to improve through 1990.

In the Committee's discussion of the economic situation and outlook, members observed that indicators of business activity looked somewhat stronger on balance than at the time of the July meeting and that, despite some earlier concerns about a progressive slowdown, the economy appeared to be continuing to grow at a moderate pace. Several commented that further expansion at a rate close to that experienced recently was a reasonable expectation for the next several quarters and would constitute a desirable economic performance under prevailing circumstances. A number of members noted that there were no major imbalances in the economy of the sort that often lead to a recession or to a surge in business activity. However, because of the uncertainties that were involved, the members differed to some extent in their views regarding the risks of some deviation in the expansion from its present course; some felt that those risks were about evenly balanced or were tilted toward some strengthening in the months ahead; several others saw some weakening as the most likely prospect, or at least the one that had to be guarded against because of the broad economic and social consequences of a downturn in economic activity. No member anticipated a sharp turn in the economy in either direction. The members also differed to some degree in their views on the outlook for inflation. Recent developments provided a basis for some optimism, but progress in reducing the underlying rate of inflation would depend importantly on the strength of the business expansion and also on the behavior of the dollar in foreign exchange markets.

In their discussion of specific developments bearing on the economic outlook, members noted that consumer spending appeared to have strengthened somewhat in recent months, and most members expected such spending to hold up, or possibly to increase somewhat further, in the months ahead. Others placed more weight on the possibility that further gains, if any, might be relatively limited, in part because they expected automotive sales to be curtailed by higher prices and lower rebates when the new model year began. In the housing sector, current conditions were quite uneven across the country, with an increasing number of areas showing weakness, and the outlook was clouded to an extent by the possible effects of the disposition of properties in conjunction with the resolution of insolvent savings and loan associations. However, recent declines in mortgage rates would help to sustain the overall demand for houses. Should housing markets weaken, for whatever reason, the effect could be to depress not only construction activity but consumption spending as well. In the business investment sector, current demand conditions appeared consistent with further growth in overall investment spending, though probably at a much reduced pace from that experienced in the first half of the year, especially given the likely weakness in construction activity in many areas because of earlier overbuilding. With regard to the outlook for foreign trade, members emphasized that the strength of the dollar could have negative implications for the nation's trade prospects, and several expressed the view that further improvement in the trade balance, if any, was likely to be limited over the next several quarters; on the positive side, reports suggested that export markets remained relatively robust for many products.

In their comments on regional business conditions and business attitudes, members reported a somewhat mixed picture, depending on the industries that were involved. On balance, most parts of the country continued to experience a high level of business activity or at least modest further improvement from relatively depressed conditions. However, signs of somewhat slower growth had become more widespread and there were indications that business activity might have leveled out or turned down in some areas. Many business contacts appeared to be more bearish on the outlook than they had been earlier. In general, these contacts expected the overall economy to settle into a pattern of relatively slow growth. Few expressed concern about a possible decline in business activity.

In their comments on the outlook for inflation, members noted that the behavior of key price and wage measures in recent months was an encouraging development. From the perspective of cost pressures, the prices of many materials had increased less rapidly or had actually declined in recent months, and increases in labor compensation had been relatively moderate despite still tight labor markets in many parts of the country. While a number of members observed that little or no progress had been made thus far in reducing the underlying rate of inflation, most remained confident that the currently restrained growth in overall economic activity had established the necessary conditions for lowering inflation and achieving the Committee's price stability objective over time. Some anticipated that favorable inflation results might well emerge sooner rather than later. For some others a troubling question remained as to whether significant progress in reducing inflation was possible with the current degree of pressure on production resources. In this connection, a few expressed concern that some intensification of labor-cost pressures could not be ruled out under current economic conditions, and they noted in particular that there were indications of growing labor militancy in some industries and parts of the country. The strength of the dollar appeared to have damped inflation, but that effect would be reversed if the dollar were to depreciate substantially in foreign exchange markets.

Turning to the conduct of monetary policy, all of the members supported a proposal to maintain unchanged conditions of reserve availability at least initially during the intermeeting period ahead. The easing steps implemented since early June had been appropriate in the context of earlier indications of some slowing in the business expansion and a prospective lessening of inflation pressures. Partly as a consequence of the easing in policy, growth of the monetary aggregates had picked up, and both M2 and M3 were within the Committee's ranges for the year. For the period ahead, a steady policy course was desirable in light of the latest evidence suggesting that price pressures were not intensifying; in addition, the expansion appeared to have stabilized at a moderate and provisionally acceptable pace, and considerable uncertainty existed with regard to the timing and direction of future deviations from the expansion's current momentum. Some members commented on indications that financial markets anticipated some further easing of monetary policy in the months ahead, if not immediately. If such easing failed to materialize, the result could be some upward adjustments in interest rates that could have an adverse impact on interest-sensitive sectors of the economy such as housing and that could place undesirable upward pressure on the value of the dollar in foreign exchange markets. Despite such concerns, the members agreed that for now an unchanged policy offered the best prospect of fostering the financial market conditions and the monetary growth that would accommodate satisfactory economic performance. They recognized that economic developments would have to be monitored closely to assess whether any change in policy might be needed.

In their consideration of an appropriate policy course, the members took account of a staff analysis indicating that the expansion of M2 and M3 was likely to slow substantially from the recent pace but to remain well within the Committee's ranges for the year. The analysis took note of the decline in market interest rates over the past several months and assumed that they would stabilize at current levels and that the expansion of nominal income would remain near its recent pace. The outlook for money growth was subject to unusual uncertainty, however, stemming from the range of possible responses by thrift depository institutions to the recently enacted legislation and associated government strategy for resolving insolvent institutions. The expansion of M3 would be slowed as savings and loan associations reduced their funding needs by selling assets or curbing the growth of assets; the expansion of M2 might also be affected depending on the impact of these developments on deposit offering rates and related opportunity costs of holding deposits. Any weakness in money growth for these reasons, however, would not be an indication of a slowing economy, given the presumption that highly developed secondary markets would maintain the availability of mortgage credit. Members commented that despite its recent acceleration, monetary growth remained damped when measured over a longer period, suggesting a basically restrained monetary policy. While continued monetary expansion at the recent rapid pace clearly would be undesirable in a period when underlying inflation was unacceptably high, a renewed shortfall in relation to the Committee's ranges also should be averted.

With regard to possible adjustments in the degree of reserve pressure in the intermeeting period, a majority of the members believed that operations should be adjusted more readily toward further easing than toward any firming, and a few indicated that they viewed the incorporation of such an understanding as a key element of an acceptable directive. While most members anticipated that a steady policy course might well prove to be appropriate for the entire intermeeting period, any adjustment called for by prospective developments was more likely to be, in the majority view, in the direction of some reduction in the degree of reserve restraint and such an expectation should be reflected in the directive. Most of the other members indicated that they could accept such a directive, but because they believed that the risks to the economy were more evenly balanced, they favored a directive that did not include a presumption as to the likely direction of any intermeeting adjustments. These members also noted that the current directive was symmetric in form, and a bias in the new directive toward ease might lead to a misreading of System policy in the context of an unacceptably high rate of inflation.

At the conclusion of the Committee's discussion, all but one of the members indicated that they preferred or could accept a directive that called for maintaining the current degree of pressure on reserve positions and that provided for giving special weight to potential developments that might require some slight easing during the intermeeting period. With regard to the factors that were important in considering any intermeeting changes in reserve conditions, the Committee continued to give primary weight to the inflation outlook. In that regard, they emphasized that policy actions ought to be consistent with furthering achievement of the ultimate objective of price stability. Accordingly, slightly greater reserve restraint might be acceptable during the intermeeting period, while some slight lessening of reserve pressure would be acceptable, depending on progress toward price stability, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The reserve conditions contemplated by the Committee were expected to be consistent with growth of M2 and M3 at annual rates of around 9 percent and around 7 percent respectively over the three-month period from June to September; in the case of M2, such growth was somewhat faster than that anticipated at the time of the July meeting. The intermeeting range for the federal funds rate, which provides one mechanism for initiating consultation of the Committee when its boundaries are persistently exceeded, was left unchanged at 7 to 11 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 has continued to expand at a moderate pace in recent months. In July, total nonfarm payroll employment rose appreciably further after a large advance in June, and the civilian unemployment rate, at 5.2 percent, remained close to its average level in earlier months of the year. Industrial production edged higher in July, continuing the slower growth observed since the beginning of the year. Retail sales have grown at a moderate pace in recent months. Housing starts rose slightly further in July following a large gain in June. Recent indicators of business capital spending suggest slower growth after the substantial increase in the first half of the year. The nominal U.S. merchandise trade deficit narrowed considerably in June and for the second quarter as a whole was about unchanged from a substantially reduced average value in the first quarter. Partly reflecting reductions in energy prices, increases in consumer prices moderated in June and July. The latest wage data suggest no change in prevailing trends.

Interest rates show mixed changes on balance since the Committee meeting on July 5–6. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies has risen on balance over the intermeeting period.

M2 and M3 grew markedly in July, lifting expansion of M2 thus far this year to around the lower end of the Committee's annual range, and keeping M3 somewhat above the lower bound of the Committee's range.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability, 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 its meeting in July reaffirmed the ranges it had established in February for growth of M2 and M3 of 3 to 7 percent and 3½ to 7½ percent, respectively, measured from the fourth quarter of 1988 to the fourth quarter of 1989. The monitoring range for growth of total domestic nonfinancial debt also was maintained at 6½ to 10½ percent for the year. For 1990, on a tentative basis, the Committee agreed in July to use the same ranges as in 1989 for growth in each of the monetary aggregates and debt, measured from the fourth quarter of 1989 to the fourth quarter of 1990. The behavior of the monetary aggregates will continue to be evaluated in the light of movements in their velocities, developments in the economy and financial markets, and progress toward price level stability.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. Taking account of progress toward price stability, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets, slightly greater reserve restraint might or slightly lesser reserve restraint would be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with growth of M2 and M3 over the period from June through September at annual rates of about 9 and 7 percent, respectively. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that reserve conditions during the period before the next meeting are likely to be associated with a federal funds rate persistently outside a range of 7 to 11 percent.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Johnson, Keehn, Kelley, LaWare, Melzer, Ms. Seger, and Mr. Syron. Vote against this action: Mr. Guffey.

Mr. Guffey supported an unchanged policy for the period ahead, but he could not accept a directive that would allow possible intermeeting adjustments to be made more readily in an easing than in a firming direction as new information became available. In his view, the risks to the expansion were fairly evenly balanced and did not warrant an asymmetric directive biased toward ease, especially in light of undesirably high rates of inflation both current and prospective. He also noted his concern that a directive tilted toward ease could give a misleading indication of the weight that the Committee continued to place on achieving its long-run price stability objective.

2. Authorization for Foreign Currency Operations

As part of a proposed multilateral bridge financing facility for Mexico, the Committee approved a special reciprocal currency arrangement of $125 million with the Bank of Mexico. The new facility supplements the regular $700 million arrangement with the Bank of Mexico set out in paragraph 2 of the Authorization for Foreign Currency Operations. The Committee delegated to Chairman Greenspan the authority to approve a drawing on both of these arrangements by the Bank of Mexico, subject to his determination that the appropriate terms and conditions had been met.

Under the terms of the multilateral facility, the Bank of Mexico may draw up to $2 billion in short-term financing in support of the program of the government of Mexico for economic reform and economic growth. Participating with the Federal Reserve in making funds available are the U.S. Treasury through its Exchange Stabilization Fund, central banks from the other Group of Ten countries acting under the aegis of the Bank for International Settlements, and the Bank of Spain. The final maturity date of the facility is February 15, 1990.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Guffey, Johnson, Keehn, Kelley, LaWare, Melzer, Ms. Seger, and Mr. Syron. Votes against this action: None.

On September 14, 1989, the multilateral bridge financing facility became effective, and on September 22, 1989, Chairman Greenspan, acting under the delegation of authority from the Committee, gave final clearance for drawings by the Bank of Mexico on the reciprocal currency arrangements.

3. Agreement to "Warehouse" Foreign Currencies

On September 19, 1989, the Committee agreed to a request by the Treasury for an increase from $5.0 billion to $10.0 billion in the amount of eligible foreign currencies that the System would be prepared to "warehouse" for the Treasury and the Exchange Stabilization Fund (ESF). The warehousing facility involves spot purchases of foreign currencies from the Treasury or the ESF and simultaneous forward sales of the same currencies at the same exchange rate to the Treasury or the ESF. Such transactions are authorized under Paragraphs 1.A and 1.B of the Committee's "Authorization for Foreign Currency Operations," and the maximum size of the facility is determined periodically by the Committee; the most recent change involved an increase from $1¾ billion to $5.0 billion in December 1978. The proposed increase was intended to enable the ESF to finance its continued participation in foreign currency operations.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Guffey, Keehn, Kelley, LaWare, Melzer, Ms. Seger, and Mr. Syron. Votes against this action: None. Abstention: Mr. Johnson.

Effective September 25, 1989, the Committee approved an increase from $18 billion to $20 billion in the limit on holdings of foreign currencies specified in paragraph 1D of the Committee's Authorization for Foreign Currency Operations. That limit applies to the overall open position in all foreign currencies held in the System Open Market Account; at the time of this action, System holdings had reached nearly $18 billion. The higher limit was approved in light of the potential for further System acquisitions of foreign currencies in coordination with similar transactions by the U.S. Treasury. In approving the increase, the Committee took account of the views expressed by the Finance Ministers and Central Bank Governors of the Group of Seven countries at their meeting on September 23, 1989. These officials considered the rise of the dollar in recent months to be inconsistent with longer-run economic fundamentals, and they agreed that a rise of the dollar above current levels or an excessive decline could adversely affect prospects for the world economy. In this context, they agreed to cooperate closely in exchange markets.

Votes for this action: Messrs. Greenspan, Corrigan, Guffey, Keehn, Kelley, LaWare, Melzer, Ms. Seger, and Mr. Syron. Votes against this action: Messrs. Angell and Johnson.

In dissenting from this action, Messrs. Angell and Johnson indicated that they could not consent to an increase in the authorized limits for holding foreign currencies when such authorization facilitates exchange rate intervention to drive the dollar lower as compared with intervention to avoid disorderly conditions by stabilizing or limiting increases in the dollar exchange rate. Intervention of the former type confuses market participants concerning the policy commitment toward price level stability and can contribute to disorderly markets. It can increase inflation fears as can be seen in decreases in long-term bond prices and in increases in the price of inflation-sensitive commodities. Interest rate risk premiums also may increase. Finally, such intervention can work to limit flexibility in the exercise of fundamental monetary policy options that depend on evidence of improvement in the future inflation environment.

Announcements

Meeting of Consumer Advisory Council

The Federal Reserve Board announced that its Consumer Advisory Council held a meeting on October 26.

The Council's function is to advise the Board on the exercise of the Board's responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks its advice.

Revised List of Marginable OTC Stocks Now Available

The Federal Reserve Board published on October 27, 1989, a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective November 13, 1989.

This revised List of Marginable OTC Stocks supersedes the list that was effective on August 14, 1989. The changes that have been made to the list, which now includes 2,893 OTC stocks, are as follows:

• Fifty-three stocks have been included for the first time, forty-five under National Market System (NMS) designation.

• Fifty-five stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing.

• Forty-four stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

This list is published by the Board for the information of lenders and the general public. It includes all over-the-counter securities designated by the Board pursuant to its established criteria as well as all stocks designated as NMS securities for which transaction reports are required to be made pursuant to an effective transaction reporting plan. 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 January 1990.

Besides 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.

Proposed Actions

The Federal Reserve Board issued for public comment on October 3, 1989, proposed amendments to Regulation T (Credit by Brokers and Dealers) to accommodate the settlement and clearance of transactions in foreign securities and to permit marginability at broker–dealers for foreign securities. Comments must be submitted to the Board by November 30, 1989.

The Federal Reserve Board issued for public comment on October 4, 1989, proposed changes to the Fedwire funds transfer and book-entry securities transfer operating schedule. Comments must be submitted to the Board by December 8, 1989.

The Federal Reserve Board on October 5, 1989, proposed revisions to its Regulation C (Home Mortgage Disclosure) designed to carry out amendments to the Home Mortgage Disclosure Act that were approved by the Congress earlier this year. Comment is requested by November 3, 1989.

Publication of Annual Statistical Digest, 1988

The *Annual Statistical Digest, 1988* is now available. This one-year *Digest* is designed as a compact source of economic, and especially financial, data. The *Digest* provides a single source of historical continuations of the statistics carried regularly in the *Federal Reserve Bulletin*.

This issue of the *Digest* covers only 1988 unless data were revised for earlier years. It serves to maintain the historical series first published in *Banking and Monetary Statistics, 1941–1970*, and the *Digest* for 1970–79 and yearly issues thereafter. A *Concordance of Statistics* will be included with all orders. The *Concordance* provides a guide to tables that cover the same material in the current and the previous two years' issues of the *Digest*, the ten-year *Digest* for 1970–79, and the *Bulletin*.

Copies of the *Digest* at $25.00 each are available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Chart Book to Be Discontinued

Publication of the *Historical Chart Book* will be discontinued after the 1989 edition. The final edition is available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is $1.25 a copy in the United States, its possessions, Canada, and Mexico, and $1.50 elsewhere. The price for ten or more copies sent to one address is $1.00 each.

Change in Board Staff

The Board of Governors announced that Susan J. Lepper, Assistant Director in the Division of Research and Statistics, resigned, effective November 9, 1989.

Legal Developments

Final Rule—Amendment to Regulations G, T, U and X

The Board of Governors is amending 12 C.F.R. Parts 207, 220, 221 and 224, its Securities Credit Transactions; List of Marginable OTC Stocks. The List of Marginable OTC Stocks is comprised of stocks traded over-the-counter (OTC) that have been determined by the Board of Governors of the Federal Reserve System to be subject to the margin requirements under certain Federal Reserve regulations. The List is published four times a year by the Board as a guide for lenders subject to the regulations and the general public. This document sets forth additions to or deletions from the previously published List which was effective August 14, 1989, and will serve to give notice to the public about the changed status of certain stocks.

Effective November 13, 1989, accordingly, pursuant to the authority of sections 7 and 23 of the Securities Exchange Act of 1934, as amended (15 U.S.C. §§ 78g and 78w), and in accordance with 12 C.F.R. 207.2(k) and 207.6(c) (Regulation G), 12 C.F.R. 220.2(s) and 220.17(c) (Regulation T), and 12 C.F.R. 221.2(j) and 221.7(c) (Regulation U), there is set forth below a listing of deletions from and additions to the Board's List of Marginable OTC Stocks:

Deletions from the List of Marginable OTC Stocks

Stocks Removed for Failing Continued Listing Requirements

Advanced Computer Techniques Corporation: $.10 par common
American Capacity Group, Inc.: $1.00 par common
Andover Controls Corporation: $.01 par common

Bayly Corporation: $1.00 par common
Bishop, Incorporated: $.10 par common
Brown Transport Company, Inc.: $.10 par common

Challenger International, Ltd. $.01 par common
Colorocs Corporation: Class C, Warrants (expire 08-18-89)
Comstock Group, Inc.: $.25 par common
Crazy Eddie, Inc.: $.01 par common
Cronus Industries, Inc.: Warrants (expire 02-01-90)
Cytrx Corporation: $.001 par common Warrants (expire 11-09-91)

Datavision, Inc.: $.01 par common
Diversified Foods, Inc.: $.003 par common
Domain Technology, Incorporated: $.01 par common

Edgcomb Corporation: $1.50 par common
El Pollo Asado, Inc.: No par common
Equity Bank, The: No par common

Falconbridge Limited: No par common
First Capitol Financial Corp.: $.01 par common
Forum Re Group (Bermuda) Ltd: $.40 par capital

George Washington Corporation: $1.00 par common
GMI Group, Inc.: $.01 par common
Great American Corporation: $2.50 par common

Hi-Port Industries, Inc.: $.05 par common
Higby's, J., Inc.: $.01 par common
Home Savings Association of Penna.: $1.00 par common

Interferon Sciences, Inc.: $.01 par common
International Mobile Machines Corporation: Warrants (expire 08-05-89)

Landmark American Corporation: $.01 par common
LDDS Communications, Inc.: Warrants (expire 10-13-89)

Machine Technology, Inc.: No par common
Maione Companies, Inc.: No par common
Max & Erma's Restaurants, Inc.: Warrants (expire 10-07-89)
Meridian Bancorp, Inc.: $25.00 par cumulative convertible preferred
Metropolitan Financial Savings & Loan Association (Texas): $1.00 par common
Mischer Corporation, The: $1.00 par common

National Industrial Bancorp, Inc.: $.01 par common

Ocilla Industries, Inc.: $.01 par common

Pioneer Financial Corp.: Series A, $1.00 par cumulative convertible preferred
Prime Capital Corporation: $.05 par common

QMAX Technology Group, Inc.: $.01 par common

Rabbit Software Corporation: $.01 par common
Rodime PLC: American Depositary Shares for ordinary shares (Par value 5 pence)

Sooner Federal Savings and Loan Association: $.01 par common
Stan West Mining Corporation: $.01 par common

Tele-Optics, Inc.: Warrants (expire 08–11–89)
Telecast, Inc.: $.01 par common
Texcel International Inc.: Warrants (expire 12–15–89)
Twistee Treat Corporation: $.001 par common

United Bankers, Inc.: No par common

Ward White Group, PLC: American Depositary Receipts
Wholesale Club, Inc., The: No par convertible preferred
Writer Corporation, The: $.10 par common

Stocks Removed for Listing on a National Securities Exchange or Being Involved in an Acquisition

A.M.E., Inc.: No par common
Actmedia, Inc.: $.01 par common
Aim Telephones, Inc.: $.01 par common

Beecham Group, PLC: American Depositary Receipts
Bradley Real Estate Trust: $1.00 par shares of beneficial interest

Cambridge Analytical Associates, Inc.: $.01 par common
CB&T Bancshares, Inc.: $1.00 par common
Centel Cable Television Company: Class A, $.01 par common
Chili's Inc.: $.10 par common

Fisher Scientific Group, Inc.: $.01 par common
Fountain Powerboat Industries, Inc.: $.01 par common

Harken Energy Corporation: $1.00 par common
Harlyn Products, Inc.: $.10 par common
Healthsouth Rehabilitation Corporation: $.01 par common
Hemotec, Inc.: Voting, $.01 par common

Imperial Holly Corporation: No par common
Integrated Genetics Inc.: $.01 par common
International, Inc.: $.01 par common

Judy's Inc.: $.50 par common

Keane, Inc.: $.10 par common

Local Federal Savings & Loan Association (Oklahoma): $.01 par common
LSI Logic Corporation: $.01 par common

Micro Mask, Inc.: $1.00 par common
Minnetonka Corp.: $1.00 par common
Monitor Technologies, Inc. CUC: $.01 par common

Nichols-Homeshield, Inc.: $.01 par common
Nodaway Valley Co.: $2.00 par common

Ogilvy Group, Inc.: $1.00 par common
Old Spaghetti Warehouse, Inc.: $.01 par common

Pancretec, Inc.: No par common
Peoples Bancorporation (North Carolina): No par common
Phonemate, Inc.: $.10 par common
Preferred Risk Life Insurance Company: $1.00 par common

Rockingham Bancorp (New Hampshire): $1.00 par common

Satellite Music Network, Inc.: $.10 par common
Scherer, R.P. Corporation: $.33-⅓ par common
Southlife Holding Company: $.05 par common
Sterner Lighting Systems Incorporated: $.10 par common
Super Rite Foods, Inc.: $.05 par common

Tyland Corporation: No par common

Ultra Bancorporation: $5.00 par common

View-Master Ideal Group, Inc.: $.01 par common

Wheelabrator Group Inc., The: $.01 par common
Wheelabrator Technologies, Inc.: $.01 par common

Additions to the List of Marginable OTC Stocks

50-Off Stores, Inc.: $.01 par common

Acclaim Entertainment, Inc.: $.02 par common Class B, Warrants (expire 01–30–90)

Allstate Financial Corporation: No par common
Applebee's International, Inc.: $.01 par common
Archer Communications, Inc.: No par common

BEI Electronics, Inc.: $.001 par common
Bizmart, Inc.: $.10 par common
Brite Voice Systems, Inc.: No par common

Calgene, Inc.: $.001 par convertible exchangeable preferred
Cellcom Corp.: $.001 par common
Coca Mines, Inc.: Warrants (expire 05-15-90)
Cognex Corporation: $.002 par common
Crown Resources Corporation: $.05 par common

Digi International, Inc.: $.01 par common

Eagle Food Centers, Inc.: $.01 par common
EFI Electronics Corporation: $.0001 par common
Electronic Arts: No par common
Employee Benefit Plans, Inc.: $.01 par common
Enclean, Inc.: $.01 par common
Excalibur Technologies Corporation: $.01 par common

First City Bancorp, Inc.: No par common
First Executive Corporation: Warrants (expire 10-09-92) Depository Preference Shares (representing one-hundreth of a share Series H preferred)

Genetics Institute, Inc.: $1.00 par convertible exchangeable preferred
Giddings & Lewis, Inc.: $.10 par common
GZA Geoenvironmental Technologies, Inc.: $.01 par common

Heritage Bankcorp, Inc.: $.01 par common
Hotelecopy, Inc.: $.01 par common

Image Bank, Inc., The: $.01 par common
Inbancshares: No par common
International Broadcast Systems, Inc.: Class A, $.10 par common
International Lease Finance Corporation: Warrants (expire 1994)

Lechters, Inc.: No par common

Marine Drilling Company: $.10 par common

New England Realty Associates Limited Partnership: Depositary Receipts evidencing units of limited partnership
New Image Industries, Inc.: $.001 par common
Newbridge Networks Corporation: No par common

Novell, Inc.: 7-¼% convertible subordinated debentures
Nucorp, Inc.: Paired Warrants (expire 10-31-90)

Parlux Fragrances, Inc.: $.01 par common
Pioneer Financial Services, Inc.: No par cumulative convertible exchangeable preferred
Pioneer-Standard Electronics, Inc.: 9% subordinated convertible debentures
Prime Bancshares, Inc.: $.01 par common

Rally's Inc.: $.10 par common

Security Federal Savings and Loan Association of Cleveland: $.01 par common
Serv-Tech, Inc.: $.50 par common
Southeastern Savings Institutions Fund, Inc., The: $.001 par common Surgical Laser Technologies, Inc.: $.01 par common

Valley West Bancorp: $2.00 par common
Vanguard Real Estate Fund I, A Sales Commission-Free Income Properties Fund: Shares of beneficial interest
Vencor, Incorporated: $.25 par common

Washington Mutual Savings Bank: $1.00 par preferred stock

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

BankAmerica Corporation
San Francisco, California

Order Approving Acquisition of a Bank Holding Company

BankAmerica Corporation, San Francisco, California ("BankAmerica"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of Nevada First Development Corporation, and thereby indirectly to acquire Nevada First Bank and Silver State Thrift & Loan Association, all of Reno, Nevada. Nevada First Bank and Silver State Thrift & Loan Association are both state-chartered institutions the deposits of which are insured by the FDIC, and, as a result, are both "banks" for purposes of the BHC Act. 12 U.S.C. § 1841(c).[1]

Notice of the application, affording an opportunity for interested persons to submit comments, has been duly published (54 *Federal Register* 24,261 (1989)). 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.

Section 3(d) of the BHC Act, 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 bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which [the] bank is located, by language to that effect and not merely by implication."[2] Effective December 31, 1988, the statute laws of Nevada permitted out-of-state bank holding companies, with the approval of the Nevada Commissioner of Financial Institutions, to acquire established Nevada banks and bank holding companies.[3] The Nevada Commissioner of Financial Institutions has approved BankAmerica's proposal pursuant to the Nevada statute. In light of the foregoing, the Board has determined that its approval of the proposal is not prohibited by the Douglas Amendment.

BankAmerica operates two banking subsidiaries in California and Washington. BankAmerica is the third largest commercial banking organization in the United States and is the largest commercial banking organization in California, where it controls deposits of $51.1 billion, representing approximately 24.4 percent of the total deposits in commercial banks in California.[4] Nevada First Development Corporation is the sixth largest commercial banking organization in Nevada, controlling $182.9 million in deposits, representing 2.8 percent of the total deposits in commercial banks in Nevada.

Nevada First Development Corporation's banking affiliates operate solely in Nevada banking markets. BankAmerica does not currently own or operate any banking subsidiary in Nevada. Based upon the facts of record, consummation of this proposal would not result in any adverse effect upon existing or future competition or increase the concentration of banking resources in Nevada. Accordingly, the Board concludes that competitive factors are consistent with approval.

In evaluating this application, the Board has carefully considered the financial resources of BankAmerica and the effect on those resources of the proposed acquisition. The Board has previously stated that it expects banking organizations contemplating expansion proposals to maintain strong capital levels substantially above the minimum levels specified in the Board's Capital Adequacy Guidelines, without significant reliance on intangibles, particularly goodwill.[5] The Board carefully analyzes the effect of expansion proposals on the preservation or achievement of strong capital levels and has adopted a policy that there should be no significant diminution of financial strength below those levels for the purpose of effecting major expansion.[6]

As discussed in the companion case,[7] the Board notes that BankAmerica has taken the appropriate steps over the last few years to strengthen its capital position, both through the issuance of new equity and through the retention of earnings. BankAmerica's capital ratios are above the minimum requirements under the Board's Capital Adequacy Guidelines. In addition, BankAmerica would effect this transaction through an exchange of shares, and the proposal will have a *de minimis* effect on BankAmerica's capital position. Moreover, this proposal would result in a small increase in BankAmerica's asset size in relative terms.

In light of these considerations, the Board concludes that the financial resources of BankAmerica are consistent with approval of the proposal. Moreover, man-

---

1. Silver State Thrift & Loan Association ("Silver State") was originally acquired by Nevada First Development Corporation as an industrial loan company, pursuant to section 4(c)(8) of the BHC Act and section 225.25(b)(2) of the Board's Regulation Y (12 C.F.R. 225.25(b)(2)). *Nevada First Development Corporation*, 70 FEDERAL RESERVE BULLETIN 469 (1984). BankAmerica proposes to operate Silver State as a full-service bank and has already obtained the approval of the Nevada Administrator of Financial Institutions to exercise all of the powers of commercial bank, including accepting demand deposits, through Silver State. Moreover, BankAmerica also anticipates that, after consummation, Silver State will conduct transactions with its affiliates that would cause Silver State to lose its exemption as an industrial bank. 12 U.S.C. § 1841(c)(2)(H).

2. 12 U.S.C. § 1842(d). A bank holding company's home state for purposes of the Douglas Amendment is that state in which the total deposits of its banking subsidiaries were largest on July 1, 1966, or on the date it became a bank holding company, whichever date is later. BankAmerica's home state is California.

3. Nev. Rev. Stat. Ann. § 666.335 (Michie 1986) (Expires by limitation July 1, 1990). Nevada First Development Corporation, Nevada First Bank and Silver State were in operation on July 1, 1985, as required by the statute. *Id.*

4. All data are as of December 31, 1988.

5. *The Bank of New York Company, Inc.*, 74 FEDERAL RESERVE BULLETIN 257 (1988); Capital Adequacy Guidelines, 50 *Federal Register* 16,057 (April 24, 1985).

6. Thus, for example, the Board has generally approved proposals involving a decline in capital only where the applicants have promptly restored their capital to pre-acquisition levels following consummation of the proposals and have implemented programs of capital improvement to raise capital significantly above minimum levels. *See, e.g., Citicorp*, 72 FEDERAL RESERVE BULLETIN 726 (1986); *Security Pacific Corporation*, 72 FEDERAL RESERVE BULLETIN 800 (1986).

7. *BankAmerica Corporation (American Savings Financial Corporation)*, 75 FEDERAL RESERVE BULLETIN 827 (Board Order dated October 31, 1989).

agerial resources, future prospects and convenience and needs considerations are also consistent with approval.

Based on the foregoing and all of the 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 the Order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective October 31, 1989.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, and LaWare. Absent and not voting: Governor Kelley.

JENNIFER J. JOHNSON
Associate Secretary of the Board

BankAmerica Corporation San Francisco, California

Seafirst Corporation Seattle, Washington

Order Approving Acquisition of a Bank Holding Company

BankAmerica Corporation, San Francisco, California ("BankAmerica"), and Seafirst Corporation, Seattle, Washington ("Seafirst") (collectively "Applicants"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of American Savings Financial Corporation, and thereby indirectly to acquire American Savings Bank, both of Tacoma, Washington.[1]

Notice of the applications, affording an opportunity for interested persons to submit comments, has been duly published (54 *Federal Register* 25,346 (1989)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act.

Section 3(d) of the BHC Act, 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 bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which [the] bank is located, by language to that effect and not merely by implication."[2] The Washington State banking laws permit the acquisition of Washington banks and bank holding companies by an out-of-state bank holding company that meets the requirements of Washington law, including a reciprocity requirement.[3] The Board has determined previously that a California bank holding company may acquire a bank holding company and a bank in Washington.[4] Accordingly, Board approval of this proposal is permissible under the Douglas Amendment.

BankAmerica operates two banking subsidiaries in California and Washington. BankAmerica is the third largest commercial banking organization in the United States and is the largest commercial banking organization in California, where it controls deposits of $51.1 billion, representing approximately 24.4 percent of the total deposits in commercial banks in California.[5]

BankAmerica, through Seafirst, is the largest commercial banking organization in Washington, controlling deposits of $8.4 billion, representing approximately 30.1 percent of the total deposits in commercial banks in

1. American Savings Bank is an FDIC-insured state-chartered savings bank which had previously met the "qualified thrift lender" test of the Home Owners Loan Act and elected to be deemed a "savings association" under section 10 of that Act. 12 U.S.C. § 1730a(o) & (n), to be recodified at 12 U.S.C. § 1467a(m) & (l). As a result, American Savings Financial Corporation has been subject to regulation under the Savings and Loan Holding Company Act. American Savings Bank has applied to the Office of Thrift Supervision ("OTS") to rescind its election as a "savings association" and to be treated as a bank. Consummation of this proposal is conditioned upon American Savings Bank obtaining such deregistration from the OTS. Upon the acquisition of American Savings Bank, Applicants propose to merge American Savings Bank into Seattle-First National Bank, and have sought approval from the Office of the Comptroller of the Currency to consummate the merger.

Upon consummation, Seafirst also proposes to acquire directly American Savings Bank's only subsidiary, American North Pacific Corporation ("ANPC"). ANPC is engaged in insurance agency and real estate investment activities that have not been permitted under the BHC Act. Applicants have committed to divest ANPC's impermissible real estate investments and insurance activities within two years of consummation of this proposal. Prior to divestiture of the impermissible insurance agency activities, Applicants will limit ANPC's insurance agency activities to the renewal of existing policies and those credit-related insurance agency activities permitted under section 4(c)(8) of the BHC Act.

2. 12 U.S.C. § 1842(d). A bank holding company's home state for purposes of the Douglas Amendment is that state in which the total deposits of its banking subsidiaries were largest on July 1, 1966, or on the date it became a bank holding company, whichever date is later. BankAmerica's home state is California.

3. Wash. Rev. Code § 30.04.232 (1986) (Effective as of July 31, 1987). California law satisfies the reciprocity requirements of Washington law. Cal. Financial Code § 3773 (West 1989) (Effective until January 1, 1991). In addition, American Savings Bank has been conducting business longer than three years, which satisfies the longevity requirements of Washington law.

4. *Security Pacific Corporation*, 73 FEDERAL RESERVE BULLETIN 746 (1987).

5. State deposit data are as of December 31, 1988. Market deposit data are as of June 30, 1987.

Washington ("state deposits"). American Savings Financial Corporation is the 8th largest commercial banking organization in the state, controlling deposits of $510.4 million, representing approximately 1.8 percent of state deposits. Upon consummation, BankAmerica would remain the largest commercial banking organization in Washington, controlling deposits of $8.9 billion, representing approximately 31.9 percent of state deposits. Consummation of the proposal would not increase significantly the concentration of banking resources in Washington.

BankAmerica competes directly with American Savings Financial Corporation in the Seattle and Bremerton banking markets. The proposed acquisition would not increase BankAmerica's ranking in either of these markets or substantially increase its market share in either market. Upon consummation of this proposal, the Herfindahl–Hirschman Index ("HHI") would increase by less than 200 points in each of these markets,[6] and if 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, upon consummation of the proposal both the Seattle and Bremerton banking markets would remain moderately concentrated, and the HHI in both markets would increase by less than 100 points.[7] In addition, numerous competitors would remain in each market.

Based on the facts of record in this case, the Board has determined that consummation of the proposal would not have a significant adverse effect on existing competition in any relevant banking market. Consummation also would not have any significant adverse effect on probable future competition in any relevant banking market.

In evaluating these applications, the Board has carefully considered the financial resources of Applicants and the effect on those resources of the proposed acquisition. The Board has previously stated that it expects banking organizations contemplating expansion proposals to maintain strong capital levels substantially above the minimum levels specified in the Board's Capital Adequacy Guidelines, without significant reliance on intangibles, particularly goodwill.[8] The Board carefully analyzes the effect of expansion proposals on the preservation or achievement of strong capital levels and has adopted a policy that there should be no significant diminution of financial strength below those levels for the purpose of effecting major expansion.[9]

In this case, the Board notes that BankAmerica has taken the appropriate steps over the last few years to strengthen its capital position, both through the issuance of new equity and through the retention of earnings. BankAmerica's capital ratios are above the minimum requirements under the Board's Capital Adequacy Guidelines. In addition, BankAmerica would effect this transaction through an exchange of shares, and the proposal will have a *de minimis* effect on Applicants' capital position. Moreover, this proposal would result in a small increase in BankAmerica's asset size in relative terms.

In light of these considerations, the Board concludes that the financial resources of Applicants are consistent with approval of the proposal. Moreover, managerial resources, future prospects and convenience and needs considerations are also consistent with approval.

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

By order of the Board of Governors, effective October 31, 1989.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, and LaWare. Absent and not voting: Governor Kelley.

JENNIFER J. JOHNSON
Associate Secretary of the Board

---

6. 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 greater than 1800 is considered highly concentrated, and the Department is likely to challenge a merger that increases the HHI by more than 50 points unless other factors indicate that the merger will not substantially lessen competition. The Department of Justice has informed the Board that a bank merger or acquisition is not likely to be challenged (in the absence of other factors indicating an anticompetitive effect) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank acquisitions for anti-competitive effects implicitly recognizes the competitive effects of limited purpose lenders and other non-depository financial entities.

7. The Board previously has indicated that thrift institutions have become, or have the potential to become, important competitors of commercial banks. *See National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *The Chase Manhattan Corporation*, 70 FEDERAL RESERVE BULLETIN 529 (1984); *NCNB Bancorporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

8. *The Bank of New York Company, Inc.*, 74 FEDERAL RESERVE BULLETIN 257 (1988); Capital Adequacy Guidelines, 50 *Federal Register* 16,057 (April 24, 1985).

9. Thus, for example, the Board has generally approved proposals involving a decline in capital only where the applicants have promptly restored their capital to pre-acquisition levels following consummation of the proposals and have implemented programs of capital improvement to raise capital significantly above minimum levels. *See, e.g., Citicorp*, 72 FEDERAL RESERVE BULLETIN 726 (1986); *Security Pacific Corporation*, 72 FEDERAL RESERVE BULLETIN 800 (1986).

Orders Issued Under Section 4 of the Bank Holding Company Act

Bankers Trust New York Corporation
New York, New York

Order Approving Application To Act as Agent in the Private Placement of All Types of Securities and To Act as Riskless Principal in Buying and Selling Securities

Bankers Trust New York Corporation, New York, New York ("Bankers Trust"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), for its subsidiary, BT Securities Corporation, New York, New York ("Company"), to act as agent in the private placement of all types of securities, including providing related advisory services, and to buy and sell all types of securities on the order of investors as a "riskless principal".

Bankers Trust has previously received approval under the BHC Act for Company to underwrite and deal in, to a limited extent, certain securities.[1] Company is also authorized to provide investment advisory and securities brokerage services on a combined basis to institutional customers.[2]

Bankers Trust, with approximately $62.2 billion in consolidated assets, is the eighth largest commercial banking organization in the United States.[3] Bankers Trust operates two subsidiary banks and engages directly and through subsidiaries in a broad range of permissible nonbanking activities in the United States. Company is and will continue to be a broker-dealer registered with the Securities and Exchange Commission and subject to the record-keeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 and of the National Association of Securities Dealers.

Notice of the applications, affording interested persons an opportunity to submit comments on the proposal, has been published (54 *Federal Register* 29,940 (1989)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act. The Board received written comments opposing the application from the Securities Industry Association ("SIA"), a trade association of the investment banking industry, and the Investment Company Institute ("ICI"), a trade association of the mutual fund industry.

Because Company would be affiliated through common ownership with a member bank, Company may not be "engaged principally" in the "issue, flotation, underwriting, public sale, or distribution" of securities within the meaning of section 20 of the Banking Act of 1933 (the "Glass–Steagall Act").[4] In its earlier decisions, the Board has determined that Company is not "engaged principally" in section 20 activities if revenues from underwriting and dealing in securities that banks are not authorized to underwrite and deal in directly ("ineligible securities") do not exceed 10 percent of Company's gross revenues.[5] Bankers Trust states that the proposed private placement and riskless principal activities are not the kind of securities activities described in section 20 and therefore should not be subject to the revenue limit on ineligible securities activities.

In addition, the Board must determine whether the proposed activity is so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act and is, on this basis, a permissible activity for bank holding companies.

I. Glass–Steagall Analysis

A. Private Placements

The private placement market involves the placement of new issues of securities with a limited number of sophisticated purchasers in a nonpublic offering. A financial intermediary in private placement transactions acts solely as an agent of the issuer in soliciting

1. *See J.P. Morgan & Co. Incorporated, The Chase Manhattan Corporation, Bankers Trust New York Corporation, Citicorp and Security Pacific Corporation*, 75 FEDERAL RESERVE BULLETIN 192 (1989) ("*J.P. Morgan et al.*"); *Chemical New York Corporation, The Chase Manhattan Corporation, Bankers Trust New York Corporation, Citicorp, Manufacturers Hanover Corporation and Security Pacific Corporation*, 73 FEDERAL RESERVE BULLETIN 731 (1987); *Citicorp, J.P. Morgan & Co. Incorporated and Bankers Trust New York Corporation*, 73 FEDERAL RESERVE BULLETIN 473 (1987); and 12 C.F.R. 225.25(b)(16).

2. *See Bankers Trust New York Corporation*, 74 FEDERAL RESERVE BULLETIN 695 (1988).

3. Banking data are as of June 30, 1989.

4. Section 20 of the Glass-Steagall Act (12 U.S.C. § 377) provides that:

> ". . . no member bank shall be affiliated . . . with any . . . organization engaged principally in the issue, flotation, underwriting, public sale, or distribution at wholesale or retail or through syndicate participation of stocks, bonds, debentures, notes, or other securities. . . ."

5. *Order Approving Modifications to Section 20 Orders*, 75 FEDERAL RESERVE BULLETIN 751 (Order dated September 21, 1989).

purchasers; it does not purchase the securities and attempt to resell them.

Securities that are privately placed are not subject to the registration requirements of the Securities Act of 1933.[6] Privately placed securities are offered only to financially sophisticated institutions and individuals and not to the public.[7] In the Board's view, Company's private placement of debt and equity securities within the limits proposed by Bankers Trust does not involve the underwriting or public sale of securities for purposes of section 20 and the revenues from the proposed activities should not be subject to the 10 percent revenue limitation on ineligible securities activities.

Underwriting. In 1977, the Board's staff concluded that the private placement of all types of debt or equity securities directly by a bank did not violate sections 16 and 21 of the Glass–Steagall Act, the Act's provisions that apply to the direct activities of banks.[8] In particular, the staff concluded that this activity was not "underwriting" for purposes of the Act because the term "underwriting" connotes a public offering of securities and a private placement does not involve a public offering.

In 1985, the rationale of the staff opinion was adopted by the Board in determining that commercial paper private placement as conducted directly by Bankers Trust's subsidiary bank as an agent for customers does not constitute the "underwriting," "distribution" or impermissible "selling" of such securities for purposes of sections 16 or 21.[9] The latter determination was upheld by the U.S. Court of Appeals for the D.C. Circuit in *Securities Industry Association v. Board of Governors*, 807 F.2d 1052 (D.C. Cir. 1986), *cert. denied*, 483 U.S. 1005 (1987) ("*Bankers Trust II*").

In reliance on the *Bankers Trust II* precedent, the Board determined that the private placement of commercial paper by a bank holding company nonbank subsidiary is not underwriting or dealing in securities for purposes of section 20 of the Glass–Steagall Act, and is not subject to the quantitative "engaged principally" limits on ineligible securities underwriting in section 20.[10]

Accordingly, it is now well established that placing new issues of securities with a limited number of purchasers in transactions that do not involve a public offering is not underwriting for purposes of the Glass–Steagall Act.[11] In the commercial paper case, the Board and the court found that Bankers Trust's activities did not constitute a public offering because:

(1) the bank places commercial paper by separately contacting large financial and non-financial institutions,
(2) the bank does not place commercial paper with individuals,
(3) the maximum number of offerees and purchasers of commercial paper placed by the bank in any given case is relatively limited,
(4) the bank makes no general solicitation or advertisement to the public with respect to the placement of a particular issue of commercial paper, and
(5) the commercial paper placed with the bank's assistance is issued in very large average minimum denominations, which are not a likely investment of the general public.[12]

The activities at issue here would comply with these limitations, except that Company would privately place securities not only with institutional customers, but also with individuals whose net worth (or joint net worth with a spouse) exceeds $1 million. This alteration in the proposed private placement activities would not, in the Board's opinion, turn them into a public offering. SEC rules governing private placements allow securities to be placed with individuals, along with institutional customers, who qualify as accredited investors without changing the private character of the placement.[13] Bankers Trust has stated

6. 15 U.S.C. § 77d(2).
7. SEC Regulation D, 17 C.F.R. 230.506.
8. 12 U.S.C. §§ 24 Seventh, 378(a)(1); Federal Reserve Board Staff Study, *Commercial Bank Private Placement Activities* 81–99 (June 1977).
9. *Statement Concerning Applicability of the Glass–Steagall Act to the Commercial Paper Placement Activities of Bankers Trust Company* (June 4, 1985) ("Commercial Paper Statement").
10. *See The Bank of Montreal*, 74 FEDERAL RESERVE BULLETIN 500, 501 (1988); *Bankers Trust New York Corporation*, 73 FEDERAL RESERVE BULLETIN 138 (1987). Supreme Court opinions interpreting the Glass–Steagall Act indicate that where a particular activity is found not to be the type of activity prohibited to banks by sections 16 and 21, it should not be viewed as the kind of activity described in section 20. *Bankers Trust*, 73 FEDERAL RESERVE BULLETIN at 140, *citing*, *Board of Governors v. Investment Company Institute*, 450 U.S. 46, 60–61 n. 26 (1981).
11. The SIA argues that the fact that Bankers Trust is now proposing that Company privately place all types of securities, as opposed to only high grade commercial paper notes, is significant in assessing the applicability of the Glass–Steagall Act prohibitions in this case. Because the above-noted analysis by the Board and the court clearly recognized, however, that commercial paper is a security for purposes of the Glass–Steagall Act, the fact that Bankers Trust now wishes to expand its private placement operation to include all types of securities would not, by itself, change this activity into underwriting and dealing, provided the methods the section 20 affiliate uses to place the securities do not differ materially from those involved in the commercial paper case.
12. *Bankers Trust II*, 807 F.2d at 1064; *Commercial Paper Statement* at 29–30.
13. Section 5 of the Securities Act of 1933 ("1933 Act") (15 U.S.C. § 77e) provides that any security offered or sold to the public must be registered with the SEC, which requires the issuer of such securities to make full disclosure of all material facts relating to the offering. The 1933 Act provides for limited exceptions from this registration requirement in certain situations. Examples of this are when a particular class

that all of the individuals with which securities will be placed will qualify as accredited investors under SEC rules. The fact that a particular offering of securities is a private placement (and not an underwriting) for purposes of the securities laws is "highly relevant" to whether the transaction involves an underwriting for Glass–Steagall Act purposes.[14]

In addition, the Board believes that the other limitations on the proposed activity should assure that securities are not offered to the public. Bankers Trust has agreed that Company would not make any general solicitation or advertisement to the public regarding the placement of particular securities, and has stated that the minimum denomination of a security being private placed would likely be $250,000, with a likely average in excess of $1 million. Members of the general public are unlikely to buy instruments in such large denominations. Furthermore, Bankers Trust has agreed that Company will not privately place securities that are registered under the Securities Act of 1933, and that Company will be bound by all of provisions of that Act that limit the scope of private placements to non-public transactions.

In sum, while Company's private placement methods differ slightly in scope from those previously approved by the Board, the Board is of the opinion that the operational limitations agreed to by Bankers Trust would assure that Company would not become involved in the public offering of any securities.[15]

Public Sale. In its 1987 Order approving the first section 20 applications, the Board ruled that the term "public sale" used in section 20 is broad enough to include activities where the affiliate buys and sells securities for its own account as part of its business operations.[16] Here, Company would act solely as an agent in privately placing securities, and would not purchase for its own account or otherwise inventory the securities being placed. Nor would Bankers Trust or any of its subsidiaries extend credit to the issuer of the securities being placed on substantially the same terms as the securities. In light of these factors, the Board finds that the proposed private placement activities would not constitute the "public sale" of securities, and thus need not be viewed as an ineligible securities activity for purposes of the 10 percent revenue test.[17]

B. Riskless Principal Transactions

"Riskless principal" is the term used in the securities business to refer to a transaction in which a broker-dealer, after receiving an order to buy (or sell) a security from a customer, purchases (or sells) the security for its own account to offset a contemporaneous sale to (or purchase from) the customer.[18]

Description of Riskless Principal Transactions. In acting as a dealer, a securities firm maintains an inventory of various securities for its own account and buys and sells securities as a principal. In contrast, riskless principal transactions typically are undertaken as an alternative method of executing orders by customers to buy or sell securities on an agency basis. For example, if a customer places an order to purchase securities the firm does not maintain in its inventory, the broker–dealer must purchase the securities from a third party and has the option of acting either as an agent of the customer or as a riskless principal in making the purchase, at the direction of the customer or in its own discretion. If the firm elects to act as a riskless principal in executing the transaction, it will purchase the securities for its own account from a third party dealer at that dealer's "inside" price and then, acting as a principal, resell them to the customer, adding a mark up over its cost. However, the broker–dealer does not confirm the transaction with its customer until the securities have been purchased from the third party dealer. In other words, if the broker–dealer for some reason does not complete the purchase of the securities ordered by the customer, it has no obligation to provide the securities to the customer.[19]

The SEC's confirmation rules require that a broker–dealer that acts as a riskless principal in executing the

of securities, such as United States or state and local government obligations, is involved, or when a particular transaction, such as a private placement, is involved. The SEC's Regulation D contains rules governing the private placement exception. Under these rules, offers and sales of securities that are limited to accredited investors (defined by the regulation to include sophisticated institutions and individuals) and 35 other investors are generally considered to be transactions not involving public offerings. 17 C.F.R. 230.506.

14. *See Bankers Trust II*, 807 F.2d at 1063–64.

15. The ICI has objected to Bankers Trust's proposal to the extent that it could be construed to seek approval for Company to privately place securities of investment companies that are advised by Company or Bankers Trust. Bankers Trust has not specifically requested approval to place such securities, and would be prohibited from doing so under the Board's policy statement relating to investment adviser activities by bank holding companies and nonbank subsidiaries. 12 C.F.R. 225.125(g),(h).

16. 73 FEDERAL RESERVE BULLETIN at 508.

17. The Board notes that a proposed SEC initiative, Rule 144A, may lead to the creation of an active secondary market for privately placed securities which may place a section 20 subsidiary under competitive pressure to serve as a dealer in the securities the subsidiary has privately placed, as is the case with firms that have made a public offering of securities. In this eventuality, if the securities placed are ineligible, the revenues derived from serving as a dealer or acting as a principal in a private placement would have to be treated as derived from ineligible securities activities for purposes of the 10 percent limitation.

18. *See* Securities and Exchange Commission Rule 10b–10. 17 C.F.R. 240.10b–10(a)(8)(i).

19. Riskless principal operations are described generally in SEC, *Report of Special Study of Securities Markets*, H. Doc. No. 95, Pt. 2, 88th Cong., 1st Sess. 611 (1963).

customer's order disclose to the customer the amount of the mark-up, mark-down or other remuneration charged by the broker-dealer only if the securities traded are equity securities. If the broker-dealer elects to act as an agent, the SEC disclosure rules require that the customer be advised of the brokerage fee charged in all cases, regardless of the type of securities traded. In addition, in an agency transaction, if the customer requests, the broker-dealer must disclose the identity of the person from whom the securities were purchased or to whom they were sold.[20]

Bankers Trust envisions that, in accordance with industry practice, Company might have an incentive to act as a riskless principal (as opposed to an agent) in executing customer orders in some of the following situations:

(1) a customer wishes to avoid disclosure of its identity to market participants so that the customer's strategy with respect to purchases or sales of certain securities is not ascertainable by others in the market;

(2) Company knows that the prospective seller (or purchaser) will not wish to deal directly with the customer;[21] or

(3) the customer (or the Company) wishes a single "all-in" price quotation for the transaction rather than being charged a separate purchase price plus brokerage commission.

Riskless principal transactions are understood in the industry to include only transactions in the secondary market. Bankers Trust thus proposes that Company would not act as a riskless principal in selling securities at the order of a customer that is the issuer of the securities to be sold or in any transaction where Company has a contractual agreement to place the securities as agent of the issuer. Company also would not act as a riskless principal in any transaction involving a security for which it makes a market.

Public Sale. As noted above, the Board, in its 1987 section 20 Order, stated that the term "public sale" as used in section 20 is broad enough to encompass transactions where a dealer acts for his own account by maintaining an inventory of particular issues of securities in the secondary market.[22]

In acting as a riskless principal, however, Company would not, in the Board's opinion, be acting as a dealer for its own account in buying or selling securities in a riskless principal capacity because Company would never assume the risk of ownership of the securities. As shown above, Company would not be obligated to its customer to buy or sell securities until after an offsetting purchase or sale of the securities has already been executed. If the market price of the securities ordered by the customer suddenly were to change significantly, before Company is able to arrange an offsetting open market transaction on terms that would protect it from loss, Company can decline to execute the order.[23]

Although Company would maintain an inventory of particular issues of securities in connection with its previously approved ineligible securities activities, Company would not engage in any riskless principal transaction for any security carried in its inventory. Nor would Company hold itself out as making a market in the securities that it buys and sells as riskless principal and would not enter quotes for specific securities in the NASDAQ or any other dealer quotation system in connection with riskless principal transactions. Finally, Bankers Trust has also stated that Company's riskless principal transactions will not be on behalf of its foreign affiliates that engage in securities dealing activities overseas.[24]

---

20. 17 C.F.R. 240.10b–10(a)(8). Company would not be required to disclose to counterparties that it is acting as a "riskless principal". To other dealers with which it executes trades, Company would be another dealer acting as a principal in buying and selling for its own account.

21. For example, some large direct issuers of commercial paper, which do not use intermediaries to place their paper, do not deal with small purchasers not in their traditional investor base, although they will sell to a broker–dealer. If a broker–dealer's customer wishes to purchase this commercial paper, the broker–dealer will buy it directly from the issuer as a principal and then resell it to the customer.

22. *Citicorp et al.*, 73 FEDERAL RESERVE BULLETIN at 507. The Board interpreted the term "sale" to refer to transactions in which a seller acting as principal transfers title to a buyer.

23. Bankers Trust also argues that the Board, in its Order approving BankAmerica's acquisition of Charles Schwab & Co., concluded that riskless principal transactions "appear to be consistent with permissible brokerage activities, ..." *BankAmerica Corporation*, 69 FEDERAL RESERVE BULLETIN 105, 116 n.55 (1983). In that case, however, the Board also noted that Schwab only engaged in riskless principal transactions with respect to bank eligible municipal securities, and even if the activity were covered by section 20, Schwab did not "engage principally" in these transactions. Thus, in the Schwab Order, the Board did not squarely rule that riskless principal transactions are not covered by section 20.

24. In 1986, the OCC allowed national banks to act, through an operations subsidiary, as a riskless principal in transactions with foreign securities affiliates. OCC Interpretive Letter No. 371 (June 13, 1986). The Board, however, subsequently ruled that a nonbank subsidiary of a holding company should not participate in such transactions. Letter from William Wiles to Security Pacific Corporation (April 18, 1988). The Board did not state absolutely that riskless principal activities were covered by section 20 of the Glass–Steagall Act. The Board's decision in that case was based on the fact that the company held itself out as making a market in specific securities, entered quotes in a dealer quotation system, and acted in this country on behalf of an affiliated foreign securities dealer. Thus, there was a substantial potential for evading the requirement of the Board's Regulation K that such affiliates may only engage in securities dealing outside the United States. Company will not perform any of these functions.

Company would be subject to the "business" or "credit" risk that its customer (or the counterparty) may fail to pay for securities purchased or fail to deliver securities sold in a riskless principal transaction. In that eventuality, Company would have to proceed against the defaulting party for breach of the agreement to buy or sell securities. However, this risk is not significantly different from the credit risk a broker assumes when it executes a customer's order solely as agent. It is clear that this risk does not turn the agency transaction into one for the broker's own account.[25] Furthermore, like a brokerage transaction, the origination of riskless principal transactions in general is spurred by customer demand for an intermediary in a purchase or sale transaction, and not by solicitations on the part of the intermediary.[26]

In addition, in differentiating between broker-dealers executing trades as riskless principal and market makers acting for their own account, the SEC has found that "[w]hile both may execute on a principal basis, the function of the former is limited to execution of the order, and in essence performing the function of a broker . . . . The market maker, on the other hand, in addition to executing the transaction, provides marketability by assuming the risk of taking positions."[27] It is clear that brokerage transactions are not the public sale of securities under section 20.[28]

This conclusion is fully consistent with the way riskless principal transactions have been treated by the Board in the past. In 1958, the Board issued a ruling under Regulation R, which implements section 32 of the Glass-Steagall Act, the management interlocks provision of that statute, stating that riskless principal transactions should be regarded as brokerage activities and not as underwriting or dealing in securities for purposes of that provision. The Board noted that because the firm's customers wished to be billed for securities at a net price rather than be charged an explicit fee, it was necessary for the firm in these instances to go into the open market and as principal buy the securities for which the firm had received orders. These transactions, the Board decided, are not materially different from ordinary brokerage transactions, noting that the securities involved were not in the firm's portfolio or were securities the firm had committed to take.[29] Since the securities activities described in sections 32 and 20 are the same, it follows that riskless principal transactions should not be treated as covered by section 20.

Underwriting. In riskless principal transactions, the Company executes orders by an investor and would not act on behalf of an issuer of new securities. Thus, Company would not be involved in making any public offering of securities as agent for the issuer. Hence, these activities do not constitute underwriting for Glass-Steagall purposes.

In sum, the Board concludes that Company's riskless principal activity would not be a "public sale", or "underwriting" of securities and thus need not be viewed as an ineligible securities activity for purposes of the 10 percent test. Company now acts as a "risk" principal or market maker with respect to ineligible securities and the revenues from these activities are subject to the 10 percent revenue limit. In order to distinguish these "true" principal from riskless principal transactions, which would be excluded from the 10 percent revenue limit, the Board requires Company, as a condition of approval of this activity, to maintain specific records that would clearly identify all riskless principal transactions. Thus, examiners will be readily able to trace the resulting revenue for assessing compliance with the 10 percent cap.

II. Section 4(c)(8) Analysis

In every application under section 4(c)(8) of the BHC Act, the Board must find that the proposed activity is "so closely related to banking . . . as to be a proper incident thereto." In determining whether the performance of an activity meets the proper incident to banking test, the Board must determine whether the

25. Another reason given for why Company may act as riskless principal and not as agent in specific transactions is that the customer may be unwilling to assume the credit risk associated with a particular counterparty. However, Company's assumption of the credit risk in such a case would not mean that the transaction is for Company's own account. Indeed, a broker executing an order as agent on the floor of an exchange assumes essentially the same risk, since the broker is technically held responsible for the transaction.

26. Company enters into a customer account agreement with each of its customers. The agreement is the same regardless of whether Company is acting as broker, dealer or riskless principal with respect to a particular customer, and Company asserts that therefore a customer's liability to Company is the same regardless of the form of the transaction. Company would have the right to sue a defaulting party for breach of contract.

27. *Report of Special Study of Securities Markets of the Securities and Exchange Commission (Part 2)*, House Doc. No. 95, Pt. 2, 88th Cong., 1st Sess. 611 (1963). Because the SEC has found riskless principal transactions to be "essentially equivalent" to agency transactions, it has subjected riskless principal transactions to the customer confirmation and disclosure requirements. Confirmation Disclosure for Reported Securities, [1984-1985 Transfer Binder] Fed. Sec. L. Rep. (CCH) ¶ 83,734 (February 4, 1985). These requirements relate to disclosure to customers of remuneration received in certain transactions.

28. *Securities Industry Association v. Board of Governors*, 468 U.S. 207, 216-21 (1984).

29. Federal Reserve Regulatory Service ¶ 3-903. The staffs of the OCC and the FDIC have reached similar conclusions.

public benefits expected from the performance of that activity outweigh potential adverse effects.[30]

A. Closely Related to Banking Analysis

Under the established test for determining when an activity is closely related to banking, the Board may find that an activity is closely related to banking if, among other things, banks generally have in fact provided the proposed activity or if banks provide services so similar to the proposed services that banking organizations are particularly well equipped to provide the proposed services.[31] As the Board has previously acknowledged, commercial banks are substantially involved in private placements of all types of debt and equity securities, and, as the Board noted recently, "banks are among the largest firms that act as agent in the private placement of corporate securities."[32] Bankers Trust's lead bank itself was recently ranked among the top placement agents as measured by amount of securities placed.

The proposed riskless principal activities meet the closely related to banking test in section 4(c)(8). Although there is no evidence in the record that banks are significantly involved in riskless principal activities, at least with respect to ineligible securities, banks have long provided brokerage services and, as noted above, riskless principal transactions are "essentially equivalent" to brokerage services. In the Board's view, therefore, the proposed riskless principal services are so operationally and functionally similar to banking activities that banking organizations are particularly well equipped to provide the services. Accordingly, the Board finds that Bankers Trust's proposed activities meet the "closely related to banking" test.

B. Proper Incident to Banking Analysis

Public Benefits. Bankers Trust is proposing that Company will offer private placement services on a nationwide basis. Bankers Trust asserts that approval of its application would enable Company to be increasingly competitive in meeting the financing requirements of issuers, would promote the efficiency of the financial markets, and would provide greater convenience for Company's customers as Bankers Trust continues to consolidate all of its securities activities in one subsidiary. Bankers Trust argues that to be competitive and efficient, a financial intermediary, such as Company, must be able to use either a public offering or a private placement, whichever is more suitable in a particular case.

The Board recognizes that the transfer of private placement activities currently being performed by Bankers Trust's subsidiary bank to Company is likely to produce some public benefits. Bankers Trust would consolidate its placement and underwriting services in a single entity, with both operations being performed by the same staff. This should result in greater convenience to customers of Company and produce greater efficiency by reducing duplication of similar functions in the bank and in the section 20 affiliate and through economies of scale.

The proposed riskless principal activities would be likely to result in some increased benefits to the public by allowing Company to provide a wider range of services to customers. In at least some cases, it may be necessary to act as a riskless principal rather than as agent, in order to serve the needs of the customer, where, for example, the customer wants to avoid disclosing its investment plans.

In sum, based upon the factors noted above, the Board finds that approval of Bankers Trust's proposal would result in benefits to the public.

Adverse Effects—Compliance with Firewalls. In its prior Orders approving expanded securities activities for bank holding companies, the Board has imposed a comprehensive framework of restrictions designed to avoid potential conflicts of interest, unsound banking practices and other adverse effects in connection with the approved activities and to insulate the bank, which is protected by the federal safety net, from the securities marketing operations of the section 20 subsidiary. These firewall conditions for the most part apply by their terms only when the section 20 subsidiary is engaged in underwriting or dealing activities, because private placement activities were not involved in these Orders. Bankers Trust has agreed that it would abide by most of these firewall conditions in connection with its proposed private placement and riskless principal activities in the same manner as the firewalls apply to underwriting activities. Bankers Trust believes that certain of the firewall conditions in the prior approval Orders are unnecessary or inappropriate for activities

30. Section 4(c)(8) provides that in determining whether a particular activity is a proper incident to banking, the Board shall consider:

> whether its performance by an affiliate of a holding company can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.

12 U.S.C. § 1843(c)(8).

31. *See National Courier Association v. Board of Governors*, 516 F.2d 1229, 1237 (D.C. Cir. 1975).

32. *J.P. Morgan & Co. Incorporated et al.*, 75 FEDERAL RESERVE BULLETIN 192, 199 (1989). *See also* Federal Reserve Board Staff Study, *Commercial Bank Private Placement Activities* (1977). On this basis, the Board has previously determined that the private placement of commercial paper by a bank holding company subsidiary is permissible under section 4(c)(8). *See The Bank of Montreal*, 74 FEDERAL RESERVE BULLETIN 500, 501 (1988); *Bankers Trust New York Corporation*, 73 FEDERAL RESERVE BULLETIN 138 (1987).

conducted only or essentially as an agent. The Board finds that these few conditions are not necessary in this proposal to avoid any adverse effects.

The most important of these limitations is the modified firewall condition (Condition 20) permitting the marketing of securities of affiliates where the securities are rated by an unaffiliated, nationally recognized rating organization or are issued or guaranteed by FNMA, FHLMC or GNMA (or represent interests in such securities). Bankers Trust would adhere to this condition except that Company seeks to privately place unrated securities of affiliates with sophisticated institutions.

The purpose of the affiliate securities limitations is to protect investors from the possibility that the securities of the affiliate represent its least creditworthy assets and to protect the reputation of affiliated banks, which could be damaged if the underwriting subsidiary sells low-quality securities issued by its affiliates to the public and those securities subsequently deteriorate in quality. Because the sophisticated institutions with which Company seeks to place affiliates' securities have the expertise to make their own judgments about the creditworthiness of the securities being purchased and would have only themselves to blame if losses are subsequently experienced, the Board believes that any adverse effects of placing unrated securities of affiliates will be sufficiently mitigated if limited to sales to sophisticated institutions.[33]

In addition, requiring Company to include private placements in its policies limiting overall exposure to a single customer whose securities are underwritten (Condition 12) does not appear necessary where Bankers Trust would not assume any risk of loss on the obligations of any customer. It must be recognized, however, that private placement services may be offered as part of a bundle or package of financing services to an issuer, the mix of which may affect the organization's consolidated exposure to a customer. Further, as the Board noted in its January 1989 Order, the combination of fees received by the consolidated organization may motivate a bank affiliate to be less than objective in assessing the credit risk on the loan portions of a financing package. Accordingly, the Board will expect the Company to maintain specific records of its placement transactions, identifying specifically those where credit is provided by a depository affiliate, so that examiners will be able to readily identify and trace all components of the transactions.

Finally, the Board notes that there has been little evidence of unsound practices or conflicts of interest as a result of the private placement activities banks have engaged in directly over the years.

Nor does it appear that the proposed riskless principal operations would result in significant adverse effects. As explained above, Company would not assume the market risk for securities being bought and sold and the activities would be subject to those firewall limitations applicable to the private placement functions.

One area of possible conflicts of interest and unfair practices not directly addressed by the existing firewall provisions is the potential for charging the customer excessive mark-ups or mark-downs in the execution of the customer's order as a riskless principal. This potential exists because in these transactions the broker–dealer charges a single "all-in" price, which includes its compensation, rather than charging a separately disclosed commission. In these cases the broker–dealer may be tempted to include mark-ups or mark-downs in excess of the usual brokerage fee or the prevailing market price, especially where unsophisticated investors are involved.

In the Board's view, however, this potential abuse does not appear to be serious enough to warrant disapproval. Enforcement decisions of the SEC and the NASD's Rules of Fair Practice, which apply to Company, prohibit a broker–dealer from entering into any transaction that is not reasonably related to the current market price of the security.[34]

In sum, the record shows that consummation of this proposal is not likely to result in any significant undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects.

Based on the foregoing and other facts of record, the Board has determined that the balance of public interest factors that it must consider under section 4(c)(8) of the BHC Act is favorable. Accordingly, the Board has determined that the application should be, and hereby is, approved. This determination is further subject to all of the conditions set forth in this Order, as well as the Board's Regulation Y, including sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activ-

33. Given that Bankers Trust's capital plan and procedures for underwriting debt securities were approved in late July, there would appear to be little need at this time to require additional capital or supervisory review before initiating private placement activities already being conducted solely as agent through the bank (Conditions 3, 4 and 28). Moreover, because the activities being approved are not subject to the 10 percent revenue limitation, there is no need to limit the transfer of these activities to a subsidiary of Company (Condition 25) to prevent evasions of the revenue limitation, provided that Bankers Trust consults with staff before any such transfer to assure that none of the firewall provisions committed to is evaded by the transfer.

34. *Duker & Duker*, 6 S.E.C. 386, 388–89 (1939); NASD Rules of Fair Practice, Art. III, § 4. The NASD rules establish a guideline of 5 percent over the market price in determining if a mark-up is excessive.

ities 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.

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

By order of the Board of Governors, effective October 30, 1989.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, and LaWare. Absent and not voting: Governor Kelley.

JENNIFER J. JOHNSON
Associate Secretary of the Board

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

First of America Bank Corporation Kalamazoo, Michigan

Order Approving Merger of Bank Holding Companies

First of America Bank Corporation, Kalamazoo, Michigan ("First of America") and First of America Bancorporation-Illinois, Inc., Kalamazoo, Michigan ("FOAB"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842), to acquire Midwest Financial Group, Inc., Peoria, Illinois ("Midwest"), and thereby acquire its banking and nonbanking subsidiaries.[1]

First of America and FOAB also have applied for the Board's approval under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of Midwest.[2]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (54 *Federal Register* 27,426 (1989)). 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 sections 3(c) and 4(c)(8) of the BHC Act.

First of America operates 42 banking subsidiaries located in Michigan, Indiana, and Illinois. Midwest operates eight banking subsidiaries, all of which are located in Illinois. First of America is the eleventh largest banking organization in Illinois, controlling deposits of $1.2 billion, representing approximately 1.1 percent of the total deposits in commercial banking organizations in the state.[3] Midwest is the seventh largest banking organization in Illinois, controlling deposits of $1.9 billion, representing approximately 1.7 percent of the total deposits in commercial banking organizations in the state. Upon consummation of this proposal, First of America would become the fifth largest banking organization in Illinois, controlling deposits of $3.1 billion, representing approximately 2.8 percent of the total deposits in commercial banking organizations in the state. Consummation of this proposal would not have a significant adverse effect on the concentration of banking resources in the state.

Section 3(d) of the BHC Act, 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 bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which [the] bank is located, by language to that effect and not merely by implication."[4] The Illinois Bank Holding Company Act permits the acquisition of Illinois banks and bank holding companies by banking institutions located in Michigan (Ill. Ann. Stat. ch. 17, para. 2501), and the Board has determined previously that a Michigan bank holding company may acquire a bank holding company in Illinois.[5] Accordingly, con-

1. First of America proposes to merge Midwest into FOAB, and thereby acquire Midwest's subsidiaries. Upon the acquisition of Midwest, First of America will acquire the following banks: BancMidwest McLean County, N.A., Bloomington, Illinois; The First National Bank in Champaign, Champaign, Illinois; The Citizens National Bank of Decatur, Decatur, Illinois; The DeKalb Bank N.A., DeKalb, Illinois; The First Trust Bank N.A., Kankakee, Illinois; Commercial National Bank of Peoria, Peoria, Illinois; United Bank of Illinois, N.A., Rockford, Illinois; and The Illinois National Bank of Springfield, Springfield, Illinois.

In connection with this application, First of America and FOAB also have applied to acquire warrants representing up to 23.9 percent of the voting shares of Midwest if certain preconditions occur.

2. First of America proposes to acquire Midwest Financial Mortgage Company, Peoria, Illinois, and thereby engage in marketing and servicing loans secured by mortgages on real estate; Midwest Financial Investment Management Company, Peoria, Illinois, and thereby provide portfolio investment advice, furnishing general economic information and advice, general economic statistical forecasting services, and industry studies; Midwest Financial Life Insurance Company, Peoria, Illinois, and thereby engage in underwriting as reinsurer, credit life, credit accident, and health insurance directly related to extensions of credit by First of America's subsidiary banks; and Midwest Financial Group Brokerage Services, Inc., Peoria, Illinois, and thereby engage in securities brokerage activities. These activities are authorized for bank holding companies pursuant to the Board's Regulation Y, 12 C.F.R. 225.25(b)(1), (4), (8)(i), and (15).

3. Deposit data are as of June 30, 1987.

4. 12 U.S.C. § 1842(d).

5. *First of America Corporation*, 73 FEDERAL RESERVE BULLETIN 175 (1987).

summation of this proposal is not barred by the Douglas Amendment.

First of America and Midwest compete in the Peoria, Kankakee, and Rockford banking markets, all in Illinois. In the Peoria banking market,[6] First of America is the eighth largest commercial banking organization in the market controlling deposits of $72.6 million, representing 3.6 percent of the total deposits in commercial banking organizations in the market. Midwest is the largest commercial banking organization in the Peoria banking market, controlling deposits of $541.3 million, representing 26.7 percent of the total deposits in commercial banking organizations in the market. Upon consummation of this transaction, First of America would become the largest commercial banking organization in the Peoria banking market, controlling deposits of $613.9 million, representing 30.3 percent of the total deposits in commercial banking organizations in the market. The four-firm concentration ratio would increase by 3.6 percentage points to 59.3 percent, and the Herfindahl–Hirschman Index ("HHI") would increase by 192 points to 1319.[7]

In the Rockford banking market,[8] First of America is the fourth largest commercial banking organization controlling deposits of $194.6 million, representing 9.5 percent of the total deposits in commercial banking organizations in the market. Midwest is the third largest commercial banking organization in the Rockford banking market, controlling deposits of $265.3 million, representing 13.0 percent of the total deposits in commercial banking organizations in the market. Upon consummation of this transaction, First of America would become the third largest commercial banking organization in the Rockford banking market, controlling deposits of $459.9 million, representing 22.5 percent of the total deposits in commercial banking organizations in the market. The four-firm concentration ratio would increase by 4.2 percentage points to 82.6 percent, and the HHI would increase by 247 points to 2170.

In the Kankakee banking market,[9] First of America is the second largest commercial banking organization, controlling deposits of $145.1 million, representing 23.8 percent of the total deposits in commercial banking organizations in the market. Midwest is the largest commercial banking organization in the Kankakee banking market, controlling deposits of $165.2 million, representing 27.1 percent of the total deposits in commercial banking organizations in the market. Upon consummation of this transaction, First of America would become the largest commercial banking organization in the Kankakee banking market, controlling deposits of $310.3 million, representing 50.9 percent of the total deposits in commercial banking organizations in the market. The four-firm concentration ratio would increase by 5.7 percentage points to 74.2 percent, and the HHI would increase by 1290 points to 2867.

Although consummation of this proposal would eliminate some existing competition between First of America and Midwest in the Rockford and Kankakee banking markets, numerous other commercial banks would continue to operate in each market after consummation of this proposal.[10] In addition, the Board has considered the presence of thrift institutions in these banking markets in its analysis of this proposal.[11] These institutions account for a significant percentage of the total deposits in each market.[12] Based upon the size and market share of thrift institutions in the markets, the Board has concluded that thrift institutions exert a significant competitive influence that mitigates the anticompetitive effects of this proposal in the Rockford and Kankakee banking markets.[13]

---

6. The Peoria banking market is defined as Peoria and Tazewell Counties, plus Woodford County excluding Kansas, El Paso, Panola, and Minonk Townships, all in Illinois.

7. 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. In such markets, the Department of Justice is unlikely to challenge a merger or acquisition if the increase in HHI is less than 100 points. The Department of Justice 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 or acquisition increases the HHI by at least 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognizes the competitive effect of limited purpose lenders and other non-depository financial entities.

8. The Rockford banking market is defined as Winnebago and Boone Counties, plus Byron, Marion, Scott, and Monroe Townships in Ogle County, all in Illinois.

9. The Kankakee banking market is approximated by Kankakee County except for Essex Township, plus Milks Grove, Chebanse, Papineau, and Beaverville Townships in Iroquois County, all in Illinois.

10. Upon consummation of this transaction, 14 commercial banking organizations will remain in both the Rockford and Kankakee banking markets.

11. *See National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *The Chase Manhattan Corporation*, 70 FEDERAL RESERVE BULLETIN 529 (1984); *NCNB Bancorporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

12. Nine thrift institutions that control 35.4 percent of the combined deposits of banks and thrifts operate in the Rockford banking market. Five thrift institutions that control 41.2 percent of the combined deposits of banks and thrifts operate in the Kankakee banking market.

13. If 50 percent of deposits held by thrift institutions in the Rockford banking market were included in the calculation of market concentration, First of America's pro forma market share would be 18.6 percent. The four-firm concentration ratio would increase by 6.9 percentage points to 71.5 percent, and the HHI would increase by 169 points to 1547.

If 50 percent of deposits held by thrift institutions in the Kankakee banking market were included in the calculation of market concentra-

On the basis of the foregoing and other facts of record, the Board concludes that consummation of this proposal would not have a substantial adverse effect on competition in the Peoria, Rockford, and Kankakee banking markets.[14]

The financial and managerial resources of First of America, Midwest, and their subsidiaries are consistent with approval. Considerations relating to the convenience and needs of the communities to be served by First of America's and Midwest's subsidiary banks are also consistent with approval.

First of America also has applied, pursuant to section 4(c)(8) of the BHC Act, to acquire certain nonbanking subsidiaries of Midwest. First of America operates mortgage banking, investment advisory services, credit-related insurance underwriting, and securities brokerage subsidiaries that directly compete with Midwest and its subsidiaries in these activities. Each of these subsidiaries has a small market share and there are numerous competitors for these services. Accordingly, consummation of this proposal would have a *de minimis* effect on existing competition in each of these markets, and the Board concludes that the proposal would not have any significantly adverse effect on competition in the provision of these services 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, decreased or 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 public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of First of America's application to acquire the nonbanking subsidiaries of Midwest.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority. The determinations as to First of America's nonbanking activities are subject to all of the conditions contained in Regulation Y, including those in 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 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.

By order of the Board of Governors, effective October 2, 1989.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Kelley, and LaWare.

JENNIFER J. JOHNSON
Associate Secretary of the Board

tion, First of America's pro forma market share would be 37.7 percent. The four-firm concentration ratio would increase by 7.3 percentage points to 63.8 percent, and the HHI would increase by 708 points to 1780.

14. The Board received an untimely comment from an individual asserting that First of America's acquisition of Midwest would substantially lessen competition in the Kankakee banking market. In light of the factors discussed above, the allegations raised in the protest do not warrant denial of this application.

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Secretary of the Board

Recent applications have been approved by the Secretary of the Board as listed below. Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Applicant	Bank(s)	Effective date
First Chicago Corporation, Chicago, Illinois	FCBAH Bank, Arlington Heights, Illinois	September 29, 1989
First Chicago Corporation Chicago, Illinois	Ravenswood Financial Corporation, Chicago, Illinois	September 29, 1989

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Alexis Bancorp, Inc., Carol Stream, Illinois	The Bank of Alexis, Alexis, Illinois	Chicago	October 16, 1989
Amarillo Delaware Bancorp, Inc., Wilmington, Delaware	Amarillo National Bank, Amarillo, Texas	Dallas	October 12, 1989
Bainum Bancorp II, Murfreesboro, Arkansas	Pike County Bank, Murfreesboro, Arkansas	St. Louis	September 21, 1989
BancFirst Corp., Zanesville, Ohio	The First National Bank of Zanesville, Zanesville, Ohio	Cleveland	October 12, 1989
Bancook Corporation, Cook, Nebraska	Farmers Bank, Prairie Home, Nebraska	Kansas City	September 29, 1989
The Boston Bank of Commerce Employee Stock Ownership Trust, Boston, Massachusetts	The Boston Bank of Commerce, Boston, Massachusetts	Boston	October 3, 1989
Citizens Bancshares, Inc., Salineville, Ohio	The First National Bank of Chester, Chester, West Virginia	Cleveland	October 17, 1989
The Citizens and Southern Corporation, Atlanta, Georgia	The Ocean State Bank, Neptune Beach, Florida	Atlanta	October 23, 1989
Citrus Financial Services Corporation, Vero Beach, Florida	Citrus Bank, National Association, Vero Beach, Florida	Atlanta	September 21, 1989
Clarke, Inc., Central City, Nebraska	Midlands Bancorp, Inc., Papillion, Nebraska	Kansas City	October 12, 1989
Crosswhite Bankshares, Inc., Denver, Colorado	Rocky Ford National Bank, Rocky Ford, Colorado	Kansas City	September 20, 1989
Farmers State Bankshares, Inc., Circleville, Kansas	The Farmers State Bank, Circleville, Kansas	Kansas City	October 20, 1989
Far West Bancorporation, Provo, Utah	Far West Bank, Provo, Utah	San Francisco	October 12, 1989
Fayette County Bancshares, Inc., Peachtree City, Georgia	Fayette County Bank, Peachtree City, Georgia	Atlanta	September 19, 1989
FDH Bancshares, Inc., Little Rock, Arkansas	First State Bank of Fordyce, Fordyce, Arkansas Citizens First State Bank, Arkadelphia, Arkansas	St. Louis	September 20, 1989
1st AmBanc, Inc., Destin, Florida	1st American Bank of Walton County, Destin, Florida	Atlanta	October 23, 1989

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First Community Bancorp, Inc., Cartersville, Georgia	First Community Bank & Trust, Cartersville, Georgia	Atlanta	October 20, 1989
First Eagle Bancshares, Inc., Roselle, Illinois	First National Bank of Roselle, Roselle, Illinois	Chicago	October 13, 1989
The First National Bankshares of Henry County, Inc., Stockbridge, Georgia	The First National Bank of Henry County, Stockbridge, Georgia	Atlanta	October 5, 1989
F & M National Corporation, Winchester, Virginia	The First National Bank of Broadway, Broadway, Virginia	Richmond	October 11, 1989
Franklin State Bancshares, Inc., Franklin, Nebraska	Franklin State Bank, Franklin, Nebraska	Kansas City	October 18, 1989
GNB Bancshares, Inc., Gainesville, Texas Guaranty National Bancshares, Inc., Wilmington, Delaware	Gainesville National Bank, Gainesville, Texas	Dallas	September 26, 1989
Green Top, Inc., Central City, Nebraska Shelby Insurance, Inc., Central City, Nebraska	Bank of the Midlands, Papillion, Nebraska	Kansas City	October 12, 1989
Growth Financial Corporation, Basking Ridge, New Jersey	Growth Bank, Basking Ridge, New Jersey	New York	October 4, 1989
Illinois Valley Bancshares, Inc., Elmhurst, Illinois	Colonial Trust & Savings Bank, Peru, Illinois Illinois Regional Bank, Bureau County, Princeton, Illinois	Chicago	October 11, 1989
InterCounty Bancshares, Inc., Employee Stock Ownership Plan, Wilmington, Ohio	InterCounty Bancshares, Inc., Wilmington, Ohio	Cleveland	October 12, 1989
Investors Financial Corporation, Sedalia, Missouri	Community Bank of Pettis County, Sedalia, Missouri	Kansas City	October 13, 1989
Lincoln Holding Company, Hankinson, North Dakota	Lincoln State Bank, Hankinson, North Dakota	Minneapolis	October 16, 1989
Livingston & Company Southwest, L.P., Chicago, Illinois Livingston Southwest Corporation, Chicago , Illinois	First National Bank of North County, Carlsbad, California	Kansas City	October 19, 1989
Marseilles Bancorporation, Inc., Marseilles, Illinois	Union National Bank of Marseilles, Marseilles, Illinois	Chicago	October 6, 1989

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
M.O.I. Inc., Janesville, Wisconsin	State Bank of Mount Horeb, Mount Horeb, Wisconsin State Bank of Argyle, Argyle, Wisconsin	Chicago	October 6, 1989
New East Bancorp, Raleigh, North Carolina	New East Bank of Fayetteville, Fayetteville, North Carolina	Richmond	October 18, 1989
New East Bancorp, Raleigh, North Carolina	New East Bank of Greenville, Greenville, North Carolina	Richmond	October 11, 1989
Ocean State Bancshares, Middletown, Rhode Island	Ocean State National Bank, Middletown, Rhode Island	Boston	September 22, 1989
OMNIBANCORP, Denver, Colorado	OMNIBANK Denver, Denver, Colorado	Kansas City	September 20, 1989
The Plains Corporation, Wilmington, Delaware	The Plains Corporation, Lubbock, Texas Plains National Bank of Lubbock, Lubbock, Texas	Dallas	October 16, 1989
P.N.B. Financial Corporation, Kingfisher, Oklahoma	The First National Bank of Hennessey, Hennessey, Oklahoma	Kansas City	October 10, 1989
Prairie State Bancorp, Inc., Danforth, Illinois	Farmers State Bank of Danforth, Danforth, Illinois	Chicago	September 27, 1989
PSB Financial Shares, Inc., Prinsburg, Minnesota	Prinsburg State Bank, Prinsburg, Minnesota	Minneapolis	October 19, 1989
River Forest Bancorp, Inc., Chicago , Illinois	Calumet City Bancorp, Inc., Calumet City, Illinois	Chicago	October 17, 1989
Rodgers Family Bancshares, Inc., Waldron, Arkansas	Bank of Waldron, Waldron, Arkansas	St. Louis	September 29, 1989
South Holt Bancshares, Inc., Oregon, Missouri	Zook and Roecker State Bank, Oregon, Missouri	Kansas City	September 22, 1989
Spearman Bancshares, Inc., Spearman, Texas	First National Bank, Spearman, Texas	Dallas	October 26, 1989
Stearns Financial Services, Inc., Albany, Minnesota	Stearns Agency, Inc., Albany, Minnesota Financial Services of Evansville, Inc., Evansville, Minnesota Security State Bank of Holdingford, Holdingford, Minnesota Farmers State Bank of Upsala, Upsala, Minnesota	Minneapolis	October 2, 1989
The Summit Bancorporation, Summit, New Jersey	Growth Financial Corporation, Basking Ridge, New Jersey	New York	October 4, 1989
Terre Du Lac Bancshares, Inc., St. Louis, Missouri	First National Bank of Callaway County, Fulton, Missouri	St. Louis	October 5, 1989

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Tomball National BancShares, Inc., Tomball, Texas Tomball Capital Corporation, Wilmington, Delaware	Tomball National Bank, Tomball, Texas	Dallas	October 20, 1989
Tulsa National Bancshares, Inc., Tulsa, Oklahoma	Tulsa National Bank, Tulsa, Oklahoma	Kansas City	September 29, 1989
Union Planters Corporation, Memphis, Tennessee	Citizens Bank & Trust Company, Wartburg, Tennessee	St. Louis	September 22, 1989
Union Planters Corporation, Memphis, Tennessee	National Commerce Corporation, New Albany, Mississippi	St. Louis	September 22, 1989
Union Planters Corporation, Memphis, Tennessee	Steiner Bank, Birmingham, Alabama	St. Louis	October 6, 1989
United Nebraska Financial Co., Ord, Nebraska	Labanco, Inc., Burwell, Nebraska Burwell Insurance Agency, Inc., Burwell, Nebraska	Kansas City	October 5, 1989
WB&T Bancshares, Inc., Waycross, Georgia	Waycross Bank & Trust, Waycross, Georgia	Atlanta	October 25, 1989
West-Ark Bancshares, Inc., Clarksville, Arkansas	Arkansas State Bank, Clarksville, Arkansas	St. Louis	October 3, 1989
West Jersey Bancshares, Inc., Fairfield, New Jersey	West Jersey Community Bank, Fairfield, New Jersey	New York	October 25, 1989

Section 4

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
Algemene Bank Nederland, N.V., Amsterdam, The Netherlands A.B.N.-Stichting, Amsterdam, The Netherlands	ABN Capital Markets Corporation, New York, New York	Chicago	October 5, 1989
Banc One Corporation, Columbus, Ohio	Weaver Bros., Inc., Chevy Chase, Maryland	Cleveland	September 22, 1989
Draper Holding Company, Draper, South Dakota	Dave Moore Insurance Agency, Vivian, South Dakota	Minneapolis	September 28, 1989
MNC Financial, Inc., Baltimore, Maryland	Royal Credit Corporation, Spartanburg, South Carolina	Richmond	October 25, 1989
Mount Sterling National Holding Corporation, Mount Sterling, Kentucky	Home Towne Loan Company, Inc., Stanton, Kentucky	Cleveland	September 29, 1989
Northern Trust Corporation, Chicago, Illinois	Berry, Hartell & Evers, San Francisco, California	Chicago	September 22, 1989
Northern Trust Corporation, Chicago, Illinois	Northern Trust Brokerage, Inc., Chicago, Illinois	Chicago	October 5, 1989

Section 4—Continued

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
Norwest Corporation, Minneapolis, Minnesota	Saffer Insurance Services, Inc., Lincoln, Nebraska	Minneapolis	October 11, 1989
Union Planters Corporation, Memphis, Tennessee	GulfNet, Inc., Mandeville, Louisiana	St. Louis	September 22, 1989

Sections 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Fifth Third Bancorp, Cincinnati, Ohio	First Ohio Bancshares, Inc., Toledo, Ohio	Cleveland	October 26, 1989
Johnson International Bancorp, Ltd., Racine, Wisconsin	Biltmore Bank Corp., Phoenix, Arizona Johnson Asset Management, Inc., Milwaukee, Wisconsin Johnson Investment S.A., Zug, Switzerland	San Francisco	September 27, 1989
Plainview Bankshares, Inc., Plainview, Minnesota	First National Bank, Plainview, Minnesota	Minneapolis	October 16, 1989
ValliCorp Holdings, Inc., Fresno, California	Bank of Fresno, Fresno, California Merced Bank of Commerce, N.A., Merced, California Western Commercial Leasing Company, Fresno, California	San Francisco	October 20, 1989

Applications Approved Under Bank Merger Act

By Federal Reserve Banks

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

Applicant	Bank(s)	Reserve Bank	Effective date
Central Savings Bank, Sault St. Marie, Michigan	First of America Bank - Northern Michigan, Cheboygan, Michigan	Minneapolis	October 3, 1989

Applicant	Bank(s)	Reserve Bank	Effective date
Chemical Bank and Trust Company, Midland, Michigan	Chemical Bank Bay Area, Bay City, Michigan	Chicago	October 17, 1989
Comerica Bank-Detroit, Detroit, Michigan	Dearborn Bank and Trust Company, Dearborn, Michigan	Chicago	September 21, 1989
Heartland Bank, Croton, Ohio	Lyndon Guaranty Bank of Ohio, Columbus, Ohio	Cleveland	October 23, 1989
Victoria Bank & Trust Company, Victoria, Texas	The Jackson County State Bank, Edna, Texas Bank of Commerce Calhoun County, Point Comfort, Texas	Dallas	September 25, 1989

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 as a party.

Consolidated Bancorp v. Board of Governors, No. W-89-CA251 (W.D. Tex., filed September 8, 1989); *Consolidated Bancorp v. Board of Governors*, Adversary Proceeding No. 89-6081 (Bankr. W.D. Tex., filed September 15, 1989).

Synovus Financial Corp. v. Board of Governors, No. 89-1394 (D.C. Cir., filed June 21, 1989).

MCorp v. Board of Governors, No. 89-2816 (5th Cir., filed May 2, 1989).

Whitney v. Board of Governors, et al., No. 89-1263 (5th Cir., filed March 22, 1989).

Independent Insurance Agents of America, Inc. v. Board of Governors, No. 89-4030 (2d Cir., filed March 9, 1989).

Securities Industry Association v. Board of Governors, No. 89-1127 (D.C. Cir., filed February 16, 1989).

American Land Title Association v. Board of Governors, No. 88-1872 (D.C. Cir., filed December 16, 1988).

MCorp v. Board of Governors, No. CA3-88-2693-F (N.D. Tex., filed October 28, 1988).

White v. Board of Governors, No. CU-S-88-623-RDF (D. Nev., filed July 29, 1988).

Baugh v. Board of Governors, No. C88-3037 (N.D. Iowa, filed April 8, 1988).

Bonilla v. Board of Governors, No. 88-1464 (7th Cir., filed March 11, 1988).

Cohen v. Board of Governors, No. 88-1061 (D.N.J., filed March 7, 1988).

The Chase Manhattan Corporation v. Board of Governors, No. 87-1333 (D.C. Cir., filed July 20, 1987).

Lewis v. Board of Governors, Nos. 87-3455, 87-3545 (11th Cir., filed June 25, Aug. 3, 1987).

First Savings Bank v. Federal Reserve System, et al., No. 89-4117, (D.S.D., filed August 31, 1989).

Financial and Business Statistics

NOTE. *The following tables may have some discontinuities in historical data for some series beginning with the March 1989 issue: 1.10, 1.17, 1.20, 1.21, 1.22, 1.23, 1.24, 1.25, 1.26, 1.28, 1.30, 1.31, 1.32, 1.35, 1.36, 1.37, 1.39, 1.40, 1.41, 1.42, 1.43, 1.45, 1.46, 1.47, 1.48, 1.50, 1.53, 1.54, 1.55, 1.56, 2.11, 2.14, 2.15, 2.16, 2.17, 3.14, and 3.21. For a more detailed explanation of the changes, see the announcement on pages 288–89 of the April 1989* BULLETIN.

CONTENTS

Domestic Financial Statistics

MONEY STOCK AND BANK CREDIT

A3 Reserves, money stock, liquid assets, and debt measures
A4 Reserves of depository institutions, Reserve Bank credit
A5 Reserves and borrowings—Depository institutions
A6 Selected borrowings in immediately available funds—Large member banks

POLICY INSTRUMENTS

A7 Federal Reserve Bank interest rates
A8 Reserve requirements of depository institutions
A9 Federal Reserve open market transactions

FEDERAL RESERVE BANKS

A10 Condition and Federal Reserve note statements
A11 Maturity distribution of loan and security holdings

MONETARY AND CREDIT AGGREGATES

A12 Aggregate reserves of depository institutions and monetary base
A13 Money stock, liquid assets, and debt measures
A15 Bank debits and deposit turnover
A16 Loans and securities—All commercial banks

COMMERCIAL BANKING INSTITUTIONS

A17 Major nondeposit funds
A18 Assets and liabilities, last-Wednesday-of-month series

WEEKLY REPORTING COMMERCIAL BANKS

Assets and liabilities
A19 All reporting banks
A20 Banks in New York City
A21 Branches and agencies of foreign banks
A22 Gross demand deposits—individuals, partnerships, and corporations

FINANCIAL MARKETS

A23 Commercial paper and bankers dollar acceptances outstanding
A23 Prime rate charged by banks on short-term business loans
A24 Interest rates—money and capital markets
A25 Stock market—Selected statistics
A26 Selected financial institutions—Selected assets and liabilities

FEDERAL FINANCE

A28 Federal fiscal and financing operations
A29 U.S. budget receipts and outlays
A30 Federal debt subject to statutory limitation
A30 Gross public debt of U.S. Treasury—Types and ownership
A31 U.S. government securities dealers—Transactions
A32 U.S. government securities dealers—Positions and financing
A33 Federal and federally sponsored credit agencies—Debt outstanding

SECURITIES MARKETS AND CORPORATE FINANCE

A34 New security issues—State and local governments and corporations
A35 Open-end investment companies—Net sales and asset position
A35 Corporate profits and their distribution
A35 Total nonfarm business expenditures on new plant and equipment
A36 Domestic finance companies—Assets and liabilities and business credit

REAL ESTATE

A37 Mortgage markets
A38 Mortgage debt outstanding

CONSUMER INSTALLMENT CREDIT

A39 Total outstanding and net change
A40 Terms

FLOW OF FUNDS

A41 Funds raised in U.S. credit markets
A43 Direct and indirect sources of funds to credit markets
A44 Summary of credit market debt outstanding
A45 Summary of credit market claims, by holder

Domestic Nonfinancial Statistics

SELECTED MEASURES

A46 Nonfinancial business activity—Selected measures
A47 Labor force, employment, and unemployment
A48 Output, capacity, and capacity utilization
A49 Industrial production—Indexes and gross value
A51 Housing and construction
A52 Consumer and producer prices
A53 Gross national product and income
A54 Personal income and saving

International Statistics

SUMMARY STATISTICS

A55 U.S. international transactions—Summary
A56 U.S. foreign trade
A56 U.S. reserve assets
A56 Foreign official assets held at Federal Reserve Banks
A57 Foreign branches of U.S. banks—Balance sheet data
A59 Selected U.S. liabilities to foreign official institutions

REPORTED BY BANKS IN THE UNITED STATES

A59 Liabilities to and claims on foreigners
A60 Liabilities to foreigners
A62 Banks' own claims on foreigners
A63 Banks' own and domestic customers' claims on foreigners
A63 Banks' own claims on unaffiliated foreigners
A64 Claims on foreign countries—Combined domestic offices and foreign branches

REPORTED BY NONBANKING BUSINESS ENTERPRISES IN THE UNITED STATES

A65 Liabilities to unaffiliated foreigners
A66 Claims on unaffiliated foreigners

SECURITIES HOLDINGS AND TRANSACTIONS

A67 Foreign transactions in securities
A68 Marketable U.S. Treasury bonds and notes—Foreign transactions

INTEREST AND EXCHANGE RATES

A69 Discount rates of foreign central banks
A69 Foreign short-term interest rates
A70 Foreign exchange rates

A71 *Guide to Tabular Presentation, Statistical Releases, and Special Tables*

SPECIAL TABLE

A72 Assets and liabilities of commercial banks, March 31, 1989

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

Annual rates of change, seasonally adjusted in percent[1]

Monetary and credit aggregates	1988	1989			1989				
	Q4	Q1	Q2	Q3	May	June	July	Aug.[r]	Sept.
Reserves of depository institutions[2]									
1 Total	−.8	−4.2	−8.7	.2	−14.6	−8.0	7.2	1.1	8.6
2 Required	−1.5	−4.4	−7.6	.1	−20.0	−5.5	6.0	2.8	8.6
3 Nonborrowed	5.3	.0	−10.2	8.2	−3.2	−3.4	24.2	1.5	8.3
4 Monetary base[3]	4.8	4.6	1.5	3.0	−1.5	3.1	4.0	1.3	7.2
Concepts of money, liquid assets, and debt[4]									
5 M1	2.3	−.4	−5.6	1.7	−15.1	−4.6[r]	10.9	.7	5.9
6 M2	3.6	1.8	1.2	7.3	−3.3	6.2	11.5	7.2	7.5
7 M3	4.8	3.7	2.9	4.7	−1.2	5.7	9.0	2.2	.8
8 L	5.5	5.0[r]	4.7[r]	n.a.	−1.0[r]	3.3[r]	8.9[r]	5.1	n.a.
9 Debt	8.9	8.4	7.6	7.4	7.3	6.5	6.1[r]	9.3	n.a.
Nontransaction components									
10 In M2[5]	4.1	2.6	3.5	9.2	.6[r]	9.8[r]	11.7	9.4	8.1
11 In M3 only[6]	9.3	10.6[r]	9.2	−4.4	6.3	4.0	.1[r]	−15.6	−23.1
Time and savings deposits									
Commercial banks									
12 Savings[7]	4.0	−3.7	−14.2	−.1	−20.5[r]	−6.6	3.5	7.4	8.0
13 Small-denomination time[8]	18.0	22.5	29.0	10.6	28.4[r]	12.0	7.5	7.8	5.0
14 Large-denomination time[9,10]	13.0	18.1	17.7	1.8	10.0	1.8	3.8[r]	−1.9	−5.1
Thrift institutions									
15 Savings[7]	−2.5	−7.7	−19.0	−6.9	−26.3	−9.1	−5.6	−2.0	3.8
16 Small-denomination time	6.6	4.3	14.1	9.5	22.5	15.4	9.2	4.0	−3.3
17 Large-denomination time[9]	8.0	1.2	5.9	−9.7	8.0	1.9	−8.4	−22.3	−29.6
Debt components[4]									
18 Federal	7.6	7.7	6.9	5.4	4.2	4.3	.1[r]	11.0	n.a.
19 Nonfederal	9.2	8.6	7.8	8.0	8.3	7.2	7.9[r]	8.8	n.a.

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 depository institutions; (2) travelers checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to depository institutions, 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.

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.

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 the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds.

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

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

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

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

7. Excludes MMDAs.

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

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

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

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						
	1989			1989						
	July	Aug.	Sept.	Aug. 16	Aug. 23	Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**262,096**	**259,232**	**261,299**	**260,064**	**257,673**	**258,726**	**258,278**	**259,729**	**261,949**	**263,247**
2 U.S. government securities[1]	222,972	218,753	219,475	219,174	217,744	218,682	218,414	219,051	219,444	219,798
3 Bought outright	222,812	218,753	219,018	219,174	217,744	218,682	218,414	219,051	218,362	219,099
4 Held under repurchase agreements	160	0	457	0	0	0	0	0	1,082	699
5 Federal agency obligations	6,674	6,609	6,762	6,609	6,609	6,609	6,593	6,555	6,810	7,014
6 Bought outright	6,637	6,609	6,562	6,609	6,609	6,609	6,593	6,555	6,555	6,555
7 Held under repurchase agreements	37	0	200	0	0	0	0	0	255	459
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	685	685	636	580	925	563	512	480	746	818
10 Float	742	568	879	687	424	410	979	592	1,007	1,118
11 Other Federal Reserve assets	31,024	32,619	33,546	33,013	31,972	32,462	31,780	33,049	33,940	34,498
12 Gold stock[2]	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,065
13 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
14 Treasury currency outstanding	19,245	19,318	19,391	19,314	19,324	19,334	19,344	19,354	19,372	19,386
ABSORBING RESERVE FUNDS										
15 Currency in circulation	249,824	249,102	248,937	249,831	248,984	248,011	249,634	250,214	248,808	247,601
16 Treasury cash holdings[2]	466	429	431	431	426	422	423	424	435	436
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,067	5,437	7,679	5,747	4,662	5,680	4,819	4,549	6,486	12,316
18 Foreign	229	250	257	282	243	208	251	270	243	236
19 Service-related balances and adjustments	1,970	1,889	1,846	1,896	1,859	1,845	1,823	1,769	1,914	1,835
20 Other	262	314	351	261	273	528	306	272	419	412
21 Other Federal Reserve liabilities and capital	8,029	7,948	7,572	7,766	7,667	7,687	7,077	7,378	7,619	7,743
22 Reserve balances with Federal Reserve Banks[3]	34,085	32,765	33,201	32,748	32,467	33,262	32,873	33,793	34,980	31,637
	End-of-month figures			Wednesday figures						
	1989			1989						
	July	Aug.	Sept.	Aug. 16	Aug. 23	Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**259,145**	**256,914**	**264,137**	**259,473**	**261,421**	**256,932**	**259,462**	**260,727**	**272,423**	**263,276**
24 U.S. government securities[1]	218,676	217,409	221,051	219,577	219,214	216,339	219,132	219,188	226,447	220,565
25 Bought outright	218,676	217,409	221,051	219,577	219,214	216,339	219,132	219,188	218,876	219,058
26 Held under repurchase agreements	0	0	0	0	0	0	0	0	7,571	1,507
27 Federal agency obligations	6,609	6,609	6,555	6,609	6,609	6,609	6,555	6,555	8,340	7,613
28 Bought outright	6,609	6,609	6,555	6,609	6,609	6,609	6,555	6,555	6,555	6,555
29 Held under repurchase agreements	0	0	0	0	0	0	0	0	1,785	1,058
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	594	541	598	579	2,902	561	532	483	962	585
32 Float	351	634	501	856	448	896	1,112	723	1,807	804
33 Other Federal Reserve assets	32,915	31,722	35,433	31,853	32,249	32,528	32,131	33,778	34,866	33,708
34 Gold stock[2]	11,066	11,066	11,065	11,066	11,066	11,066	11,066	11,066	11,065	11,065
35 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
36 Treasury currency outstanding	19,309	19,344	19,425	19,314	19,324	19,334	19,344	19,354	19,372	19,386
ABSORBING RESERVE FUNDS										
37 Currency in circulation	248,637	249,245	247,581	249,722	248,641	248,540	250,465	249,832	248,239	247,644
38 Treasury cash holdings[2]	451	420	440	427	422	420	424	424	435	440
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	5,312	6,652	13,452	4,612	5,648	5,714	4,537	5,458	11,476	9,768
40 Foreign	371	265	326	239	180	207	209	187	192	335
41 Service-related balances and adjustments	1,592	1,611	1,630	1,608	1,626	1,611	1,613	1,602	1,602	1,630
42 Other	236	273	318	308	258	339	263	265	299	376
43 Other Federal Reserve liabilities and capital	8,693	7,063	8,776	7,467	7,487	7,465	7,096	7,488	7,636	7,659
44 Reserve balances with Federal Reserve Banks[3]	32,747	30,313	30,623	33,990	36,067	31,555	33,784	34,409	41,499	34,392

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* any securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Revised for periods between October 1986 and April 1987. At times during this interval, outstanding gold certificates were inadvertently in excess of the gold stock. Revised data not included in this table are available from the Division of Research and Statistics, Banking Section.
3. Excludes required clearing balances and adjustments to compensate for float.

NOTE. For amounts of currency and coin held as reserves, see table 1.12. Components may not add to totals because of rounding.

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	1986 Dec.	1987 Dec.	1988 Dec.	1989 Mar.	1989 Apr.	1989 May	1989 June	1989 July	1989 Aug.	1989 Sept.
	Monthly averages[9]									
1 Reserve balances with Reserve Banks[2]	37,360	37,673	37,830	34,623	35,832	33,199	33,852	33,902	32,823	33,507
2 Total vault cash[3]	24,077	26,185	27,197	27,059	26,746	27,166	27,151	27,851	28,358	28,085
3 Vault[4]	22,199	24,449	25,909	25,589	25,456	25,712	25,735	26,351	26,735	26,569
4 Surplus[5]	1,878	1,736	1,288	1,470	1,290	1,454	1,416	1,500	1,622	1,517
5 Total reserves[6]	59,560	62,123	63,739	60,212	61,288	58,911	59,587	60,254	59,559	60,076
6 Required reserves	58,191	61,094	62,699	59,255	60,511	57,881	58,681	59,288	58,674	59,187
7 Excess reserve balances at Reserve Banks[7]	1,369	1,029	1,040	957	776	1,031	905	966	885	888
8 Total borrowings at Reserve Banks	827	777	1,716	1,813	2,289	1,720	1,490	694	675	693
9 Seasonal borrowings at Reserve Banks	38	93	130	139	213	345	431	497	490	452
10 Extended credit at Reserve Banks[8]	303	483	1,244	1,334	1,707	1,197	917	106	41	22

Reserve classification	June 14	June 28	July 12	July 26	Aug. 9	Aug. 23	Sept. 6	Sept. 20	Oct. 4	Oct. 18
	Biweekly averages of daily figures for weeks ending, 1989									
11 Reserve balances with Reserve Banks[2]	34,608	32,950	34,866	33,410	32,969	32,599	33,053	34,369[r]	32,573	33,600
12 Total vault cash[3]	26,607	27,630	27,607	27,948	28,166	28,852	27,710	28,095	28,298	29,096
13 Vault[4]	25,301	26,104	26,191	26,432	26,513	27,212	26,153	26,660	26,691	27,532
14 Surplus[5]	1,306	1,526	1,416	1,517	1,654	1,640	1,557	1,436	1,607	1,564
15 Total reserves[6]	59,909	59,054	61,057	59,842	59,481	59,810	59,206	61,028[r]	59,264	61,132
16 Required reserves	59,012	58,154	60,067	58,807	58,766	58,859	58,247	60,195[r]	58,341	60,197
17 Excess reserve balances at Reserve Banks[7]	897	901	990	1,035	715	951	959	833[r]	923	935
18 Total borrowings at Reserve Banks	2,126	965	717	681	676	753	538	614	898	653
19 Seasonal borrowings at Reserve Banks	388	467	483	509	497	489	485	438	453	342
20 Extended credit at Reserve Banks[8]	1,657	287	146	90	55	44	22	21	25	19

1. *These data also appear in the Board's H.3 (502) release. For address, see inside front cover.*
2. Excludes required clearing balances and adjustments to compensate for float.
3. 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.
4. 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.
5. 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.
6. 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.
7. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves.
8. 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.
9. Data are prorated monthly averages of biweekly averages.

1.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Member Banks[1]

Averages of daily figures, in millions of dollars

	Maturity and source	1988 week ending Monday								
		Aug. 22	Aug. 29	Sept. 5	Sept. 12	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17
	Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds									
	From commercial banks in the United States									
1	For one day or under continuing contract	66,871	64,904	69,394	69,451	65,767	62,866	66,221	71,087	68,324
2	For all other maturities	10,102	10,187	10,001	9,714	9,443	9,450	8,919	9,090	8,970
	From other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies									
3	For one day or under continuing contract	26,570	26,952	27,114	29,922	26,636	27,000	25,144	28,535	29,991
4	For all other maturities	6,700	6,579	6,629	6,581	6,895	6,273	6,081	6,340	6,386
	Repurchase agreements on U.S. government and federal agency securities in immediately available funds									
	Brokers and nonbank dealers in securities									
5	For one day or under continuing contract	16,304	15,212	15,337	15,072	14,596	13,683	12,927	13,238	13,880
6	For all other maturities	12,587	13,177	12,365	11,524	13,136	13,293	12,723	12,699	12,221
	All other customers									
7	For one day or under continuing contract	27,452	28,070	27,866	27,761	27,123	27,616	27,876	26,825	28,236
8	For all other maturities	10,559	10,701	10,279	9,691	10,429	10,341	9,629	10,089	9,594
	MEMO: Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9	To commercial banks in the United States	35,147	34,797	39,559	34,356	37,066	37,013	39,869	37,509	38,388
10	To all other specified customers[2]	14,952	14,010	14,263	13,677	14,421	13,079	13,513	14,007	15,296

1. Banks with assets of $1 billion or more as of Dec. 31, 1977.
These data also appear in the Board's H.5 (507) release. For address, see inside front cover.

2. Brokers and nonbank dealers in securities; other depository institutions; foreign banks and official institutions; and United States government agencies.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit and Seasonal credit[1]			Extended credit[2]						
				First 30 days of borrowing			After 30 days of borrowing[3]			
	On 10/26/89	Effective date	Previous rate	On 10/26/89	Effective date	Previous rate	On 10/26/89	Effective date	Previous rate	Effective date
Boston	7	2/24/89	6½	7	2/24/89	6½	9.20	10/19/89	9.50	10/5/89
New York		2/24/89			2/24/89			10/19/89		10/5/89
Philadelphia		2/24/89			2/24/89			10/19/89		10/5/89
Cleveland		2/24/89			2/24/89			10/19/89		10/5/89
Richmond		2/24/89			2/24/89			10/19/89		10/5/89
Atlanta		2/24/89			2/24/89			10/19/89		10/5/89
Chicago		2/24/89			2/24/89			10/19/89		10/5/89
St. Louis		2/24/89			2/24/89			10/19/89		10/5/89
Minneapolis		2/24/89			2/24/89			10/19/89		10/5/89
Kansas City		2/24/89			2/24/89			10/19/89		10/5/89
Dallas		2/27/89			2/27/89			10/19/89		10/5/89
San Francisco	7	2/24/89	6½	7	2/24/89	6½	9.20	10/19/89	9.50	10/5/89

Range of rates for adjustment credit in recent years[4]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1980—July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
1981—May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982—July 20	11½–12	11½
23	11½	11½
Aug. 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov. 22	9–9½	9
26	9	9
Dec. 14	8½–9	9
15	8½–9	8½
17	8½	8½

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1984—Apr. 9	8½–9	9
13	9	9
Nov. 21	8½–9	8½
26	8½	8½
Dec. 24	8	8
1985—May 20	7½–8	7½
24	7½	7½
1986—Mar. 7	7–7½	7
10	7	7
Apr. 21	6½–7	6½
July 11	6	6
Aug. 21	5½–6	5½
22	5½	5½
1987—Sept. 4	5½–6	6
11	6	6
1988—Aug. 9	6–6½	6½
11	6½	6½
1989—Feb. 24	6½–7	7
27	7	7
In effect Oct. 26, 1989	7	7

1. Adjustment credit is available on a short-term basis to help depository institutions meet temporary needs for funds that cannot be met through reasonable alternative sources. After May 19, 1986, the highest rate established for loans to depository institutions may be charged on adjustment credit loans of unusual size that result from a major operating problem at the borrower's facility.

Seasonal credit is available to help smaller depository institutions meet regular, seasonal needs for funds that cannot be met through special industry lenders and that arise from a combination of expected patterns of movement in their deposits and loans. A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was a fixed rate ½ percent above the rate on adjustment credit. The program was reestablished for 1986 and 1987 but was not renewed for 1988.

2. Extended credit is available to depository institutions, when similar assistance is not reasonably available from other sources, when exceptional circumstances or practices involve only a particular institution or when an institution is experiencing difficulties adjusting to changing market conditions over a longer period of time.

3. For extended-credit loans outstanding more than 30 days, a flexible rate somewhat above rates on market sources of funds ordinarily will be charged, but in no case will the rate charged be less than the basic discount rate plus 50 basis points. The flexible rate is reestablished on the first business day of each two-week reserve maintenance period. At the discretion of the Federal Reserve Bank, the time period for which the basic discount rate is applied may be shortened.

4. For 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*.

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 four 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, 1981. As of Oct. 1, 1981 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[2]	Depository institution requirements after implementation of the *Monetary Control Act*	
	Percent of deposits	Effective date
Net transaction accounts[3,4]		
$0 million–$41.5 million	3	12/20/88
More than $41.5 million	12	12/20/88
Nonpersonal time deposits[5]		
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. Reserve requirements in effect on Dec. 31, 1988. 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. For previous reserve requirements, see earlier editions of the *Annual Report* and of the FEDERAL RESERVE BULLETIN. 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 corporations.

2. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) requires 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 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. On Dec. 20, 1988, the exemption was raised from $3.2 million to $3.4 million. In determining the reserve requirements of depository institutions, the exemption shall apply in the following order: (1) net NOW accounts (NOW accounts less allowable deductions); (2) net other transaction accounts; and (3) 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.

3. 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 subject to the rules 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).

4. 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. 20, 1988 for institutions reporting quarterly and Dec. 27, 1988 for institutions reporting weekly, the amount was increased from $40.5 million to $41.5 million.

5. 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.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction	1986	1987	1988	1989						
				Feb.	Mar.	Apr.	May	June	July	Aug.
U.S. TREASURY SECURITIES										
Outright transactions (*excluding matched transactions*)										
Treasury bills										
1 Gross purchases	22,604	18,983	8,223	0	0	3,077	311	0	0	0
2 Gross sales	2,502	6,051	587	3,688	0	0	321	571	5,517	934
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	1,000	9,029	2,200	1,600	0	0	1,200	1,200	2,400	800
Others within 1 year										
5 Gross purchases	190	3,659	2,176	0	0	172	0	0	0	0
6 Gross sales	0	300	0	0	0	0	0	0	0	0
7 Maturity shift	18,674	21,504	23,854	5,418	2,646	1,657	2,863	1,828	1,749	4,200
8 Exchange	-20,180	-20,388	-24,588	-2,308	-2,322	-110	-3,628	-1,434	-1,073	-4,025
9 Redemptions	0	70	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	893	10,231	5,485	0	0	1,436	0	0	0	0
11 Gross sales	0	452	800	225	0	0	75	0	13	150
12 Maturity shift	-17,058	-17,975	-17,720	-5,319	-2,646	-1,532	-2,036	-1,828	-1,584	-3,321
13 Exchange	16,985	18,938	22,515	2,008	2,322	0	3,328	1,434	787	3,425
5 to 10 years										
14 Gross purchases	236	2,441	1,579	0	0	287	0	0	0	0
15 Gross sales	0	0	175	0	0	0	0	0	9	0
16 Maturity shift	-1,620	-3,529	-5,946	-100	0	-125	258	0	-165	-879
17 Exchange	2,050	950	1,797	200	0	110	200	0	286	400
Over 10 years										
18 Gross purchases	158	1,858	1,398	0	0	284	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	0	-188	0	0	0	-1,086	0	0	0
21 Exchange	1,150	500	275	100	0	0	100	0	0	200
All maturities										
22 Gross purchases	24,081	37,170	18,863	0	0	5,255	311	0	0	0
23 Gross sales	2,502	6,803	1,562	3,913	0	0	396	571	5,539	1,084
24 Redemptions	1,000	9,099	2,200	1,600	0	0	1,200	1,200	2,400	800
Matched transactions										
25 Gross sales	927,999	950,923	1,168,484	110,393	83,677	77,349	123,029	128,139	123,373	146,611
26 Gross purchases	927,247	950,935	1,168,142	112,472	82,821	78,259	113,041	138,141	118,221	147,228
Repurchase agreements[2]										
27 Gross purchases	170,431	314,621	152,613	0	0	22,244	31,419	6,203	4,961	0
28 Gross sales	160,268	324,666	151,497	0	0	12,547	41,117	6,203	4,961	0
29 Net change in U.S. government securities	29,988	11,234	15,872	-3,434	-856	15,863	-20,971	8,232	-13,091	-1,267
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	398	276	587	40	0	125	0	0	45	0
Repurchase agreements[2]										
33 Gross purchases	31,142	80,353	57,259	0	0	7,207	12,732	1,666	1,137	0
34 Gross sales	30,521	81,350	56,471	0	0	3,366	16,573	1,666	1,137	0
35 Net change in federal agency obligations	222	-1,274	198	-40	0	3,716	-3,841	0	-45	0
36 Total net change in System Open Market Account	**30,212**	**9,961**	**16,070**	**-3,474**	**-856**	**19,579**	**-24,812**	**8,232**	**-13,136**	**-1,267**

1. 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.

2. In July 1984 the Open Market Trading Desk discontinued accepting bankers acceptances in repurchase agreements.

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements[1]

Millions of dollars

Account	Wednesday					End of month		
	1989					1989		
	Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27	July	Aug.	Sept.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,066	11,066	11,066	11,065	11,065	11,066	11,066	11,065
2 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
3 Coin	450	430	434	454	472	450	445	480
Loans								
4 To depository institutions	561	532	483	962	585	594	542	598
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	6,609	6,555	6,555	6,555	6,555	6,609	6,609	6,555
8 Held under repurchase agreements	0	0	0	1,785	1,058	0	0	0
U.S. Treasury securities								
Bought outright								
9 Bills	93,776	96,568	96,624	96,313	96,495	95,962	94,846	98,487
10 Notes	91,950	91,950	91,950	91,950	91,950	92,300	91,951	91,950
11 Bonds	30,614	30,614	30,614	30,614	30,614	30,414	30,613	30,614
12 Total bought outright[1]	216,339	219,132	219,188	218,876	219,058	218,676	217,409	221,051
13 Held under repurchase agreements	0	0	0	7,571	1,507	0	0	0
14 Total U.S. Treasury securities	216,339	219,132	219,188	226,447	220,565	218,676	217,409	221,051
15 Total loans and securities	**223,509**	**226,219**	**226,225**	**235,749**	**228,764**	**225,879**	**224,560**	**228,203**
16 Items in process of collection	6,266	9,356	6,539	7,722	6,130	4,409	6,206	6,909
17 Bank premises	769	775	776	776	775	768	776	775
Other assets								
18 Denominated in foreign currencies[3]	22,065	21,511	22,941	23,195	24,286	21,529	21,292	26,411
19 All other[4]	9,693	9,845	10,062	10,896	8,647	10,618	9,655	8,247
20 Total assets	**282,336**	**287,720**	**286,561**	**298,374**	**288,656**	**283,237**	**282,515**	**290,607**
LIABILITIES								
21 Federal Reserve notes	230,075	231,974	231,336	229,756	229,171	230,229	230,766	229,076
Deposits								
22 To depository institutions	33,166	35,396	36,011	43,101	36,021	34,339	31,924	32,253
23 U.S. Treasury—General account	5,714	4,537	5,458	11,476	9,768	5,312	6,652	13,452
24 Foreign—Official accounts	207	209	187	192	335	371	264	326
25 Other	339	263	265	299	376	236	275	318
26 Total deposits	**39,426**	**40,405**	**41,921**	**55,069**	**46,501**	**40,258**	**39,116**	**46,348**
27 Deferred credit items	5,370	8,245	5,816	5,914	5,326	4,057	5,572	6,408
28 Other liabilities and accrued dividends[5]	2,744	2,931	2,951	2,994	2,903	2,841	3,072	3,080
29 Total liabilities	**277,615**	**283,555**	**282,024**	**293,733**	**283,901**	**277,384**	**278,524**	**284,911**
CAPITAL ACCOUNTS								
30 Capital paid in	2,161	2,162	2,164	2,197	2,198	2,156	2,162	2,199
31 Surplus	2,112	1,879	1,970	2,006	2,112	2,112	1,809	2,112
32 Other capital accounts	448	125	402	439	445	1,585	22	1,385
33 Total liabilities and capital accounts	**282,336**	**287,720**	**286,561**	**298,374**	**288,656**	**283,237**	**282,515**	**290,607**
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts	242,745	240,668	241,320	239,324	239,416	236,847	242,857	237,904
	Federal Reserve note statement							
35 Federal Reserve notes outstanding issued to bank	276,738	276,474	276,733	276,765	277,492	274,736	276,492	277,676
36 LESS: Held by bank	46,663	44,500	45,397	47,010	48,322	44,507	45,727	48,601
37 Federal Reserve notes, net	230,075	231,974	231,336	229,756	229,171	230,229	230,766	229,076
Collateral held against notes net:								
38 Gold certificate account	11,066	11,066	11,066	11,065	11,065	11,066	11,066	11,065
39 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	210,492	212,390	211,753	210,172	209,587	210,645	211,182	209,493
42 Total collateral	**230,075**	**231,974**	**231,336**	**229,756**	**229,171**	**230,229**	**230,766**	**229,076**

1. Some of these data also appear in the Board's H.4.1 (503) release. For address, see inside front cover. Components may not add to totals because of rounding.
2. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale-purchase transactions.
3. Valued monthly at market exchange rates.
4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within 90 days.
5. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings[1]

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1989					1989		
	Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27	July 31	Aug. 31	Sept. 29
1 Loans—Total	561	532	483	962	585	594	541	533
2 Within 15 days	468	247	202	899	511	415	354	455
3 16 days to 90 days	93	285	281	62	75	179	187	78
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. Treasury securities—Total	216,339	219,132	219,188	218,876	219,058	218,676	217,409	221,051
10 Within 15 days[2]	9,316	7,080	8,271	8,986	9,007	9,144	2,459	5,383
11 16 days to 90 days	49,957	52,247	50,681	49,019	51,446	48,395	50,331	54,519
12 91 days to 1 year	65,639	68,617	69,048	69,683	67,417	69,625	73,431	69,961
13 Over 1 year to 5 years	51,777	51,537	51,537	51,537	51,537	51,583	51,537	51,537
14 Over 5 years to 10 years	13,145	13,145	13,145	13,145	13,145	13,623	13,145	13,145
15 Over 10 years	26,506	26,506	26,506	26,506	26,506	26,306	26,506	26,506
16 Federal agency obligations—Total	6,609	6,555	6,555	6,555	6,555	6,609	6,609	6,555
17 Within 15 days[2]	334	0	16	163	191	101	334	191
18 16 days to 90 days	472	719	773	626	619	721	472	619
19 91 days to 1 year	1,359	1,383	1,343	1,343	1,339	1,332	1,359	1,339
20 Over 1 year to 5 years	3,242	3,260	3,230	3,230	3,213	3,249	3,242	3,213
21 Over 5 years to 10 years	1,012	1,004	1,004	1,004	1,004	1,016	1,012	1,004
22 Over 10 years	189	189	189	189	189	189	189	189

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

NOTE: Components may not add to totals due to rounding.

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE[1]

Billions of dollars, averages of daily figures

Item	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1989 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 **Total reserves[3]**	**48.49**	**58.14**	**58.69**	**60.71**	**60.26**	**59.85**	**59.46**	**58.74**	**58.35**	**58.70**	**58.75[r]**	**59.17**
2 Nonborrowed reserves	47.17	57.31	57.92	58.99	58.77	58.04	57.17	57.02	56.86	58.00	58.08	58.48
3 Nonborrowed reserves plus extended credit[4]	47.67	57.62	58.40	60.23	59.82	59.38	58.88	58.22	57.78	58.11	58.12	58.50
4 Required reserves	47.44	56.77	57.66	59.67	59.11	58.90	58.69	57.71	57.44	57.73	57.87	58.28
5 Monetary base[5]	219.51	241.45	257.99	275.50	277.55	278.61	278.67	278.33	279.06	279.98	280.29	281.98
	Not seasonally adjusted											
6 **Total reserves[3]**	**49.59**	**59.46**	**60.06**	**62.21**	**59.37**	**58.94**	**60.01**	**57.72**	**58.41**	**58.95**	**58.30**	**58.86**
7 Nonborrowed reserves	48.27	58.64	59.28	60.50	57.88	57.13	57.72	56.00	56.92	58.26	57.62	58.16
8 Nonborrowed reserves plus extended credit[4]	48.77	58.94	59.76	61.74	58.93	58.46	59.43	57.20	57.84	58.37	57.66[r]	58.19
9 Required reserves	48.53	58.09	59.03	61.17	58.22	57.98	59.23	56.69	57.51	57.99	57.41[r]	57.97
10 Monetary base[5]	222.73	245.25	262.08	279.71	274.36	275.62	278.11	277.49	280.18	282.07	281.09	280.64
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[6]												
11 **Total reserves[3]**	**48.14**	**59.56**	**62.12**	**63.74**	**60.69**	**60.21**	**61.29**	**58.91**	**59.59**	**60.25**	**59.56**	**60.08**
12 Nonborrowed reserves	46.82	58.73	61.35	62.02	59.21	58.40	59.00	57.19	58.10	59.56	58.88[r]	59.38
13 Nonborrowed reserves plus extended credit[4]	47.32	59.04	61.83	63.27	60.26	59.73	60.71	58.39	59.01	59.67	58.93	59.40
14 Required reserves	47.08	58.19	61.09	62.70	59.54	59.25	60.51	57.88	58.68	59.29	58.67[r]	59.19
15 Monetary base[5]	223.53	247.71	266.16	283.18	277.66	278.94	281.52	280.54	283.27	285.36	284.23	283.71

1. 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 Monetary and Reserves Projections Section. Division of Monetary Affairs. Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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. 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 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. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to helpdepository institutions deal with sustained liquidity pressures. Because there isnot 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.

5. 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 plus, for institutions not having required reserve balances, the excess of current vault cash over the amount applied to satisfy current reserve requirements. Currency and vault cash figures are measured over the weekly computation period ending Monday.

The seasonally adjusted monetary base 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.

6. 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.

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item[2]	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1989 June	1989 July[r]	1989 Aug.[r]	1989 Sept.
				Seasonally adjusted				
1 M1	620.5	725.9	752.3	790.3	770.3	777.3	777.7	781.5
2 M2	2,567.4	2,811.2	2,909.9	3,069.5	3,088.0	3,117.6	3,136.4	3,156.1
3 M3	3,201.7	3,494.9	3,677.6	3,915.4	3,973.5[r]	4,003.2	4,010.5	4,013.4
4 L	3,828.5[r]	4,135.1[r]	4,336.7[r]	4,672.2[r]	4,759.1[r]	4,794.3	4,814.7	n.a.
5 Debt	6,741.5	7,597.0	8,316.1	9,081.1	9,431.6	9,479.2	9,552.6	n.a.
M1 components								
6 Currency[3]	167.8	180.5	196.4	211.8	217.4	218.0	218.4	219.3
7 Travelers checks[4]	5.9	6.5	7.1	7.6	7.2	7.1	7.2	7.2
8 Demand deposits[5]	267.3	303.2	288.3	288.6	275.0	278.9	277.6	277.5
9 Other checkable deposits[6]	179.5	235.8	260.4	282.3	270.7	273.3	274.6	277.6
Nontransactions components								
10 In M2[7]	1,946.9	2,085.3	2,157.6	2,279.3	2,317.7	2,340.3	2,358.7	2,374.6
11 In M3 only[8]	634.3	683.7	767.7	845.9	885.5[r]	885.6	874.1	857.3
Savings deposits[9]								
12 Commercial Banks	125.0	155.8	178.5	192.5	181.4	181.9	183.1	184.3
13 Thrift institutions	176.6	215.2	237.8	238.8	220.6	219.6	219.2	219.9
Small-denomination time deposits[10]								
14 Commercial Banks	383.3	364.6	385.3	443.1	501.9	505.1	508.4	510.5
15 Thrift institutions	499.2	489.3	528.8	582.2	616.6	621.3	623.4	621.7
Money market mutual funds								
16 General purpose and broker-dealer	176.5	208.0	221.1	239.4	265.1	274.6	285.5	294.8
17 Institution-only	64.5	84.4	89.6	87.6	95.1	98.2	100.6	99.1
Large-denomination time deposits[11]								
18 Commercial Banks[12]	285.1	288.8	325.4	364.9	396.4	397.6	397.0	395.3
19 Thrift institutions	151.5	150.1	162.0	172.9	176.6	175.4	172.1	167.9
Debt components								
20 Federal debt	1,585.8	1,805.8	1,957.4	2,113.5	2,184.3	2,184.5	2,204.6	n.a.
21 Nonfederal debt	5,155.7	5,791.2	6,358.6	6,967.6	7,247.3	7,294.7	7,348.0	n.a.
				Not seasonally adjusted				
22 M1	633.5	740.4	766.4	804.4	773.8	781.8	777.8	778.9
23 M2	2,576.2	2,821.1	2,918.7	3,077.2	3,090.8	3,125.4	3,137.4	3,149.5
24 M3	3,213.3	3,507.4	3,688.6	3,925.2	3,974.1[r]	4,004.9	4,012.2	4,011.4
25 L	3,841.5[r]	4,150.0[r]	4,350.9[r]	4,685.6[r]	4,759.9[r]	4,785.2	4,809.4	n.a.
26 Debt	6,730.9	7,580.7	8,297.6	9,066.4	9,390.8	9,435.7	9,505.3	n.a.
M1 components								
27 Currency[3]	170.2	183.0	199.3	214.9	218.5	219.7	219.3	218.6
28 Travelers checks[4]	5.5	6.0	6.5	6.9	7.5	8.1	8.1	7.7
29 Demand deposits[5]	276.9	314.0	298.6	298.8	276.4	281.5	276.8	276.1
30 Other checkable deposits[6]	180.9	237.4	262.0	283.7	271.4	272.5	273.6	276.5
Nontransactions components								
31 M2[7]	1,942.7	2,080.7	2,152.3	2,272.9	2,317.0	2,343.6	2,359.6	2,370.6
32 M3 only[8]	637.1	686.3	769.9	848.0	883.3[r]	879.5	874.8	862.0
Money market deposit accounts								
33 Commercial Banks	332.8	379.6	358.8	352.5	328.1	330.8	335.8	338.9
34 Thrift institutions	180.7	192.9	167.5	150.3	128.8	129.0	129.7	130.2
Savings deposits[9]								
35 Commercial Banks	123.7	154.2	176.6	190.3	183.2	184.3	184.0	184.0
36 Thrift institutions	174.8	212.7	234.8	235.6	223.3	223.2	221.0	220.7
Small-denomination time deposits[10]								
37 Commercial Banks	384.0	365.3	386.1	444.1	499.7[r]	504.4	507.9	510.9
38 Thrift institutions	499.9	489.8	529.1	582.4	612.8	619.8	620.9	618.9
Money market mutual funds								
39 General purpose and broker-dealer	176.5	208.0	221.1	239.4	265.1	274.6	285.5	294.8
40 Institution-only	64.5	84.4	89.6	87.6	95.1	98.2	100.6	99.1
Large-denomination time deposits[11]								
41 Commercial Banks[12]	285.4	289.1	325.8	365.6	394.9	394.9	397.7	397.4
42 Thrift institutions	151.8	150.7	163.0	174.1	174.8	173.3	171.3	168.2
Debt components								
43 Federal debt	1,583.7	1,803.9	1,955.6	2,111.8	2,165.1	2,164.2	2,183.6	n.a.
44 Nonfederal debt	5,147.1	5,776.8	6,342.0	6,954.6	7,225.7	7,271.5	7,321.7	n.a.

For notes see following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) release. Historical data are available from the Monetary and Reserves Projection section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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

M1: (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of depository institutions; (2) travelers checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to depository institutions, 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.

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.

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 the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds.

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

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

3. Currency outside the U.S. Treasury, Federal Reserve Banks, and vaults of depository institutions.

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

5. Demand deposits at commercial banks and foreign-related institutions other than those due to depository institutions, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float.

6. Consists of NOW and ATS balances at all depository institutions, credit union share draft balances, and demand deposits at thrift institutions.

7. Sum of overnight RPs and overnight Eurodollars, money market fund balances (general purpose and broker-dealer), MMDAs, and savings and small time deposits.

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

9. Savings deposits exclude MMDAs.

10. 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.

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

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER[1]

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	1986	1987	1988	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June	1989 July
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	188,346.0	217,116.2	226,888.4	255,774.3	249,088.3	245,230.1	266,468.1	284,129.2	276,453.7
2 Major New York City banks	91,397.3	104,496.3	107,547.3	121,770.1	111,387.4	107,808.9	120,984.1	129,166.6	114,991.8
3 Other banks	96,948.8	112,619.8	119,341.2	134,004.2	137,700.9	137,421.3	145,483.9	154,962.7	161,461.9
4 ATS-NOW accounts[4]	2,182.5	2,402.7	2,757.7	3,054.9	3,264.9	2,986.4	3,406.5	3,696.5	3,596.3
5 Savings deposits[5]	403.5	526.5	583.0	649.2	675.2	585.5	647.2	640.0	580.4
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	556.5	612.1	641.2	734.4	721.0	697.5	767.1	824.0	788.4
7 Major New York City banks	2,498.2	2,670.6	2,903.5	3,618.0	3,393.0	3,092.2	3,342.1	3,588.5	3,222.3
8 Other banks	321.2	357.0	376.8	425.9	440.4	433.9	467.5	501.8	512.6
9 ATS-NOW accounts[4]	15.6	13.8	14.7	16.0	17.1	15.7	18.2	19.8	19.1
10 Savings deposits[5]	3.0	3.1	3.1	3.5	3.6	3.2	3.6	3.6	3.2
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	188,506.7	217,125.1	227,010.7	231,347.8	264,581.6	238,265.6	274,861.8	295,522.8	268,243.0
12 Major New York City banks	91,500.1	104,518.8	107,565.0	110,047.2	120,202.2	105,461.7	121,507.2	134,020.7	117,276.1
13 Other banks	97,006.7	112,606.2	119,445.7	121,300.6	144,379.4	132,803.9	153,354.6	161,502.1	150,966.9
14 ATS-NOW accounts[4]	2,184.6	2,404.8	2,754.7	2,762.1	3,228.6	3,205.2	3,325.2	3,770.8	3,549.0
15 MMDA[6]	1,609.4	1,954.2	2,430.1	2,622.4	2,636.7	2,700.2	2,910.5	3,136.0	2,686.7
16 Savings deposits[5]	404.1	526.8	578.0	573.3	649.6	649.6	637.9	641.4	610.4
DEPOSIT TURNOVER									
Demand deposits[3]									
17 All insured banks	556.7	612.3	641.7	683.1	782.3	676.6	805.9	855.6	761.3
18 Major New York City banks	2,499.1	2,674.9	2,901.4	3,255.7	3,603.3	3,017.6	3,482.5	3,795.0	3,247.5
19 Other banks	321.2	356.9	377.1	397.8	473.6	418.7	500.9	520.9	477.4
20 ATS-NOW accounts[4]	15.6	13.8	14.7	14.5	16.9	16.3	18.0	20.3	18.9
21 MMDA[6]	4.5	5.3	6.9	7.8	7.8	8.1	9.0	9.7	8.2
22 Savings deposits[5]	3.0	3.1	3.1	3.1	3.5	3.5	3.5	3.6	3.4

1. Historical tables containing revised data for earlier periods may be obtained from the Monetary and Reserves Projections Section, Division of Monetary Affairs, 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.

2. Annual averages of monthly figures.

3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.

4. Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS). ATS data are available beginning December 1978.

5. Excludes ATS and NOW accounts, MMDA and special club accounts, such as Christmas and vacation clubs.

6. Money market deposit accounts.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1988			1989								
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Seasonally adjusted											
1 **Total loans and securities[2]**	**2,401.4**	**2,410.2**	**2,417.2**	**2,422.8**	**2,451.9**	**2,464.9**	**2,470.9**	**2,486.3**	**2,496.8**	**2,518.1**	**2,534.4**	**2,544.1**
2 U.S. government securities	355.6	358.8	361.4	360.4	361.8	368.8	370.7	373.5	373.8	374.4	376.6	378.8
3 Other securities	196.8	195.9	194.0	189.6	190.4	189.7	187.2	186.4	185.7	184.6	182.8	182.9
4 Total loans and leases[2]	1,848.9	1,855.6	1,861.9	1,872.9	1,899.7	1,906.5	1,913.1	1,926.5	1,937.3	1,959.1	1,974.9	1,982.4
5 Commercial and industrial	601.6	601.8	601.9	606.6	619.0	617.8	620.6	626.3	624.9	632.1	637.3	636.9
6 Bankers acceptances held[3]	4.1	4.3	4.1	4.4	4.2	4.0	4.1	4.2	4.2	4.1	4.5	4.8
7 Other commercial and industrial	597.5	597.4	597.8	602.2	614.8	613.7	616.6	622.1	620.7	628.1	632.7r	632.1
8 U.S. addressees[4]	590.9	591.3	591.8	596.6	609.9	608.3	611.7	616.6	615.2	622.2	627.1	626.7
9 Non-U.S. addressees[4]	6.5	6.1	5.9	5.7	4.9	5.4	4.8	5.4	5.5	5.9	5.7	5.5
10 Real estate	659.8	665.3	672.0	678.9	685.6	691.8	699.5	705.5	712.0	719.9	729.0	734.4
11 Individual	351.6	353.0	355.5	357.9	358.9	360.6	362.9	365.4	366.0	367.0	369.3	372.1
12 Security	38.5	38.2	38.5	37.7	44.7	43.6	40.0	38.1r	41.3r	40.5r	39.9r	40.6
13 Nonbank financial institutions	30.4	30.2	30.0	30.3	30.6	29.7	29.2	29.0	30.5r	31.7	32.0	32.1
14 Agricultural	29.8	30.3	30.7	30.7	30.7	30.7	30.4	30.3	30.3	30.4	30.3r	30.2
15 State and political subdivisions	48.5	47.7	46.8	44.4	44.5	44.6	44.6	44.7r	44.5r	44.2	43.9	43.5
16 Foreign banks	7.6	8.1	7.6	7.8	8.5	8.2	8.3	9.4	9.3	8.9	9.3	8.5
17 Foreign official institutions	4.9	4.9	4.9	4.8	4.8	4.8	4.9	4.9	4.7	4.5	4.3	4.3
18 Lease financing receivables	28.9	29.1	29.2	29.4	29.6	29.6	29.8	30.0	29.9	30.3	30.3	31.0
19 All other loans	47.5	47.0	44.8	44.4	42.7	45.2	42.9	43.0r	43.8r	49.5r	49.3r	48.5
	Not seasonally adjusted											
20 **Total loans and securities[2]**	**2,392.6**	**2,409.2**	**2,429.6**	**2,430.7**	**2,453.6**	**2,462.8**	**2,473.9**	**2,487.4**	**2,500.9**	**2,511.8**	**2,526.9**	**2,541.2**
21 U.S. government securities	352.6	357.5	361.6	362.2	366.3	370.2	370.9	372.6	372.6	373.1	376.8	378.5
22 Other securities	195.6	196.0	193.7	191.7	190.1	188.9	187.2	186.8	186.0	184.1	183.1	182.8
23 Total loans and leases[2]	1,844.4	1,855.7	1,874.2	1,876.9	1,897.2	1,903.7	1,915.9	1,928.0	1,942.3	1,954.6	1,966.9	1,980.0
24 Commercial and industrial	597.0	599.3	605.0	605.8	618.3	621.1	625.2	630.0	629.0	631.0	632.7	632.2
25 Bankers acceptances held[3]	4.2	4.3	4.1	4.1	4.1	4.0	4.0	4.3	4.4	4.2	4.6	5.0
26 Other commercial and industrial	592.8	595.0	600.9	601.7	614.2	617.1	621.3	625.8	624.6	626.8	628.0	627.3
27 U.S. addressees[4]	586.6	588.9	594.8	596.4	608.9	611.8	616.0	620.2	619.0	621.1r	622.6	621.8
28 Non-U.S. addressees[4]	6.2	6.1	6.1	5.3	5.3	5.3	5.3	5.5	5.6	5.6	5.5	5.5
29 Real estate	660.7	667.2	673.3	678.9	683.6	689.2	697.4	704.1	712.1	720.6	730.4	736.5
30 Individual	352.6	354.1	359.4	360.7	358.2	357.7	360.3	363.2	364.5	365.9	369.3	374.0
31 Security	36.9	37.6	38.9	38.2	43.8	44.1	42.0	38.9	42.9r	40.2r	38.6r	39.1
32 Nonbank financial institutions	30.1	30.3	31.1	30.7	30.0	29.1	29.0	29.2	30.7r	31.7	31.9	32.1
33 Agricultural	30.6	30.5	30.5	30.1	29.8	29.6	29.6	30.1	30.7	31.1	31.2	31.1
34 State and political subdivisions	48.0	47.1	46.6	45.8	45.5	45.1	44.9r	44.6r	44.1	43.6	43.4	42.9
35 Foreign banks	7.6	8.2	7.9	8.1	8.5	8.0	8.0	9.0	9.1	9.0	9.1	8.7
36 Foreign official institutions	4.9	4.9	4.9	4.8	4.8	4.8	4.9	4.9	4.7	4.5	4.3	4.3
37 Lease financing receivables	28.7	28.9	29.4	29.7	29.7	29.7	29.8	30.0	30.0	30.2	30.2	30.9
38 All other loans	47.3	47.5	47.3	44.0	45.0	45.4	44.7	44.1r	44.5r	46.9r	45.9r	48.1

1. Data have been revised because of benchmarking beginning January 1984. These data also appear in the Board's G.7 (407) release. For address, see inside front cover.
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.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1988			1989								
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.^{r}	Sept.
Seasonally adjusted												
1 Total nondeposit funds[2]	211.3	217.8	215.2	208.3^r	211.5^r	212.2^r	206.0^r	210.1^r	227.3^r	228.5^r	229.9	238.2
2 Net balances due to related foreign offices[3]	5.6	9.3	6.8	8.3^r	11.0^r	8.3^r	3.2^r	.2^r	8.2^r	11.4^r	9.3	9.8
3 Borrowings from other than commercial banks in United States[4]	205.6	208.4	208.4	200.0	200.6^r	203.9^r	202.9^r	209.9	219.1	217.1	220.5	228.4
4 Domestically chartered banks	167.4	169.1	169.4	163.0	161.3	165.8	164.2	169.2	179.1	175.3	178.2	185.1
5 Foreign-related banks	38.2	39.3	39.0	37.0	39.3^r	38.1	38.7	40.7	40.0	41.8	42.3	43.4
Not seasonally adjusted												
6 Total nondeposit funds[2]	205.2	214.5	209.6^r	207.5^r	216.3^r	217.8^r	208.7^r	217.7^r	230.4^r	224.2^r	228.7	234.2
7 Net balances due to related foreign offices[3]	5.3	10.4	9.3^r	8.0^r	10.7^r	7.3^r	1.1^r	2.8^r	8.3^r	8.4^r	9.0	10.7
8 *Domestically chartered banks*	*−20.4*	*−19.1*	*−20.6^r*	*−20.2^r*	*−17.6^r*	*−19.5^r*	*−22.7^r*	*−21.8^r*	*−18.2^r*	*−16.3^r*	*−15.4*	*−14.1*
9 Foreign-related banks	25.7	29.5	29.9	28.2	28.3	26.8	23.8	24.6	26.6	24.7	24.4	24.9
10 Borrowings from other than commercial banks in United States[4]	200.0	204.1	200.3	199.5	205.6	210.5	207.7^r	214.9	222.1^r	215.8	219.7	223.4
11 Domestically chartered banks	163.2	167.8	163.3	161.3	165.1	170.9	168.1	173.8	180.4	173.4	177.7	180.9
12 Federal funds and security RP borrowings[5]	159.1	163.2	159.8	157.9	161.9	167.4	163.8	170.0	177.0	170.8	175.1	178.3
13 Other[6]	4.1	4.6	3.5	3.4	3.2	3.5	4.3	3.7	3.4	2.7	2.6	2.6
14 Foreign-related banks[6]	36.8	36.3	37.0	38.2^r	40.5	39.6	39.5	41.1	41.6	42.4	42.0	42.6
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	423.2	424.5	429.2	434.9	440.3	446.7	452.7	456.8	458.7^r	461.6	460.5	458.2
16 Not seasonally adjusted	424.7	425.6	429.8	434.5	440.2	448.2	450.6	455.5	457.3	458.9	461.3	460.3
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	27.2	23.0	24.9	20.3	20.3	20.3	20.9	27.1	27.4	22.7	22.9	23.8
18 Not seasonally adjusted	27.7	16.3	22.9	25.0	25.9	18.1	20.2	34.3	26.2	23.0	15.8	24.8

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.

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

2. Includes federal funds, RPs, and other borrowing from nonbanks and net balances due to related foreign offices.

3. Reflects net positions of U.S. chartered banks, Edge Act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own IBFs.

4. Other borrowings are borrowings through 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, loan RPs, and sales of participations in pooled loans.

5. Based on daily average data reported weekly by approximately 120 large banks and quarterly or annual data reported by other banks.

6. Figures are partly daily averages and partly averages of Wednesday data.

7. Time deposits in denominations of $100,000 or more. Estimated averages of daily data.

8. U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.

1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series[1]

Billions of dollars

Account	1988		1989								
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
1 Loans and securities	2,591.6	2,601.6	2,587.0	2,624.0	2,627.1	2,623.0	2,659.8	2,660.7	2,677.1	2,692.5	2,695.7
2 Investment securities	532.9	533.5	533.5	535.8	539.1	538.3	541.1	541.6	538.3	542.8	542.4
3 U.S. government securities	341.5	345.3	347.3	351.3	355.5	356.6	359.1	362.2	360.3	365.3	366.4
4 Other	191.4	188.2	186.2	184.5	183.6	181.7	182.0	179.4	178.1	177.5	176.1
5 Trading account assets	24.8	19.2	21.5	20.1	21.8	17.8	19.2	18.2	19.8	18.7	18.3
6 Total loans	2,033.9	2,048.9	2,032.1	2,068.0	2,066.2	2,066.8	2,099.5	2,100.9	2,119.0	2,131.0	2,135.0
7 Interbank loans	170.3	165.7	159.9	173.2	154.9	150.7	160.5	155.0	162.4	162.9	158.0
8 Loans excluding interbank	1,863.6	1,883.2	1,872.2	1,894.9	1,911.3	1,916.2	1,939.0	1,945.9	1,956.6	1,968.1	1,977.1
9 Commercial and industrial	601.3	608.8	604.6	617.6	622.9	627.3	631.1	628.3	635.3	631.9	630.3
10 Real estate	669.6	676.3	679.7	684.1	692.6	699.4	706.7	715.1	722.8	733.9	737.5
11 Individual	355.3	361.4	360.8	358.3	358.1	361.8	363.8	366.0	366.2	371.4	375.5
12 All other	237.5	236.6	227.0	234.8	237.7	227.7	237.4	236.6	232.3	231.0	233.7
13 Total cash assets	237.5	246.3	216.1	227.4	211.5	215.8	248.3	214.2	211.7	212.0	219.6
14 Reserves with Federal Reserve Banks	33.8	34.5	31.5	27.7	30.9	33.4	27.8	27.9	30.6	28.7	31.7
15 Cash in vault	28.7	30.3	27.5	26.6	26.8	26.9	27.9	27.6	27.4	28.5	28.0
16 Cash items in process of collection	89.8	92.3	76.4	89.1	75.9	78.8	107.6	78.7	75.2	77.4	82.6
17 Demand balances at U.S. depository institutions	32.4	34.4	28.7	33.3	28.8	28.5	34.9	29.6	28.8	29.7	29.0
18 Other cash assets	52.8	54.8	52.0	50.7	49.0	48.3	50.2	50.5	49.7	47.7	48.3
19 Other assets	200.7	200.0	194.6	191.4	194.1	200.7	206.8	198.7	201.1	199.6	203.9
20 Total assets/total liabilities and capital	**3,029.7**	**3,047.9**	**2,997.8**	**3,042.8**	**3,032.7**	**3,039.5**	**3,114.9**	**3,073.6**	**3,090.0**	**3,104.0**	**3,119.3**
21 Deposits	2,125.8	2,145.7	2,097.1	2,125.2	2,123.7	2,134.2	2,182.6	2,138.2	2,152.0	2,166.6	2,175.3
22 Transaction deposits	628.6	642.7	586.6	602.6	583.2	594.5	628.5	580.5	579.4	583.4	588.5
23 Savings deposits	541.1	535.6	528.8	527.3	523.2	512.0	509.7	507.4	514.0	518.9	520.7
24 Time deposits	956.1	967.5	981.7	995.3	1,017.3	1,027.6	1,044.3	1,050.2	1,058.6	1,064.4	1,066.1
25 Borrowings	479.0	473.1	493.6	502.9	483.6	486.7	510.6	512.7	510.2	504.6	516.5
26 Other liabilities	229.0	233.7	209.1	216.5	223.9	217.4	218.6	218.4	223.1	226.3	221.4
27 Residual (assets less liabilities)	195.9	195.3	198.0	198.2	201.4	201.2	203.2	204.4	204.7	206.5	206.1
MEMO											
28 U.S. government securities (including trading account)	361.0	359.4	364.4	366.2	372.1	369.5	372.3	374.4	373.5	377.5	378.5
29 Other securities (including trading account)	196.7	193.4	190.5	189.7	188.8	186.6	188.0	185.4	184.6	184.0	182.3
DOMESTICALLY CHARTERED COMMERCIAL BANKS[3]											
30 Loans and securities	2,389.8	2,391.9	2,385.1	2,405.9	2,407.8	2,407.8	2,446.0	2,439.9	2,452.1	2,467.6	2,473.6
31 Investment securities	507.1	507.2	507.0	509.0	513.1	513.8	516.1	517.3	514.2	519.4	519.0
32 U.S. government securities	329.9	333.2	334.5	338.1	342.7	344.1	345.9	349.5	347.8	353.5	354.5
33 Other	177.1	174.0	172.6	171.0	170.4	169.7	170.2	167.8	166.5	165.9	164.5
34 Trading account assets	24.8	19.2	21.5	20.1	21.8	17.8	19.2	18.2	19.8	18.7	18.3
35 Total loans	1,858.0	1,865.4	1,856.6	1,876.8	1,872.8	1,876.2	1,910.6	1,904.5	1,918.1	1,929.4	1,936.3
36 Interbank loans	139.7	133.1	131.4	138.9	122.3	120.2	131.5	119.3	126.4	127.0	125.1
37 Loans excluding interbank	1,718.3	1,732.3	1,725.2	1,737.8	1,750.5	1,756.0	1,779.2	1,785.1	1,791.7	1,802.5	1,811.2
38 Commercial and industrial	498.7	500.6	498.9	503.4	506.1	511.3	515.5	511.6	515.6	512.8	510.4
39 Real estate	647.7	654.3	657.7	661.7	669.8	676.0	683.2	691.6	698.2	708.7	712.2
40 Individual	354.9	361.1	360.5	358.0	357.7	361.4	363.5	365.6	365.8	371.1	375.2
41 All other	217.0	216.3	208.1	214.7	216.9	207.3	217.0	216.3	212.0	209.9	213.5
42 Total cash assets	216.6	223.1	193.5	206.4	191.4	195.3	227.0	192.3	190.1	191.7	197.6
43 Reserves with Federal Reserve Banks	32.6	33.1	30.1	26.6	29.5	30.7	26.7	26.6	29.6	27.0	29.5
44 Cash in vault	28.6	30.3	27.4	26.6	26.8	26.8	27.9	27.6	27.4	28.5	28.0
45 Cash items in process of collection	89.0	91.4	75.6	88.1	75.1	77.9	106.6	77.7	74.4	76.5	81.3
46 Demand balances at U.S. depository institutions	30.5	32.4	26.8	31.2	26.6	26.8	32.9	27.5	27.0	28.0	27.3
47 Other cash assets	35.8	35.9	33.6	33.9	33.4	33.1	33.0	32.9	31.7	31.7	31.6
48 Other assets	132.2	135.6	128.1	129.6	130.6	134.6	133.6	131.6	128.4	127.5	131.5
49 Total assets/liabilities and capital	**2,738.6**	**2,750.5**	**2,706.7**	**2,741.8**	**2,729.9**	**2,737.7**	**2,806.6**	**2,763.9**	**2,770.6**	**2,786.7**	**2,802.8**
50 Deposits	2,056.3	2,073.0	2,026.1	2,052.7	2,047.4	2,056.2	2,103.0	2,058.8	2,071.3	2,086.9	2,094.5
51 Transaction deposits	618.7	632.9	577.4	593.5	574.1	584.8	618.7	571.2	570.2	574.7	578.8
52 Savings deposits	538.6	533.1	526.4	524.8	520.7	509.4	507.1	504.8	511.3	516.2	517.9
53 Time deposits	899.0	907.0	922.3	934.4	952.6	961.9	977.2	982.9	989.9	995.9	997.7
54 Borrowings	366.1	363.7	377.1	378.7	362.8	368.2	383.0	387.3	380.2	375.5	390.8
55 Other liabilities	123.8	122.0	109.0	115.8	121.7	115.6	120.9	116.9	117.8	121.3	114.9
56 Residual (assets less liabilities)	192.4	191.8	194.5	194.6	197.9	197.7	199.7	200.8	201.2	203.0	202.6
MEMO											
57 Real estate loans, revolving	39.7	40.1	40.7	41.7	42.5	43.4	44.3	45.3	45.7	46.4	47.1
58 Real estate loans, other	608.0	614.2	617.0	620.0	627.3	632.6	638.9	646.2	652.5	662.3	665.0

1. Back data are available from the Banking and Monetary Statistics section, Board of Governors of the Federal Reserve System, Washington, D.C., 20551. These data also appear in the Board's weekly H.8 (510) release.

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.

2. 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.

3. Insured domestically chartered commercial banks include all member banks and insured nonmember banks.

1.26 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS[1]

Millions of dollars, Wednesday figures

Account	1989								
	Aug. 2[r]	Aug. 9[r]	Aug. 16[r]	Aug. 23[r]	Aug. 30[r]	Sept. 6	Sept. 13	Sept. 20	Sept. 27
1 Cash and balances due from depository institutions	116,632	105,058	110,555	103,926	104,331	118,718	110,729	117,382	111,758
2 **Total loans, leases, and securities, net**	**1,221,709**	**1,222,336**	**1,227,773**	**1,224,929**	**1,221,597**	**1,237,403**	**1,222,800**	**1,235,452**	**1,223,219**
3 U.S. Treasury and government agency	142,596	143,518	145,101	145,558	143,784	144,871	144,456	144,905	144,135
4 Trading account	12,858	13,809	15,086	13,979	12,200	13,474	13,260	12,784	12,103
5 Investment account	129,738	129,709	130,015	131,579	131,584	131,397	131,196	132,120	132,031
6 Mortgage-backed securities[3]	61,006	61,125	62,405	63,791	63,713	63,667	64,502	64,722	65,741
All other maturing in									
7 One year or less	20,356	20,471	20,280	20,365	20,453	20,299	19,942	20,079	18,723
8 Over one through five years	38,748	38,608	38,927	38,467	37,810	37,539	37,155	37,132	36,882
9 Over five years	9,627	9,505	8,402	8,956	9,607	9,892	9,596	10,187	10,685
10 Other securities	70,322	70,488	70,252	70,180	70,560	70,339	70,240	70,033	69,797
11 Trading account	1,165	1,252	983	845	856	792	836	856	914
12 Investment account	69,157	69,236	69,269	69,335	69,703	69,547	69,403	69,177	68,883
13 States and political subdivisions, by maturity	41,720	41,680	41,586	41,588	41,562	41,408	41,375	41,274	41,220
14 One year or less	4,785	4,770	4,806	4,842	4,874	4,873	4,876	4,861	4,818
15 Over one year	36,935	36,909	36,780	36,747	36,689	36,535	36,499	36,412	36,402
16 Other bonds, corporate stocks, and securities	27,436	27,557	27,683	27,746	28,140	28,139	28,028	27,904	27,662
17 Other trading account assets	4,829	5,021	5,502	5,436	5,676	6,065	6,022	5,487	5,296
18 Federal funds sold[4]	66,027	67,166	68,348	65,619	63,375	71,050	62,096	69,415	63,022
19 To commercial banks	45,851	46,915	48,776	46,290	45,418	51,473	41,175	48,554	43,942
20 To nonbank brokers and dealers in securities	13,744	14,932	13,923	12,799	12,447	12,517	14,234	13,795	12,668
21 To others	6,432	5,319	5,649	6,529	5,509	7,059	6,686	7,066	6,412
22 Other loans and leases, gross	974,846	972,956	975,389	974,988	974,891	981,738	975,812	981,445	977,533
23 Other loans, gross	950,058	947,702	950,007	949,642	949,526	956,366	950,399	955,806	951,909
24 Commercial and industrial	317,999	317,830	316,338	316,592	316,509	318,146	314,936	316,989	314,697
25 Bankers acceptances and commercial paper	1,934	2,022	2,099	2,077	2,212	2,198	2,116	2,094	2,143
26 All other	316,065	315,807	314,239	314,515	314,297	315,947	312,820	314,895	312,554
27 U.S. addressees	314,373	314,163	312,548	312,845	312,710	314,317	311,242	313,001	310,780
28 Non-U.S. addressees	1,691	1,644	1,692	1,670	1,587	1,630	1,578	1,894	1,774
29 Real estate loans	336,570	337,342	338,762	339,700	341,081	342,592	341,146	342,302	342,740
30 Revolving, home equity	24,960	25,090	25,256	25,373	25,527	25,608	25,771	25,915	26,053
31 All other	311,610	312,251	313,506	314,328	315,554	316,984	315,374	316,386	316,688
32 To individuals for personal expenditures	170,041	170,306	170,874	170,821	171,422	171,751	172,578	173,104	173,382
33 To depository and financial institutions	49,416	48,294	48,329	47,736	46,890	47,751	47,054	46,404	46,386
34 *Commercial banks in the United States*	21,397	21,623	21,664	21,783	20,739	20,890	20,266	19,880	19,986
35 Banks in foreign countries	5,486	4,539	4,320	4,415	4,336	4,392	4,618	4,415	4,811
36 Nonbank depository and other financial institutions	22,533	22,132	22,345	21,538	21,815	22,469	22,170	22,110	21,590
37 For purchasing and carrying securities	16,900	16,281	17,113	17,368	16,284	17,520	17,159	18,871	16,699
38 To finance agricultural production	5,964	5,947	5,945	5,906	5,873	5,850	5,834	5,775	5,720
39 To states and political subdivisions	26,589	26,500	26,555	26,506	26,506	26,374	26,208	26,166	26,222
40 To foreign governments and official institutions	1,544	1,511	1,649	1,592	1,584	1,533	1,586	1,656	1,649
41 All other	25,034	23,692	24,441	23,421	23,377	24,849	23,898	24,537	24,412
42 Lease financing receivables	24,788	25,253	25,381	25,346	25,366	25,372	25,412	25,639	25,624
43 LESS: Unearned income	4,853	4,867	4,877	4,875	4,893	4,858	4,889	4,900	4,904
44 Loan and lease reserve[5]	32,058	31,945	31,942	31,978	31,795	31,802	30,935	30,934	31,660
45 Other loans and leases, net	937,935	936,144	938,570	938,136	938,203	945,078	939,988	945,611	940,970
46 All other assets	127,440	127,888	124,494	122,006	121,558	126,253	128,060	122,256	125,232
47 **Total assets**	**1,465,781**	**1,455,283**	**1,462,822**	**1,450,861**	**1,447,486**	**1,482,375**	**1,461,590**	**1,475,089**	**1,460,210**
48 Demand deposits	234,222	216,335	227,120	208,480	214,943	236,234	221,539	223,381	222,501
49 Individuals, partnerships, and corporations	185,705	174,801	182,420	166,645	172,079	185,681	179,676	174,561	175,734
50 States and political subdivisions	6,961	5,066	5,645	5,655	5,182	5,905	5,198	6,142	6,415
51 U.S. government	1,869	1,709	3,570	3,040	3,083	4,595	2,202	6,097	3,113
52 Depository institutions in the United States	21,916	19,140	20,082	18,653	19,472	23,643	19,078	20,449	19,506
53 Banks in foreign countries	6,403	5,749	5,770	5,639	6,113	6,078	6,552	6,217	7,049
54 Foreign governments and official institutions	804	763	726	818	677	940	537	859	973
55 Certified and officers' checks	10,563	9,106	8,908	8,030	8,336	9,392	8,296	9,056	9,711
56 Transaction balances other than demand deposits	75,886	76,135	75,651	73,860	73,456	77,796	75,996	73,890	72,787
57 Nontransaction balances	685,266	686,070	686,388	687,215	686,806	689,928	689,604	687,077	687,094
58 Individuals, partnerships, and corporations	646,160	646,633	646,966	647,159	647,272	650,820	650,573	648,556	648,506
59 States and political subdivisions	29,903	30,300	30,351	30,908	30,631	30,065	30,189	29,714	29,859
60 U.S. government	934	905	905	901	659	888	858	880	872
61 Depository institutions in the United States	7,620	7,578	7,516	7,602	7,596	7,503	7,342	7,274	7,196
62 Foreign governments, official institutions, and banks	649	654	650	645	648	652	641	652	661
63 Liabilities for borrowed money	283,179	288,290	286,610	291,616	282,519	287,884	287,242	302,948	293,136
64 Borrowings from Federal Reserve Banks	0	700	0	2,269	0	55	0	370	0
65 Treasury tax-and-loan notes	10,107	4,176	14,255	14,152	15,812	4,027	8,167	24,889	25,038
66 All other liabilities for borrowed money[6]	273,071	283,413	272,355	275,195	266,707	283,802	279,075	277,689	268,098
67 Other liabilities and subordinated notes and debentures	85,771	86,731	85,087	87,714	87,621	87,228	84,097	85,299	82,809
68 **Total liabilities**	**1,364,323**	**1,353,560**	**1,360,857**	**1,348,886**	**1,345,344**	**1,379,069**	**1,358,478**	**1,372,596**	**1,358,327**
69 Residual (total assets minus total liabilities)[7]	101,458	101,722	101,965	101,975	102,141	103,306	103,111	102,493	101,882
MEMO									
70 Total loans and leases (gross) and investments adjusted[8]	1,191,372	1,190,610	1,194,152	1,193,708	1,192,127	1,201,700	1,197,182	1,202,852	1,195,855
71 Total loans and leases (gross) adjusted[8]	973,624	971,583	973,297	972,534	972,108	980,425	976,465	982,426	976,627
72 Time deposits in amounts of $100,000 or more	218,324	219,291	219,051	219,940	219,564	219,066	218,837	218,005	217,552
73 U.S. Treasury securities maturing in one year or less	17,656	17,976	16,785	16,918	16,697	16,305	16,991	17,118	16,427
74 Loans sold outright to affiliates—total[9]	1,585	1,643	1,679	1,698	1,702	1,674	1,598	1,634	1,670
75 Commercial and industrial	1,244	1,302	1,342	1,371	1,374	1,346	1,270	1,312	1,329
76 Other	341	341	337	327	328	328	327	322	340
77 Nontransaction savings deposits (including MMDAs)	252,725	253,358	254,008	253,496	253,369	257,098	256,700	254,516	255,211

1. Beginning Jan. 6, 1988, the "Large bank" reporting group was revised somewhat, eliminating some former reporters with less than $2 billion of assets and adding some new reporters with assets greater than $3 billion.
2. For adjustment bank data see this table in the March 1989 Bulletin. The adjustment data for 1988 should be added to the reported data for 1988 to establish comparability with data reported for 1989.
3. Includes U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages.
4. Includes securities purchased under agreements to resell.
5. Includes allocated transfer risk reserve.
6. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billionor more on Dec. 31, 1977, see table 1.13.
7. This is not a measure of equity capital for use in capital-adequacy analysis or for other analytic uses.
8. Exclusive of loans and federal funds transactions with domestic commercial banks.
9. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

1.28 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY[1]

Millions of dollars, Wednesday figures

Account	1989								
	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27
1 Cash balances due from depository institutions	26,886	23,211	26,743	24,173r	20,658	24,680	21,990	28,005	26,341
2 **Total loans, leases, and securities, net**[2]	**212,828**	**214,544**	**213,553**	**216,238r**	**213,405**	**219,579**	**212,867**	**221,294**	**211,911**
Securities									
3 U.S. Treasury and government agency[3]	0	0	0	0	0	0	0	0	0
4 Trading account[3]	0	0	0	0	0	0	0	0	0
5 Investment account	15,762	15,862	15,715	15,687	15,670	15,552	15,584	15,294	14,753
6 Mortgage-backed securities[4]	8,213	8,324	8,183	8,102	8,136	8,224	8,251	7,574	7,567
All other maturing in									
7 One year or less	2,864	2,930	2,866	2,914	2,865	2,670	2,673	3,025	2,498
8 Over one through five years	3,110	3,088	3,245	3,247	3,246	3,235	3,236	3,272	3,265
9 Over five years	1,575	1,520	1,421	1,424	1,424	1,423	1,423	1,423	1,422
10 Other securities[3]	0	0	0	0	0	0	0	0	0
11 Trading account[3]	0	0	0	0	0	0	0	0	0
12 Investment account	16,636	16,687	16,706	16,762	17,014	16,977	16,909	16,814	16,796
13 States and political subdivisions, by maturity	10,116	10,082	10,037	10,035	10,084	10,005	9,952	9,834	9,782
14 One year or less	1,051	1,031	1,090	1,103	1,130	1,145	1,156	1,125	1,075
15 Over one year	9,066	9,050	8,947	8,932	8,954	8,860	8,795	8,709	8,707
16 Other bonds, corporate stocks, and securities	6,520	6,605	6,670	6,726	6,930	6,971	6,957	6,980	7,014
17 Other trading account assets[3]	0	0	0	0	0	0	0	0	0
Loans and leases									
18 Federal funds sold[5]	17,160	19,397	18,539	21,023	18,644	21,178	15,972	21,380	15,675
19 To commercial banks	9,206	12,082	10,965	13,879	11,004	12,746	7,403	13,377	8,544
20 To nonbank brokers and dealers in securities	4,462	4,733	4,642	4,408	4,573	4,682	4,945	4,092	3,988
21 To others	3,492	2,581	2,932	2,735	3,067	3,750	3,624	3,912	3,142
22 Other loans and leases, gross	177,060	176,440	176,447	176,621r	175,931	179,498	178,111	181,507	179,244
23 Other loans, gross	171,403	170,815	170,801	170,984r	170,304	173,882	172,468	175,826	173,575
24 Commercial and industrial	58,910	58,547	58,350	58,894	58,351	59,801	58,619	59,278	58,343
25 Bankers acceptances and commercial paper	506	485	551	526	555	530	525	461	544
26 All other	58,404	58,062	57,799	58,368	57,796	59,271	58,094	58,817	57,799
27 U.S. addressees	57,831	57,528	57,219	57,860	57,280	58,787	57,615	58,079	57,161
28 Non-U.S. addressees	573	534	580	508	516	484	480	738	638
29 Real estate loans	55,632	55,942	56,312	56,759r	57,306	58,180	58,766	59,052	59,130
30 Revolving, home equity	3,596	3,610	3,622	3,635	3,655	3,667	3,682	3,699	3,717
31 All other	52,036	52,332	52,690	53,124r	53,651	54,513	55,084	55,353	55,413
32 To individuals for personal expenditures	19,649	19,716	19,819	19,912	19,883	19,775	19,848	20,017	20,086
33 To depository and financial institutions	20,291	19,263	18,600	18,157	17,583	17,972	17,828	18,375	18,333
34 Commercial banks in the United States	8,446	8,852	8,464	8,234	7,520	7,906	7,463	8,156	7,958
35 Banks in foreign countries	3,960	3,077	2,818	2,810	2,814	2,785	3,126	2,788	3,248
36 Nonbank depository and other financial institutions	7,885	7,334	7,318	7,113	7,250	7,281	7,239	7,431	7,127
37 For purchasing and carrying securities	5,873	6,013	6,349	6,468	6,239	7,049	6,409	7,468	6,186
38 To finance agricultural production	149	153	136	141	144	144	134	136	134
39 To states and political subdivisions	5,852	5,837	5,940	5,934	5,919	5,938	5,928	5,926	5,938
40 To foreign governments and official institutions	395	372	513	452	456	413	427	530	523
41 All other	4,653	4,972	4,782	4,266	4,421	4,609	4,509	5,043	4,903
42 Lease financing receivables	5,657	5,625	5,646	5,637r	5,627	5,616	5,643	5,681	5,669
43 LESS: Unearned income	1,719	1,734	1,744	1,737	1,749	1,735	1,759	1,768	1,770
44 Loan and lease reserve	12,071	12,108	12,110	12,117r	12,106	11,891	11,949	11,934	12,786
45 Other loans and leases, net[6]	163,269	162,598	162,593	162,766r	162,076	165,872	164,403	167,805	164,688
46 All other assets[7]	51,511	54,699	52,942	49,898r	49,638	52,974	51,433	45,745	47,114
47 **Total assets**	**291,225**	**292,454**	**293,238**	**290,309r**	**283,701**	**297,233**	**286,290**	**295,044**	**285,366**
Deposits									
48 Demand deposits	54,126	49,537	51,908	47,267	47,605	51,504	48,315	51,800	53,430
49 *Individuals, partnerships, and corporations*	37,002	35,062	37,633	32,948	32,976	35,787	34,536	35,283	36,296
50 States and political subdivisions	894	617	695	530	423	757	618	643	836
51 U.S. government	226	216	780	594	594	885	200	1,018	572
52 Depository institutions in the United States	5,615	4,926	4,078	5,041	5,281	4,812	4,379	5,465	4,764
53 Banks in foreign countries	5,129	4,527	4,587	4,423	4,944	4,723	5,264	4,852	5,735
54 Foreign governments and official institutions	637	625	582	651	472	794	379	620	801
55 Certified and officers' checks	4,622	3,565	3,553	3,078	2,915	3,746	2,940	3,919	4,427
56 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	8,407	8,271	8,175	8,013	8,095	8,375	8,399	8,140	7,998
57 Nontransaction balances	113,833	113,232	113,407	113,045	113,216	113,437	113,350	112,839	112,107
58 Individuals, partnerships, and corporations	103,590	102,943	103,125	102,597	102,889	103,428	103,386	102,982	102,187
59 States and political subdivisions	7,708	7,736	7,733	7,853	7,775	7,478	7,400	7,318	7,389
60 U.S. government	30	30	30	30	33	29	28	29	29
61 Depository institutions in the United States	2,253	2,257	2,255	2,300	2,264	2,246	2,268	2,239	2,223
62 Foreign governments, official institutions, and banks	251	266	263	265	254	256	266	271	279
63 Liabilities for borrowed money	57,522	63,750	62,808	64,406	58,444	65,984	62,262	64,063	59,378
64 Borrowings from Federal Reserve Banks	0	700	0	1,700	0	0	0	0	0
65 Treasury tax-and-loan notes	2,882	1,172	3,564	3,277	3,876	868	1,810	6,020	5,932
66 All other liabilities for borrowed money[8]	54,639	61,877	59,244	59,428	54,568	65,116	60,452	58,043	53,445
67 Other liabilities and subordinated notes and debentures	28,515	28,742	27,951	28,691r	27,726	29,200	24,786	29,342	24,759
68 **Total liabilities**	**262,402**	**263,532**	**264,248**	**261,422r**	**255,085**	**268,501**	**257,112**	**266,184**	**257,673**
69 Residual (total assets minus total liabilities)[9]	28,824	28,922	28,989	28,887r	28,616	28,733	29,177	28,859	27,693
MEMO									
70 Total loans and leases (gross) and investments adjusted[2,10]	208,967	207,452	207,978	207,978r	208,736	212,553	211,709	213,463	209,966
71 Total loans and leases (gross) adjusted[10]	176,568	174,902	175,557	175,530r	176,051	180,024	179,217	181,355	178,417
72 Time deposits in amounts of $100,000 or more	42,204	42,856	42,770	42,556	42,365	42,754	42,508	42,423	41,649
73 U.S. Treasury securities maturing in one year or less	2,742	2,821	2,826	2,835	2,788	2,552	2,590	2,880	2,498

1. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.
2. Excludes trading account securities.
3. Not available due to confidentiality.
4. Includes U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages.
5. Includes securities purchased under agreements to resell.
6. Includes allocated transfer risk reserve.
7. Includes trading account securities.
8. Includes federal funds purchased and securities sold under agreements to repurchase.
9. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.
10. Exclusive of loans and federal funds transactions with domestic commercial banks.

1.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS[1] Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1989								
	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27
1 Cash and due from depository institutions	11,571	12,502r	12,393r	12,458r	11,345r	12,271	11,342	13,100	12,184
2 Total loans and securities	136,085	137,519r	137,437r	137,668r	138,376r	138,202	138,782	136,509	136,163
3 U.S. Treasury and government agency securities	7,936	8,089	8,396r	8,226	7,911	8,194	7,896	7,967	8,000
4 Other securities	6,047	6,088	5,791r	5,815	5,899	5,882	5,859	5,908	5,985
5 Federal funds sold[2]	5,970	6,506	4,492	6,781	7,769	7,377	8,155	6,269	5,923
6 To commercial banks in the United States	4,658	5,338	2,962	5,707	6,630	6,149	6,696	5,112	4,820
7 To others	1,312	1,168	1,530	1,074	1,139	1,228	1,459	1,157	1,103
8 Other loans, gross	116,132	116,836r	118,758r	116,846r	116,797r	116,749	116,872	116,365	116,255
9 Commercial and industrial	73,476	73,347r	74,581r	73,298	73,193	74,065	73,838	73,302	73,563
10 Bankers acceptances and commercial paper	1,533	1,807r	1,824r	1,794	1,781	2,065	1,887	1,852	2,119
11 All other	71,943	71,540	72,757	71,504	71,412	72,000	71,951	71,450	71,444
12 U.S. addressees	70,079	69,695	70,885	69,644	69,590	70,160	70,088	69,616	69,659
13 Non-U.S. addressees	1,864	1,845	1,872	1,860	1,822	1,840	1,863	1,834	1,785
14 Loans secured by real estate[3]	15,604	16,142	16,326	16,573	16,552	16,408	16,282	16,422	16,452
15 *To financial institutions*	22,584	22,656	23,022	22,514r	22,889r	21,666	22,431	22,134	22,295
16 Commercial banks in the United States	17,233	17,254	17,276	16,787r	17,090r	16,297	17,040	16,980	16,998
17 Banks in foreign countries	1,409	1,314	1,594	1,590	1,657	1,380	1,249	1,035	1,064
18 Nonbank financial institutions	3,942	4,088	4,152	4,137	4,142	3,989	4,142	4,119	4,233
19 To foreign governments and official institutions	632	623	639	636	629	636	628	647	630
20 For purchasing and carrying securities	2,168	2,050	2,404	2,203	1,775	2,292	1,996	2,216	1,626
21 All other[3]	1,668	2,018	1,786	1,622	1,759	1,682	1,697	1,644	1,689
22 Other assets (claims on nonrelated parties)	35,273	35,767	35,171	35,166	35,828	35,258	35,999	35,242	35,721
23 Net due from related institutions	14,310	12,951	15,459	14,038	13,046	15,760	13,855	14,783	13,700
24 Total assets	197,240	198,736	200,460	199,330	198,597	201,492	199,979	199,633	197,768
25 Deposits or credit balances due to other than directly related institutions	49,792	50,161	51,042	49,959	49,768	50,133	50,212	49,661	50,483
26 Transaction accounts and credit balances[4]	3,535	3,151	3,741r	3,371r	3,223r	3,300	3,513	3,567	3,915
27 Individuals, partnerships, and corporations	2,182	1,994	2,177	2,119	2,020	2,146	2,135	2,106	2,181
28 Other	1,353	1,157	1,564r	1,252r	1,203r	1,154	1,378	1,461	1,734
29 Nontransaction accounts[5]	46,257	47,010	47,301r	46,588r	46,545r	46,833	46,699	46,094	46,568
30 Individuals, partnerships, and corporations	38,749	38,939	38,762r	38,728r	38,595r	38,365	38,331	38,118	38,566
31 Other	7,508	8,071	8,539	7,860	7,950	8,468	8,368	7,976	8,002
32 Borrowings from other than directly related institutions	88,163	85,625	87,961	87,881	84,538	89,018	87,127	87,119	82,006
33 Federal funds purchased[6]	42,046	37,070	38,044	38,992	35,462	40,597	36,761	37,984	32,216
34 From commercial banks in the United States	21,884	18,945	19,941	20,380	18,200	22,417	18,089	18,465	17,300
35 From others	20,162	18,125	18,103	18,612	17,262	18,180	18,672	19,519	14,916
36 Other liabilities for borrowed money	46,117	48,555	49,917	48,889	49,076	48,421	50,366	49,135	49,790
37 To commercial banks in the United States	29,547	32,742	33,666	33,634	33,570	32,012	33,915	32,610	33,196
38 To others	16,570	15,813	16,251	15,255	15,506	16,409	16,451	16,525	16,594
39 Other liabilities to nonrelated parties	36,632	37,815	36,536	36,331	37,139	36,391	37,033	36,315	37,206
40 Net due to related institutions	22,653	25,133	24,918	25,159	27,153	25,948	25,606	26,536	28,073
41 Total liabilities	197,240	198,736	200,460	199,330	198,597	201,492	199,979	199,633	197,768
MEMO									
42 Total loans (gross) and securities adjusted[7]	114,194	114,927r	117,199r	115,174	114,656	115,756	115,046	114,417	114,345
43 Total loans (gross) adjusted[7]	100,211	100,750r	103,012r	101,133	100,846	101,680	101,291	100,542	100,360

1. Effective Jan. 4, 1989, the reporting panel includes a new group of large U.S. branches and agencies of foreign banks. Earlier data included 65 U.S. branches and agencies of foreign banks that included those branches and agencies with assets of $750 million or more on June 30, 1980, plus those branches and agencies *that had reached the $750 million asset level on Dec. 31, 1984*. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.
2. Includes securities purchased under agreements to resell.
3. Effective Jan. 4, 1989, loans secured by real estate are being reported as a separate component of Other loans, gross. Formerly, these loans were included in "All other", line 21.
4. Includes credit balances, demand deposits, and other checkable deposits.
5. Includes savings deposits, money market deposit accounts, and time deposits.
6. Includes securities sold under agreements to repurchase.
7. Exclusive of loans to and federal funds sold to commercial banks in the United States.

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

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

Type of holder	Commercial banks									
	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988				1989	
					Mar.	June	Sept.	Dec.	Mar.	June
1 **All holders—Individuals, partnerships, and corporations**	**302.7**	**321.0**	**363.6**	**343.5**	**328.6**	**346.5**	**337.8**	**354.7**	**330.4**	**329.3**
2 Financial business	31.7	32.3	41.4	36.3	33.9	37.2	34.8	38.6	36.3	33.0
3 Nonfinancial business	166.3	178.5	202.0	191.9	184.1	194.3	190.3	201.2	182.2	185.9
4 Consumer	81.5	85.5	91.1	90.0	86.9	89.8	87.8	88.3	87.4	86.6
5 Foreign	3.6	3.5	3.3	3.4	3.5	3.4	3.2	3.7	3.7	2.9
6 Other	19.7	21.2	25.8	21.9	20.3	21.9	21.7	22.8	20.7	21.0
	Weekly reporting banks									
	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988				1989	
					Mar.	June	Sept.	Dec.	Mar.	June
7 **All holders—Individuals, partnerships, and corporations**	**157.1**	**168.6**	**195.1**	**183.8**	**181.8**	**191.5**	**185.3**	**198.3**	**181.9**	**182.2**
8 Financial business	25.3	25.9	32.5	28.6	27.0	30.0	27.2	30.5	27.2	25.4
9 Nonfinancial business	87.1	94.5	106.4	100.0	98.2	103.1	101.5	108.7	98.6	99.8
10 Consumer	30.5	33.2	37.5	39.1	41.7	42.3	41.8	42.6	41.1	42.4
11 Foreign	3.4	3.1	3.3	3.3	3.4	3.4	3.1	3.6	3.3	2.9
12 Other	10.9	12.0	15.4	12.7	11.4	12.8	11.7	12.9	11.7	11.7

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. Figures may not add to totals because of rounding.

2. Beginning in March 1984, these data reflect a change in the panel of weekly reporting banks, and are not comparable to earlier data. Estimates in billions of dollars for December 1983 based on the new 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.

4. Historical data back to March 1985 have been revised to account for corrections of bank reporting errors. Historical data before March 1985 have not been revised, and may contain reporting errors. Data for all commercial banks for March 1985 were revised as follows (in billions of dollars): all holders, −.3; financial business, −.8; nonfinancial business, −.4; consumer, .9; foreign, .1; other, −.1. Data for weekly reporting banks for March 1985 were revised as follows (in billions of dollars): all holders, −.1; financial business, −.7; nonfinancial business, −.5; consumer, 1.1; foreign, .1; other, −.2.

5. Beginning March 1988, these data reflect a change in the panel of weekly reporting banks, and are not comparable to earlier data. Estimates in billions of dollars for December 1987 based on the new weekly reporting panel are: financial business, 29.4; nonfinancial business, 105.1; consumer, 41.1; foreign, 3.4; other, 13.1.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June	1989 July
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**237,586**	**298,779**	**329,991**	**357,129**	**455,017**	**487,771**	**492,821**	**494,292**	**497,369**	**503,445**	**506,418**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	56,485	78,443	101,072	101,958	159,947	173,944	172,950	170,549	167,795	167,681	179,354
3 Bank-related (not seasonally adjusted)[3]	2,035	1,602	2,265	1,428	1,248	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	110,543	135,320	151,820	173,939	192,442	201,997	205,374	207,231	206,497	211,020	205,847
5 Bank-related (not seasonally adjusted)[3]	42,105	44,778	40,860	43,173	43,155	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	70,558	85,016	77,099	81,232	102,628	111,830	114,497	116,512	123,077	124,744	121,217
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**78,364**	**68,413**	**64,974**	**70,565**	**66,631**	**62,812**	**62,458**	**64,357**	**62,396**	**64,182**	**65,558**
Holder											
8 Accepting banks	9,811	11,197	13,423	10,943	9,086	9,401	8,336	9,616	8,908	9,333	9,370
9 Own bills	8,621	9,471	11,707	9,464	8,022	8,497	7,642	8,107	8,115	8,399	8,279
10 Bills bought	1,191	1,726	1,716	1,479	1,064	904	693	1,509	794	934	1,076
Federal Reserve Banks											
11 Own account	0	0	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	671	937	1,317	965	1,493	1,579	1,544	1,400	1,374	1,177	1,026
13 Others	67,881	56,279	50,234	58,658	56,052	51,832	52,579	53,340	52,113r	53,672	55,163
Basis											
14 Imports into United States	17,845	15,147	14,670	16,483	14,984	15,588	14,755	15,234	14,900	15,477	15,231
15 Exports from United States	16,305	13,204	12,960	15,227	14,410	13,927	13,581	14,371	14,452	15,040	15,288
16 All other	44,214	40,062	37,344	38,855	37,237	33,297	34,122	34,752	33,044	33,666	35,040

1. 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.
2. Includes all financial company paper sold by dealers in the open market.
3. Beginning January 1989, bank-related series have been discontinued.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Beginning January 1988, the number of respondents in the bankers acceptance survey were reduced from 155 to 111 institutions—those with $100 million or more in total acceptances. The new reporting group accounts for over 90 percent of total acceptances activity.

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

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1986—Mar. 7	9.00	1986	8.33	1987—Jan.	7.50	1988—Jan.	8.75
Apr. 21	8.50	1987	8.21	Feb.	7.50	Feb.	8.51
July 11	8.00	1988	9.32	Mar.	7.50	Mar.	8.50
Aug. 26	7.50			Apr.	7.75	Apr.	8.50
		1986—Jan.	9.50	May	8.14	May	8.84
1987—Apr. 1	7.75	Feb.	9.50	June	8.25	June	9.00
May 1	8.00	Mar.	9.10	July	8.25	July	9.29
15	8.25	Apr.	8.83	Aug.	8.25	Aug.	9.84
Sept. 4	8.75	May	8.50	Sept.	8.70	Sept.	10.00
Oct. 7	9.25	June	8.50	Oct.	9.07	Oct.	10.00
22	9.00	July	8.16	Nov.	8.78	Nov.	10.05
Nov. 5	8.75	Aug.	7.90	Dec.	8.75	Dec.	10.50
		Sept.	7.50				
1988—Feb. 2	8.50	Oct.	7.50			1989—Jan.	10.50
May 11	9.00	Nov.	7.50			Feb.	10.93
July 14	9.50	Dec.	7.50			Mar.	11.50
Aug. 11	10.00					Apr.	11.50
Nov. 28	10.50					May	11.50
						June	11.07
1989—Feb. 10	11.00					July	10.98
24	11.50					Aug.	10.50
June 5	11.00					Sept.	10.50
July 31	10.50					Oct.	10.50

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

1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1986	1987	1988	1989				1989, week ending				
				June	July	Aug.	Sept.	Sept. 1	Sept. 8	Sept. 15	Sept. 22	Sept. 29
MONEY MARKET RATES												
1 Federal funds[1,2]	6.80	6.66	7.57	9.53	9.24	8.99	9.02	8.96	8.96	8.96	9.05	9.02
2 Discount window borrowing[1,2,3]	6.32	5.66	6.20	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Commercial paper[4,5]												
3 1-month	6.61	6.74	7.58	9.34	8.95	8.79	8.87	8.88	8.87	8.83	8.84	8.92
4 3-month	6.49	6.82	7.66	9.11	8.68	8.57	8.70	8.69	8.72	8.65	8.65	8.77
5 6-month	6.39	6.85	7.68	8.80	8.35	8.32	8.50	8.51	8.52	8.45	8.45	8.58
Finance paper, directly placed[4,5]												
6 1-month	6.57	6.61	7.44	9.24	8.80	8.67	8.76	8.77	8.79	8.73	8.73	8.79
7 3-month	6.38	6.54	7.38	8.77	8.32	8.20	8.35	8.33	8.39	8.37	8.34	8.33
8 6-month	6.31	6.37	7.14	8.22	7.80	7.49	7.56	7.57	7.62	7.64	7.44	7.56
Bankers acceptances[5,6]												
9 3-month	6.38	6.75	7.56	8.97	8.54	8.47	8.59	8.57	8.57	8.53	8.55	8.70
10 6-month	6.28	6.78	7.60	8.66	8.19	8.22	8.37	8.38	8.38	8.30	8.33	8.48
Certificates of deposit, secondary market[7]												
11 1-month	6.61	6.75	7.59	9.35	8.96	8.77	8.83	8.85	8.82	8.79	8.81	8.90
12 3-month	6.51	6.87	7.73	9.20	8.76	8.64	8.78	8.79	8.78	8.71	8.74	8.88
13 6-month	6.50	7.01	7.91	9.09	8.59	8.56	8.75	8.77	8.76	8.68	8.69	8.85
14 Eurodollar deposits, 3-month[8]	6.70	7.07	7.85	9.28	8.85	8.71	8.85	8.85	8.86	8.84	8.75	8.86
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	5.97	5.78	6.67	8.15	7.88	7.90	7.75	7.90	7.82	7.60	7.73	7.84
16 6-month	6.02	6.03	6.91	7.93	7.61	7.74	7.74	7.82	7.81	7.60	7.70	7.85
17 1-year	6.07	6.33	7.13	7.84	7.36	7.61	7.65	7.72	7.68	7.51	7.61	7.78
Auction average[10]												
18 3-month	5.98	5.82	6.68	8.22	7.92	7.91	7.72	7.94	7.88	7.64	7.64	7.72
19 6-month	6.03	6.05	6.92	8.00	7.63	7.72	7.74	7.88	7.87	7.64	7.64	7.79
20 1-year	6.07	6.33	7.17	8.18	7.58	7.45	7.61	7.68	n.a.	n.a.	n.a.	7.61
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	6.45	6.77	7.65	8.44	7.89	8.18	8.22	8.32	8.27	8.07	8.18	8.38
22 2-year	6.86	7.42	8.10	8.41	7.82	8.14	8.28	8.41	8.34	8.15	8.24	8.41
23 3-year	7.06	7.68	8.26	8.37	7.83	8.13	8.26	8.37	8.29	8.11	8.19	8.42
24 5-year	7.30	7.94	8.47	8.29	7.83	8.09	8.17	8.26	8.18	8.07	8.12	8.32
25 7-year	7.54	8.23	8.71	8.31	7.94	8.11	8.23	8.29	8.21	8.14	8.18	8.37
26 10-year	7.67	8.39	8.85	8.28	8.02	8.11	8.19	8.25	8.17	8.13	8.15	8.31
27 20-year	7.84	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 30-year	7.78	8.59	8.96	8.27	8.08	8.12	8.15	8.20	8.11	8.10	8.14	8.26
Composite[13]												
29 Over 10 years (long-term)	8.14	8.64	8.98	8.40	8.19	8.26	8.31	8.36	8.27	8.25	8.30	8.43
State and local notes and bonds												
Moody's series[14]												
30 Aaa	6.95	7.14	7.36	6.79	6.69	6.67	6.97	6.65	6.75	6.95	6.96	7.20
31 Baa	7.76	8.17	7.83	7.27	7.17	7.03	7.26	7.07	7.07	7.13	7.40	7.45
32 *Bond Buyer* series[15]	7.32	7.63	7.68	7.02	6.96	7.06	7.26	7.16	7.15	7.16	7.33	7.40
Corporate bonds												
Seasoned issues[16]												
33 All industries	9.71	9.91	10.18	9.50	9.34	9.36	9.41	9.45	9.42	9.39	9.39	9.45
34 Aaa	9.02	9.38	9.71	9.10	8.93	8.96	9.01	9.05	9.02	8.98	8.98	9.03
35 Aa	9.47	9.68	9.94	9.29	9.14	9.14	9.23	9.24	9.21	9.21	9.21	9.28
36 A	9.95	9.99	10.24	9.59	9.42	9.45	9.51	9.55	9.51	9.48	9.48	9.56
37 Baa	10.39	10.58	10.83	10.03	9.87	9.88	9.91	9.96	9.94	9.88	9.88	9.94
38 A-rated, recently offered utility bonds[17]	9.61	9.95	10.20	9.65	9.54	9.55	9.55	9.58	9.55	9.49	9.56	9.60
MEMO: Dividend/price ratio[18]												
39 Preferred stocks	8.76	8.37	9.23	8.96	8.81	8.75	8.82	8.89	8.83	8.80	8.82	8.82
40 Common stocks	3.48	3.08	3.64	3.44	3.38	3.28	3.29	3.25	3.26	3.30	3.28	3.30

1. Weekly, monthly and annual 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 in 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. 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.
14. General obligations based on Thursday figures; Moody's Investors Service.
15. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
17. Compilation of the Federal Reserve. 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.
18. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

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	1986	1987	1988	1989 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)	136.03	161.78	149.97	160.35	165.08	164.56	169.38	175.30	180.76	185.15	192.93	193.02
2 Industrial	155.85	195.31	180.83	194.62	200.00	197.58	204.81	211.81	216.75	221.74	231.32	230.86
3 Transportation	119.87	140.52[r]	134.09[r]	153.09[r]	162.66[r]	153.85[r]	164.32[r]	169.05[r]	173.47[r]	179.32	197.53	202.02
4 Utility	71.36	74.29	72.22	75.87	77.84	87.16	79.69	84.21	87.95	90.40	92.90	93.44
5 Finance	147.19	146.48	127.41	132.26	137.19	146.14	143.26	146.82	154.08	157.78	164.86	165.51
6 Standard & Poor's Corporation (1941–43 = 10)[1]	236.39	287.00	265.88	285.41	294.01	292.71	302.25	313.93	323.73	331.92	346.61	347.33
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	264.91	316.78	295.08	316.14	323.97	327.47	336.82	349.50	362.73	368.52	379.28	382.75
Volume of trading (thousands of shares)												
8 New York Stock Exchange	141,020	188,922	161,386	168,204	169,223	159,024	161,863	171,495	180,680	162,501	171,683	151,752
9 American Stock Exchange	11,846	13,832	9,955	10,797	11,780	11,395	11,529	11,699	13,519	11,702	14,538	12,631
	Customer financing (end-of-period balances, in millions of dollars)											
10 Margin credit at broker-dealers[3]	**36,840**	**31,990**	**32,740**	**32,530**	**31,480**	**32,130**	**32,610**	**33,140**	**34,730**	**34,360**	**33,940**	**35,020**
Free credit balances at brokers[4]												
11 Margin-account[5]	4,880	4,750	5,660	5,790	5,605	5,345	5,450	5,250	6,900	5,420	5,580	5,680
12 Cash-account	19,000	15,640	16,595	15,705	16,195	16,045	16,125	15,965	19,080	16,345	16,015	15,310
	Margin requirements (percent of market value and effective date)[6]											
	Mar. 11, 1968		June 8, 1968		May 6, 1970		Dec. 6, 1971		Nov. 24, 1972		Jan. 3, 1974	
13 Margin stocks	70		80		65		55		65		50	
14 Convertible bonds	50		60		50		50		50		50	
15 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.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. New series beginning June 1984.
6. These regulations, adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry"margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

On Jan. 1, 1977, the Board of Governors for the first time established in Regulation T the initial margin required for writing options on securities, setting it at 30 percent of the current market-value of the stock underlying the option. On Sept. 30, 1985, the Board changed the required initial margin, allowing it to be the same as the option maintenance margin required by the appropriate exchange or self-regulatory organization; such maintenance margin rules must be approved by the Securities and Exchange Commission. Effective Jan. 31, 1986, the SEC approved new maintenance margin rules, permitting margins to be the price of the option plus 15 percent of the market value of the stock underlying the option.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1986	1987	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June	1989 July
	SAIF-insured institutions											
1 **Assets**	**1,163,851**	**1,250,855**	**1,332,878**	**1,332,905**	**1,350,500**	**1,337,382**	**1,339,115**	**1,340,500**	**1,345,458**	**1,346,639**	**1,338,895**	**1,332,212**
2 Mortgages	697,451	721,593	760,790	763,001	764,513	767,260	767,603	769,403	773,424	774,407	773,031	771,956
3 Mortgage-backed securities	158,193	201,828	211,833	212,512	214,587	211,308	213,090	215,203	216,176	216,301	211,210	204,181
4 Contra-assets to mortgage assets[1]	41,799	42,344	38,297	37,739	37,950	37,157	37,013	37,848	37,781	37,498	37,581	37,219
5 Commercial loans	23,683	23,163	25,413	25,513	33,889	32,974	32,955	32,866	32,808	33,004	33,092	33,181
6 Consumer loans	51,622	57,902	61,053	61,504	61,922	61,998	61,981	61,402	61,739	61,879	60,735	61,081
7 Contra-assets to nonmortgage loans[2]	3,041	3,467	2,932	2,959	3,056	2,840	2,933	3,074	2,895	2,912	3,147	3,169
8 Cash and investment securities	164,844	169,717	184,637	179,830	186,986	178,813	177,178	177,094	175,913	174,295	175,262	175,304
9 Other[3]	112,898	122,462	130,388	131,243	129,610	125,026	126,243	125,454	126,074	127,163	126,293	126,897
10 **Liabilities and net worth**	**1,163,851**	**1,250,855**	**1,332,878**	**1,332,905**	**1,350,500**	**1,337,382**	**1,339,115**	**1,340,500**	**1,345,458**	**1,346,639**	**1,338,895**	**1,332,212**
11 Savings capital	890,664	932,616	976,163	971,497	971,700	963,820	957,358	956,663	954,495	955,566	960,070	963,138
12 Borrowed money	196,929	249,917	278,301	281,088	299,400	299,415	305,675	312,988	318,662	318,362	312,070	301,541
13 FHLBB	100,025	116,363	124,368	127,548	134,168	135,712	140,089	146,007	147,993	146,513	144,211	141,869
14 Other	96,904	133,554	153,933	153,540	165,232	163,703	165,586	166,981	170,669	171,849	167,859	159,672
15 Other	23,975	21,941	27,558	29,178	24,216	29,751	31,749	29,592	31,662	33,618	29,992	32,003
16 Net worth	52,282	46,382	50,855	51,143	55,185	58,882	58,962	57,159	56,160	54,623	52,981	51,084
	SAIF-insured federal savings banks											
17 **Assets**	**210,562**	**284,270**	**369,682**	**374,930**	**425,983**	**423,846**	**432,675**	**443,185**	**455,152**	**469,950**	**495,806**	**507,026**
18 Mortgages	113,638	161,926	207,207	210,732	227,869	234,591	238,415	244,092	249,936	257,184	276,666	285,261
19 Mortgage-backed securities	29,766	45,826	56,630	57,815	64,957	62,773	65,896	68,047	69,967	73,967	73,946	74,343
20 Contra-assets to mortgage assets[1]	n.a.	9,100	10,894	10,901	13,140	12,258	12,685	12,936	13,053	13,231	13,654	13,932
21 Commercial loans	n.a.	6,504	8,880	9,041	16,731	16,172	16,320	16,317	16,498	16,935	18,014	18,264
22 Consumer loans	13,180	17,696	22,421	22,679	24,222	25,033	25,977	26,097	26,767	27,956	28,128	28,968
23 Contra-assets to nonmortgage loans[2]	n.a.	678	789	803	889	814	857	972	863	1,072	975[r]	980
24 Finance leases plus interest	n.a.	591	804	831	880	907	946	1,011	1,047	1,072	1,083	1,088
25 Cash and investment	n.a.	35,347	48,818	48,028	61,029	57,434	57,986	60,319	61,279	62,002	65,681	65,949
26 Other	19,034	24,069	29,178	29,942	35,428	33,954	34,664	35,006	37,367	38,034	39,808	40,281
27 **Liabilities and net worth**	**210,562**	**284,270**	**369,682**	**374,930**	**425,983**	**423,846**	**432,675**	**443,185**	**455,152**	**469,950**	**495,806**	**507,026**
28 Savings capital	157,872	203,196	262,922	263,984	298,197	298,515	301,770	307,581	315,726	324,369	342,146	352,530
29 Borrowed money	37,329	60,716	80,779	83,628	99,286	98,304	102,902	107,180	109,998	114,848	121,890	121,151
30 FHLBB	19,897	29,617	37,510	39,630	46,265	46,470	48,951	51,532	53,513	55,457	58,500	59,737
31 Other	17,432	31,099	43,269	43,998	53,021	51,834	53,951	55,648	56,485	59,391	63,390	61,414
32 Other	4,263	5,324	7,667	8,319	8,075	8,270	8,884	8,651	9,310	10,179	9,836	10,687
33 Net worth	11,098	15,034	18,194	18,882	20,235	21,625	22,700	23,103	23,411	23,924	25,726	26,306

1.37—Continued

Account	1986	1987	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June	1989 July
	Credit unions[5]											
34 **Total assets/liabilities and capital**	**147,726**		**174,722**	**174,406**	**174,593**	**175,027**	**176,270**	**178,175**	**177,417**	**178,812**	**180,664**	**179,029**
35 Federal	95,483		113,474	113,717	114,566	114,909	115,543	117,555	115,416	116,705	117,632	117,475
36 State	52,243		61,248	61,135	60,027	60,118	60,727	60.620	62,001	62,107	63,032	61,554
37 Loans outstanding	86,137	n.a.	111,624	112,452	113,191	114,012	113,880	114.572	115,249	116,947	119,101	119,720
38 Federal	55,304		72,551	73,100	73,766	74,083	73,917	74.395	75,003	76,052	77,729	78,472
39 State	30,833		39,073	39,352	39,425	39,927	39,963	40.177	40,246	40,895	41,372	41,248
40 Savings	134,327		160,174	159,021	159,010	159,106	161,073	164.322	161,388	162,134	164,415	162,405
41 Federal	87,954		104,184	103,223	104,431	104,629	105,262	107.368	105,208	105,787	106,984	106,266
42 State	46,373		55,990	55,798	54,579	54,477	55,811	56,954	56,180	56,347	57,431	56,139
	Life insurance companies											
43 **Assets**	**937,551**	**1,044,459**	**1,139,490**	**1,144,854**	**1,157,140**	**1,167,184**	**1,173,325**	**1,184,963**	**1,193,032**			
Securities												
44 Government	84,640	84,426	88,883	89,510	88,167	88,747	88,168	88,941	87,938			
45 United States[6]	59,033	57,078	60,621	61,108	60,685	61,042	60,800	61,175	60,220			
46 State and local	11,659	10,681	11,069	11,189	11,126	11,036	10,736	10,848	11,068			
47 Foreign[7]	13,948	16,667	17,193	17,213	16,356	16,669	16,632	16,918	16,650			
48 Business	492,807	569,199	633,390	638,350	644,894	655,149	659,826	665,843	673,826	n.a.	n.a.	n.a.
49 Bonds	401,943	472,684	527,419	532,197	538,053	545,970	550,630	556,396	563,453			
50 Stocks	90,864	96,515	105,971	106,153	106,841	109,179	109,196	109,447	110,373			
51 Mortgages	193,842	203,545	227,342	229,234	232,639	233,334	233,827	234,910	236,439			
52 Real estate	31,615	34,172	36,892	36,673	37,972	38,112	38,690	38,942	39,071			
53 Policy loans	54,055	53,626	53,157	53,148	53,020	53,210	53,265	53,364	53,536			
54 Other assets	80,592	89,586	99,826	94,116	95,518	98,632	99,550	102,963	102,222			

1. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to mortgage loans, contracts, and pass-through securities include loans in process, unearned discounts and deferred loan fees, valuation allowances for mortgages "held for sale," and specific reserves and other valuation allowances.
2. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to nonmortgage loans include loans in process, unearned discounts and deferred loan fees, and specific reserves and valuation allowances.
3. Holding of stock in Federal Home Loan Bank and Finance leases plus interest are included in "Other" (line 9).
4. Excludes checking, club, and school accounts.
5. Data include all federally insured credit unions, both federal and state chartered, serving natural persons.
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.

NOTE. *FSLIC-insured institutions:* Estimates by the FHLBB for all institutions insured by the FSLIC and based on the FHLBB thrift Financial Report.

FSLIC-insured federal savings banks: Estimates by the FHLBB for federal savings banks insured by the FSLIC and based on the FHLBB thrift Financial Report.

Savings banks: Estimates by the National Council of Savings Institutions for all savings banks in the United States and for FDIC-insured savings banks that have converted to federal savings banks.

Credit unions: Estimates by the National Credit Union Administration for federally chartered and federally insured state-chartered credit unions serving natural persons.

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."

As of June 1989 Savings bank data are no longer available.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1987	Fiscal year 1988	Fiscal year 1989	Calendar year 1989 Apr.	May	June	July	Aug.	Sept.
U.S. budget[1]									
1 Receipts, total	854,143	908,953	990,789	128,952	71,115	108,317	66,255	76,257	99,233
2 On-budget	640,741	667,462	727,123	99,679	49,493	84,110	45,737	57,253	75,711
3 Off-budget	213,402	241,491	263,666	29,273	21,622	24,206	20,518	19,004	23,522
4 Outlays, total	1,003,830	1,064,044	1,142,869	88,381	96,581	100,528	84,494	98,407	105,390
5 On-budget	809,998	861,352	931,648	71,798	77,851	83,994	66,688	79,314	86,640
6 Off-budget	193,832	202,691	211,221	16,582	18,730	16,534	17,806	19,092	18,750
7 Surplus, or deficit (–), total	–149,687	–155,090	–152,080	40,572	–25,466	7,789	–18,239	–22,150	–6,158
8 On-budget	–169,257	–193,890	–204,525	27,881	–28,358	116	–20,951	–22,062	–10,929
9 Off-budget	19,570	38,800	52,445	12,691	2,891	7,673	2,712	–88	4,771
Source of financing (total)									
10 Borrowing from the public	150,070	162,062	140,369	–1,291	10,214	1,098	–3,962	35,854	6,672
11 Operating cash (decrease, or increase (–))	–5,052	–7,963	3,425	–38,788	21,396	–11,649	21,564	–3,235	–15,589
12 Other[2]	4,669	991	8,285	–493	–6,144	2,762	636	–10,469	15,074
MEMO									
13 Treasury operating balance (level, end of period)	36,436	44,398	40,973	53,461	32,065	43,713	22,149	25,384	40,973
14 Federal Reserve Banks	9,120	13,024	13,452	22,952	5,289	12,154	5,312	6,652	13,452
15 Tax and loan accounts	27,316	31,375	27,521	30,508	26,776	31,560	16,837	18,732	27,521

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. The Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act has also moved two social security trust funds (Federal old-age survivors insurance and Federal disability insurance trust funds) off-budget.

2. Includes SDRs; reserve position on the U.S. quota in the IMF; loans to international monetary fund; other cash and monetary assets; 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* and the *Budget of the U.S. Government*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS[1]

Millions of dollars

Source or type	Fiscal year 1987	Fiscal year 1988	Calendar year						
			1987	1988		1989	1989		
			H2	H1	H2	H1	July	Aug.	Sept.
RECEIPTS									
1 ***All sources***	**854,143**	**908,166**	**421,525**	**475,724**	**449,394**	**527,574**	**66,191**	**76,161**	**99,233**
2 Individual income taxes, net	392,557	401,181	192,575	207,659	200,299	233,568	29,377	36,932	45,026
3 Withheld	322,463	341,435	170,203	169,300	179,600	174,230	28,343	34,200	28,120
4 Presidential Election Campaign Fund	33	33	4	28	4	28	1	1	1
5 Nonwithheld	142,957	132,199	31,223	101,614	29,880	121,563	2,424	4,076	18,943
6 Refunds	72,896	72,487	8,853	63,283	9,186	62,255	1,392	1,345	2,038
Corporation income taxes									
7 Gross receipts	102,859	109,683	52,821	58,002	56,409	61,585	2,921	2,872	20,085
8 Refunds	18,933	15,487	7,119	8,706	7,250	7,260	880	909	655
9 Social insurance taxes and contributions, net	303,318	334,335	143,755	181,058	157,603	200,127	27,941	28,470	29,259
10 Employment taxes and contributions[2]	273,028	305,093	130,388	164,412	144,983	184,569	25,979	24,127	29,632
11 Self-employment taxes and contributions[3]	13,987	17,691	1,889	14,839	3,032	16,371	0	-733	2,540
12 Unemployment insurance	25,575	24,584	10,977	14,363	10,359	13,279	1,614	3,983	-796
13 Other net receipts[4]	4,715	4,659	2,390	2,284	2,262	2,277	348	360	424
14 Excise taxes	32,457	35,540	17,680	16,440	19,299	16,818	2,779	2,965	2,428
15 Customs deposits	15,085	15,411	7,806	7,522	8,107	7,918	1,431	1,677	1,352
16 Estate and gift taxes	7,493	7,594	3,610	3,863	4,054	4,583	689	753	631
17 Miscellaneous receipts[5]	19,307	19,909	10,399	9,950	10,873	10,235	1,933	3,399	1,107
OUTLAYS									
18 **All types**	**1,003,830**	**1,063,318**	**532,652**	**512,856**	**552,801**	**565,524**	**84,430**	**98,310**	**105,390**
19 National defense	281,999	290,361	146,995	143,080	150,496	148,098	21,220	26,018	28,641
20 International affairs	11,649	10,471	4,487	7,150	2,636	6,605	347	848	868
21 General science, space, and technology	9,216	10,841	5,469	5,361	5,852	6,238	1,000	1,202	1,190
22 Energy	4,115	2,297	1,468	555	1,966	2,221	106	287	-182
23 Natural resources and environment	13,363	14,625	7,590	6,776	8,330	7,022	1,164	1,264	1,423
24 Agriculture	26,606	17,210	14,640	7,872	7,725	9,619	499	-274	61
25 Commerce and housing credit	6,182	18,828	3,852	5,951	20,274	4,129	1,494	2,070	10,095
26 Transportation	26,222	27,272	14,096	12,700	14,922	13,035	2,294	2,623	2,348
27 Community and regional development	5,051	5,294	2,075	2,765	2,690	1,833	535	649	964
28 Education, training, employment, and social services	29,724	31,938	15,592	15,451	16,152	18,083	2,637	3,493	2,937
29 Health	39,968	44,490	20,750	22,643	23,360	24,078	4,124	4,520	3,613
30 Social security and medicare	282,472	298,219	158,469	135,322	149,508	162,195	26,142	27,625	26,909
31 Income security	123,250	129,332	61,201	65,555	64,978	70,937	10,264	11,176	12,126
32 Veterans benefits and services	26,782	29,406	14,956	13,241	15,797	14,891	1,196	2,246	3,628
33 Administration of justice	7,548	8,436	4,104	4,407	4,362	4,801	783	763	836
34 General government	5,948	9,518	3,560	4,337	5,137	3,858	53	785	997
35 General-purpose fiscal assistance	1,621	1,816	1,175	448	0	0	n.a.	n.a.	n.a.
36 Net interest[6]	138,570	151,748	71,933	76,098	78,317	86,009	14,003	16,011	13,684
37 Undistributed offsetting receipts[7]	36,455	-36,967	-17,684	-17,766	-18,771	18,131	-3,325	-2,998	-4,625

1. Functional details do not add to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for outlays does not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Net interest function includes interest received by trust funds.
7. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*, and the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1990*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1987			1988				1989	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**2,313.1**	**2,354.3**	**2,435.2**	**2,493.2**	**2,555.1**	**2,614.6**	**2,707.3**	**2,763.6**	**2,824.0r**
2 Public debt securities	2,309.3	2,350.3	2,431.7	2,487.6	2,547.7	2,602.2	2,684.4	2,740.9	2,799.9
3 Held by public	1,871.1	1,893.1	1,954.1	1,996.7	2,013.4	2,051.7	2,095.2	2,133.4	2,142.1
4 Held by agencies	438.1	457.2	477.6	490.8	534.2	550.4	589.2	607.5	657.8r
5 Agency securities	3.8	4.0	3.5	5.6	7.4	12.4	22.9	22.7	24.0r
6 Held by public	2.8	3.0	2.7	5.1	7.0	12.2	22.6	22.3	23.6r
7 Held by agencies	1.0	1.0	.8	.6	.5	.2	.3	.4	.5r
8 **Debt subject to statutory limit**	**2,295.0**	**2,336.0**	**2,417.4**	**2,472.6**	**2,532.2**	**2,586.9**	**2,669.1**	**2,725.6**	**2,784.6**
9 Public debt securities	2,293.7	2,334.7	2,416.3	2,472.1	2,532.1	2,586.7	2,668.9	2,725.5	2,784.3
10 Other debt[1]	1.3	1.3	1.1	.5	.1	.1	.2	.2	.2
11 MEMO: Statutory debt limit	2,320.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0

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

SOURCES. *Treasury Bulletin* and *Monthly Statement of the Public Debt of the United States*.

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

Billions of dollars, end of period

Type and holder	1985	1986	1987	1988	1988		1989	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**1,945.9**	**2,214.8**	**2,431.7**	**2,684.4**	**2,602.2**	**2,684.4**	**2,740.9**	**2,799.9**
By type								
2 Interest-bearing debt	1,943.4	2,212.0	2,428.9	2,663.1	2,599.9	2,663.1	2,738.3	2,797.4
3 Marketable	1,437.7	1,619.0	1,724.7	1,821.3	1,802.9	1,821.3	1,871.7	1,877.3
4 Bills	399.9	426.7	389.5	414.0	398.5	414.0	417.0	397.1
5 Notes	812.5	927.5	1,037.9	1,083.6	1,089.6	1,083.6	1,121.4	1,137.2
6 Bonds	211.1	249.8	282.5	308.9	299.9	308.9	318.4	328.0
7 Nonmarketable[1]	505.7	593.1	704.2	841.8	797.0	841.8	866.6	920.1
8 State and local government series	87.5	110.5	139.3	151.5	147.6	151.5	154.4	156.0
9 Foreign issues[2]	7.5	4.7	4.0	6.6	6.3	6.6	6.7	6.2
10 Government	7.5	4.7	4.0	6.6	6.3	6.6	6.7	6.2
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	78.1	90.6	99.2	107.6	106.2	107.6	110.4	112.3
13 Government account series[3]	332.2	386.9	461.3	575.6	536.5	575.6	594.7	645.2
14 Non-interest-bearing debt	2.5	2.8	2.8	21.3	2.3	21.3	2.6	2.5
By holder[4]								
15 U.S. government agencies and trust funds	348.9	403.1	477.6	589.2	550.4	589.2	607.5	657.8
16 Federal Reserve Banks	181.3	211.3	222.6	238.4	229.2	238.4	228.6	231.8
17 Private investors	1,417.2	1,602.0	1,745.2	1,852.8	1,819.0	1,852.8	1,900.2	1,905.4
18 Commercial banks	198.2	203.5	201.5r	192.2r	191.5r	192.2r	203.3	n.a.
19 Money market funds	25.1	28.0	14.6r	18.8	11.1r	18.8	13.0	11.6
20 Insurance companies	78.5	105.6	104.9r	111.2	109.6r	111.2	112.5	n.a.
21 Other companies	59.0	68.8	84.6	86.5r	86.0	86.5r	n.a.	n.a.
22 State and local Treasurys	226.7	262.8	284.6r	313.6	305.7r	313.6	326.3	n.a.
Individuals								
23 Savings bonds	79.8	92.3	101.1	109.6	107.8	109.6	112.2	114.0
24 Other securities	75.0	70.5	72.3	77.8	76.7	77.8	n.a.	n.a.
25 Foreign and international[5]	212.5	251.6	287.3	349.5	333.3	349.5	363.1	355.8
26 Other miscellaneous investors[6]	462.4	518.9	594.3r	600.6	591.3r	600.6	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. Treasury agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. Treasury 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. Treasury deposit accounts, and federally-sponsored agencies.

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

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

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

	Item	1986	1987	1988	1989			1989					
					July[r]	Aug.[r]	Sept.	Aug. 23[r]	Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27
	Immediate delivery[2]												
1	**U.S. Treasury securities**	**95,444**	**110,050**	**101,623**	**114,128**	**119,802**	**100,270**	**107,554**	**75,226[r]**	**83,573**	**93,071**	**112,499**	**104,516**
	By maturity												
2	Bills	34,247	37,924	29,387	29,041	30,893	27,667	27,505	21,320[r]	23,966	25,295	34,218	26,911
3	Other within 1 year	2,115	3,271	3,426	2,699	2,659	2,620	2,289	2,484[r]	2,208	2,175	2,528	3,164
4	1–5 years	24,667	27,918	27,777	31,582	36,330	31,526	37,647	23,293	24,682	27,362	31,558	36,966
5	5–10 years	20,455	24,014	24,939	33,580	31,471	24,719	24,892	19,290[r]	21,016	25,360	28,831	23,080
6	Over 10 years	13,961	16,923	16,093	17,227	18,450	13,737	15,220	8,839	11,701	12,879	15,364	14,395
	By type of customer												
7	*U.S. government securities dealers*	3,669	2,936	2,761	3,088	3,824	2,794	3,295	1,934	1,930	2,849	2,641	2,696
8	U.S. government securities brokers	49,558	61,539	59,844	66,766	71,862	60,193	64,354	45,950	49,945	56,828	67,680	61,873
9	All others[3]	42,217	45,575	39,019	44,273	44,116	37,283	39,904	27,343[r]	31,699	33,394	42,178	39,946
10	Federal agency securities	16,747	18,084	15,903	20,849	19,048	19,193	14,418	17,171[r]	13,420	19,987	23,126	18,141
11	Certificates of deposit	4,355	4,112	3,369	3,018	2,463	2,677	2,511	2,242	2,070	2,691	2,529	3,137
12	Bankers acceptances	3,272	2,965	2,316	2,592	1,910	2,086	1,576	1,870	2,210	1,925	1,933	2,140
13	Commercial paper	16,660	17,135	22,927	33,548	31,006	29,145	33,687	28,075	30,140	26,424	28,147	32,529
	Futures contracts[4]												
14	Treasury bills	3,311	3,233	2,627	1,602	1,696	2,645	1,519	523	1,279	2,779	3,000	2,326
15	Treasury coupons	7,175	8,963	9,695	9,026	10,537	8,796	11,542	6,754[r]	6,887	7,639	10,365	9,328
16	Federal agency securities	16	5	1	21	8	38	0	0	75	23	43	31
	Forward transactions[5]												
17	*U.S. Treasury securities*	1,876	2,029	2,095	1,629	2,926	2,116	6,013	1,930	1,128	1,885	2,473	2,854
18	Federal agency securities	7,830	9,290	8,008	10,265	12,067	8,614	10,760	7,869[r]	6,899	11,098	10,117	7,294

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

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

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

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

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

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

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

Averages of daily figures, in millions of dollars

	Item	1986	1987	1988	1989 July	1989 Aug.r	1989 Sept.	1989 Aug. 30	1989 Sept. 6	1989 Sept. 13	1989 Sept. 20	1989 Sept. 27
		Positions										
	Net immediate[2]											
1	**U.S. Treasury securities**	12,912	**−6,216**	**−22,765**	**−166r**	**3,770**	**12,199**	**14,486r**	**13,397**	**17,202**	**11,146**	**8,833**
2	Bills	12,761	4,317	2,238	1,339r	10,317	20,423	19,339r	20,123	22,879	19,920	20,227
3	Other within 1 year	3,705	1,557	−2,236	−849	−834	197	−903r	−374	322	543	357
4	1–5 years	9,146	649	−3,020	11,639r	8,027	5,303	7,344r	5,062	4,731	5,426	4,593
5	5–10 years	−9,505	−6,564	−9,663	−7,693	−8,765	−8,630	−6,460r	−6,859	−6,507	−9,186	−10,439
6	Over 10 years	−3,197	−6,174	−10,084	−4,600	−4,976	−5,093	−4,834	−4,554	−4,222	−5,556	−5,904
7	Federal agency securities	32,984	31,911	28,230	31,289	35,268	36,091	33,460r	32,403	37,215	40,232	34,416
8	Certificates of deposit	10,485	8,188	7,300	7,029	6,729	7,065	7,353	7,016	7,386	7,098	6,777
9	Bankers acceptances	5,526	3,660	2,486	2,122	1,875	2,154	1,941	1,978	2,420	2,200	2,105
10	Commercial paper	8,089	7,496	6,152	9,893r	7,490	8,258	6,793	7,143	7,960	10,119	7,821
	Futures positions											
11	Treasury bills	−18,059	−3,373	−2,210	−5,792	−5,376	−6,106	−4,724	−4,912	−5,179	−6,523	−6,872
12	Treasury coupons	3,473	5,988	6,224	−3,261r	−2,664	−4,797	−2,245r	−3,935	−4,801	−5,455	−4,500
13	Federal agency securities	−153	−95	0	51	7	−26	0	−19	8	−15	−29
	Forward positions											
14	U.S. Treasury securities	−2,144	−1,211	346	−1,353r	−1,463	−603	−1,312r	−716	−1,583	−761	202
15	Federal agency securities	−11,840	−18,817	−16,348	−19,556	−20,640	−17,478	−19,170r	−18,004	−18,957	−18,679	−15,446
		Financing[3]										
	Reverse repurchase agreements[4]											
16	Overnight and continuing	98,913	126,709	136,327	164,417	162,006	141,797	154,204	160,314	158,749	160,325	148,221
17	Term	108,607	148,288	177,477	231,321	222,799	191,830	217,133	205,450	211,967	215,486	213,871
	Repurchase agreements[5]											
18	Overnight and continuing	141,823	170,763	172,695	227,095	226,043	206,834	218,650	227,668	233,053	238,234	215,280
19	Term	102,397	121,270	137,056	195,700	189,187	155,612	175,285	164,866	170,114	172,995	178,567

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

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

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

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

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

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

NOTE. Data on positions for the period May 1 to Sept. 30, 1986, are partially estimated.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1984	1985	1986	1987	1989				
					Apr.	May	June	July	Aug.
1 **Federal and federally sponsored agencies**	**271,564**	**293,905**	**307,361**	**341,386**	**402,765r**	**407,324r**	**406,837r**	**411,874**	**411,979**
2 Federal agencies	35,145	36,390	36,958	37,981	36,402	36,275	36,404	36,453	36,453
3 Defense Department[1]	142	71	33	13	7	7	7	7	7
4 Export-Import Bank[2,3]	15,882	15,678	14,211	11,978	11,007	11,007	11,014	11,014	11,014
5 Federal Housing Administration[4]	133	115	138	183	182	196	218	245	255
6 Government National Mortgage Association participation certificates[5]	2,165	2,165	2,165	1,615	0	0	0	0	0
7 Postal Service[6]	1,337	1,940	3,104	6,103	6,742	6,445	6,445	6,445	6,445
8 Tennessee Valley Authority	15,435	16,347	17,222	18,089	18,464	18,620	18,720	18,742	18,732
9 United States Railway Association[6]	51	74	85	0	0	0	0	0	0
10 Federally sponsored agencies[7]	237,012	257,515	270,553	303,405	366,363r	371,049r	370,433r	375,421	375,526
11 Federal Home Loan Banks	65,085	74,447	88,752	115,725	154,146	156,354	153,892	151,487	149,269
12 Federal Home Loan Mortgage Corporation	10,270	11,926	13,589	17,645	22,676	21,620	25,243	25,690	27,165
13 Federal National Mortgage Association	83,720	93,896	93,563	97,057	104,675r	105,404	106,308	109,926	110,155
14 Farm Credit Banks[8]	72,192	68,851	62,478	55,275	51,678	53,375	52,387	53,158	53,511
15 Student Loan Marketing Association[9]	5,745	8,395	12,171	16,503	25,361	26,469	24,256	26,813	27,079
16 Financing Corporation[10]	0	0	0	1,200	6,980	6,980	7,500	7,500	7,500
17 Farm Credit Financial Assistance Corporation[11]	0	0	0	0	847r	847r	847r	847	847
MEMO									
18 **Federal Financing Bank debt[12]**	**145,217**	**153,373**	**157,510**	**152,417**	**141,162**	**140,220**	**139,568**	**138,814**	**137,690**
Lending to federal and federally sponsored agencies									
19 Export-Import Bank[3]	15,852	15,670	14,205	11,972	11,001	11,001	11,008	11,008	11,008
20 Postal Service[6]	1,087	1,690	2,854	5,853	6,492	6,195	6,195	6,195	6,195
21 Student Loan Marketing Association	5,000	5,000	4,970	4,940	4,910	4,910	4,910	4,910	4,910
22 Tennessee Valley Authority	13,710	14,622	15,797	16,709	17,084	17,240	17,340	17,362	17,352
23 United States Railway Association[6]	51	74	85	0	0	0	0	0	0
Other Lending[13]									
24 Farmers Home Administration	58,971	64,234	65,374	59,674	57,086	56,311	55,586	54,911	54,611
25 Rural Electrification Administration	20,693	20,654	21,680	21,191	19,230	19,236	19,236	19,257	19,270
26 Other	29,853	31,429	32,545	32,078	25,359	25,327	25,293	25,171	24,344

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, shown in line 17.
9. Before late 1981, the Association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 21.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation (established in January 1988 to provide assistance to the Farm Credit System) undertook its first borrowing in July 1988.
12. 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.
13. 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 Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1986	1987	1988	1989							
				Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.
1 **All issues, new and refunding**[1]	**147,011**	**102,407**	**114,522**	**8,054**	**8,626**	**7,464**	**7,435**	**13,775**	**8,735**	**9,824**	**10,624**
Type of issue											
2 General obligation	46,346	30,589	30,312	3,955	2,185	2,301	2,342	4,960	3,789	2,199	3,508
3 Revenue	100,664	71,818	84,210	4,099	6,441	5,163	5,093	8,815	4,946	7,625	7,116
Type of issuer											
4 State	14,474	10,102	8,830	1,896	256	1,407	392	1,989	970	694	764
5 Special district and statutory authority[2]	89,997	65,460	74,409	3,832	5,962	4,238	4,979	8,033	4,868	7,027	7,305
6 Municipalities, counties, and townships	42,541	26,845	31,193	2,326	2,408	1,819	2,064	3,753	2,897	2,103	2,555
7 **Issues for new capital, total**	**83,492**	**56,789**	**79,665**	**5,222**	**6,486**	**6,061**	**5,938**	**10,078**	**6,816**	**6,612**	**7,694**
Use of proceeds											
8 Education	12,307	9,524	15,021	826	1,055	1,225	1,024	2,678	998	1,302	1,606
9 Transportation	7,246	3,677	6,825	382	445	743	748	576	500	556	977
10 Utilities and conservation	14,594	7,912	8,496	847	901	759	467	1,058	551	813	680
11 Social welfare	11,353	11,106	19,027	743	1,329	1,048	1,376	1,509	1,632	1,553	1,337
12 Industrial aid	6,190	7,474	5,624	250	253	374	361	329	440	447	457
13 Other purposes	31,802	18,020	24,672	2,174	2,503	1,912	1,962	3,928	2,695	1,941	2,637

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts beginning 1986.

SOURCES. Securities Data/Bond Buyer Municipal Data Base beginning 1986. Public Securities Association for earlier data.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue or issuer, or use	1986	1987	1988	1989							
				Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 **All issues**[1]	**424,737**	**392,156**	**408,843**[r]	**15,518**[r]	**14,843**[r]	**26,188**	**14,384**	**21,240**[r]	**23,905**	**15,630**[r]	**14,735**
2 **Bonds**[2]	**356,304**	**325,648**	**351,042**[r]	**14,267**[r]	**12,308**[r]	**25,577**	**13,396**	**19,639**[r]	**21,085**	**12,275**[r]	**12,700**
Type of offering											
3 Public, domestic	232,742	209,279	200,164[r]	11,407[r]	10,114[r]	22,995	11,471	17,733[r]	18,177	10,855[r]	11,700
4 Private placement, domestic[3]	80,760	92,070	127,700	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	42,801	24,299	23,178	2,860	2,194	2,582	1,925	1,906	2,908[r]	1,420[r]	1,000
Industry group											
6 Manufacturing	90,788	61,666	69,573[r]	1,660	1,319	7,456	1,457	7,716	3,273	2,774[r]	3,000
7 Commercial and miscellaneous	41,909	49,327	61,986[r]	2,047	1,118	882	843	2,162	1,628	1,204	578
8 Transportation	10,423	11,974	9,976[r]	0	102	0	100	150	480	0	0
9 Public utility	30,973	23,004	19,318	665	670	153	1,695	385	2,936	1,173	1,451
10 Communication	16,441	7,340	5,902[r]	0	230	63	453	122	4	300	0
11 Real estate and financial	165,770	172,343	184,287[r]	9,896[r]	8,869[r]	17,023	8,848	9,105[r]	12,764	6,824[r]	7,672
12 **Stocks**[2]	**68,433**	**66,508**	**57,802**	**1,251**	**2,535**	**611**	**988**	**1,601**	**2,820**	**3,355**	**2,035**
Type											
13 Preferred	11,514	10,123	6,544	275	975	0	495	325	335	920	1,013
14 Common	50,316	43,225	35,911	976	1,561	611	493	1,276	2,485	2,435	1,023
15 Private placement[3]	6,603	13,157	15,346	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
16 Manufacturing	15,027	13,880	7,608	33	833	127	135	330	626	594	393
17 Commercial and miscellaneous	10,617	12,888	8,449	32	270	26	280	115	508	438	343
18 Transportation	2,427	2,439	1,535	220	0	53	169	39	0	0	0
19 Public utility	4,020	4,322	1,898	50	11	108	0	192	125	25	137
20 Communication	1,825	1,458	515	5	19	0	93	224	25	29	20
21 Real estate and financial	34,517	31,521	37,798	911	1,402	297	310	702	1,536	2,269	1,020

1. Figures which represent gross proceeds of issues maturing in more than one year, are principal amount or number of units multiplied by offering price. Excludes secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data include only public offerings.
3. Data are not available on a monthly basis. Before 1987, annual totals include underwritten issues only.

SOURCES. IDD Information Services, Inc., the Board of Governors of the Federal Reserve System, and before 1989, the U.S. Securities and Exchange Commission.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1987	1988	1989 Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.
INVESTMENT COMPANIES[1]										
1 **Sales of own shares[2]**	**381,260**	**271,237**	**29,014**	**22,741**	**23,149**	**25,496**	**24,661**	**25,817**	**25,330**	**26,809**
2 Redemptions of own shares[3]	314,252	267,451	24,494	22,252	24,135	26,183	22,483	22,562	20,053	22,262
3 Net sales	67,008	3,786	4,520	489	−986	−687	2,178	3,255	5,277	4,547
4 **Assets[4]**	**453,842**	**472,297**	**487,204**	**482,697**	**483,067**	**497,329**	**509,781**	**515,814**	**535,910**	**539,553**
5 Cash position[5]	38,006	45,090	49,661	47,908	46,262	48,788	49,177	48,428	47,888	47,209
6 Other	415,836	427,207	437,543	434,789	436,805	448,541	460,604	467,386	488,022	492,344

1. *Data on sales and redemptions exclude money market mutual funds but* include limited maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited maturity municipal bond 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.

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1986	1987	1988	1987 Q3	1987 Q4	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1	1989 Q2′
1 Corporate profits with inventory valuation and capital consumption adjustment	282.1	298.7	328.6	313.0	308.2	318.1	325.3	330.9	340.2	316.3	307.8
2 Profits before tax	221.6	266.7	306.8	281.0	276.2	288.8	305.3	314.4	318.8	318.0	296.0
3 Profits tax liability	106.3	124.7	137.9	132.7	127.3	129.0	138.4	141.2	143.2	144.4	134.9
4 Profits after tax	115.3	142.0	168.9	148.3	148.9	159.9	166.9	173.2	175.6	173.6	161.1
5 Dividends	91.3	98.7	110.4	100.0	102.8	105.7	108.6	112.2	115.2	118.5	120.9
6 Undistributed profits	24.0	43.3	58.5	48.3	46.1	54.2	58.3	61.1	60.4	55.1	40.2
7 Inventory valuation	6.7	−18.9	−25.0	−19.4	−20.4	−20.7	−28.8	−30.4	−20.1	−38.3	−21.0
8 *Capital consumption adjustment*	53.8	50.9	46.8	51.5	52.4	49.9	48.9	46.9	41.5	36.6	32.3

▲Trade and services are no longer being reported separately. They are included in Commercial and other, line 10.

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry	1987	1988	1989[1]	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1	1989 Q2	1989 Q3[1]	1989 Q4[1]
1 **Total nonfarm business**	**389.67**	**430.76**	**473.65**	**413.34**	**427.54**	**435.61**	**442.11**	**459.47**	**470.86**	**481.24**	**483.04**
Manufacturing											
2 Durable goods industries	71.01	78.30	82.23	75.28	77.38	79.15	80.56	81.26	82.97	82.51	82.17
3 Nondurable goods industries	74.88	88.01	99.67	82.69	85.24	89.62	92.76	93.96	98.57	102.90	103.27
Nonmanufacturing											
4 Mining	11.39	12.66	12.22	12.61	13.15	12.53	12.38	12.15	12.70	12.34	11.70
Transportation											
5 Railroad	5.92	7.06	7.85	6.96	6.99	6.84	7.45	8.02	7.37	7.24	8.75
6 Air	6.53	7.28	9.53	6.33	6.91	8.09	7.69	7.04	9.49	11.30	10.31
7 Other	6.40	7.00	7.37	7.06	7.05	7.08	6.89	8.07	7.40	7.22	6.79
Public utilities											
8 Electric	31.63	32.03	34.65	30.80	31.31	32.07	33.69	33.69	35.34	34.96	34.61
9 Gas and other	13.25	14.64	16.11	14.25	14.49	14.61	15.04	17.12	16.67	15.58	15.08
10 Commercial and other[2]	168.65	183.76	204.02	177.37	185.21	185.61	185.65	198.15	200.36	207.18	210.36

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[1]

Billions of dollars, end of period

Account	1983	1984	1985	1986			1987			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	83.3	89.9	111.9	123.4	135.3	134.7	131.1	134.7	141.6	141.1
2 Business	113.4	137.8	157.5	166.8	159.7	173.4	181.4	188.1	188.3	207.6
3 Real estate	20.5	23.8	28.0	29.8	31.0	32.6	34.7	36.5	38.0	39.5
4 Total	217.3	251.5	297.4	320.0	326.0	340.6	347.2	359.3	367.9	388.2
Less:										
5 Reserves for unearned income	30.3	33.8	39.2	40.7	42.4	41.5	40.4	41.2	42.5	45.3
6 Reserves for losses	3.7	4.2	4.9	5.1	5.4	5.8	5.9	6.2	6.5	6.8
7 Accounts receivable, net	183.2	213.5	253.3	274.2	278.2	293.3	300.9	311.9	318.9	336.1
8 All other	34.4	35.7	45.3	49.5	60.0	58.6	59.0	57.7	64.5	58.2
9 **Total assets**	**217.6**	**249.2**	**298.6**	**323.7**	**338.2**	**351.9**	**359.9**	**369.6**	**383.4**	**394.3**
LIABILITIES										
10 Bank loans	18.3	20.0	18.0	16.3	16.8	18.6	17.2	17.3	15.9	16.4
11 Commercial paper	60.5	73.1	99.2	108.4	112.8	117.8	119.1	120.4	124.2	128.4
Debt										
12 Other short-term	11.1	12.9	12.7	15.8	16.4	17.5	21.8	24.8	26.9	28.0
13 Long-term	67.7	77.2	94.4	106.9	111.7	117.5	118.7	121.8	128.2	137.1
14 All other liabilities	31.2	34.5	41.5	40.9	45.0	44.1	46.5	49.1	48.6	52.8
15 Capital, surplus, and undivided profits	28.9	31.5	32.8	35.4	35.6	36.4	36.6	36.3	39.5	31.5
16 **Total liabilities and capital**	**217.6**	**249.2**	**298.6**	**323.7**	**338.2**	**351.9**	**359.9**	**369.6**	**383.4**	**394.3**

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

Data after 1987:4 are currently unavailable. It is anticipated that these data will be available later this year.

1.52 DOMESTIC FINANCE COMPANIES Business Credit Outstanding and Net Change[1]

Millions of dollars, seasonally adjusted

Type	1986	1987	1988	1989					
				Mar.	Apr.	May	June	July	Aug.
1 **Total**	**172,060**	**205,810**	**234,529**	**240,186**	**244,882**	**245,861**	**249,322**	**251,126**	**253,822**
Retail financing of installment sales									
2 Automotive	26,015	35,782	36,548	37,696	38,415	38,816	39,042	39,183	39,355
3 Equipment	23,112	25,170	28,298	28,207	28,790	27,638	27,773	28,128	29,039
4 Pools of securitized assets[2]	n.a.	n.a.	n.a.	855	817	846	807	769	793
Wholesale									
5 Automotive	23,010	30,507	33,300	33,528	34,383	34,534	34,021	33,233	33,566
6 Equipment	5,348	5,600	5,983	6,088	6,153	6,096	6,165	6,244	6,497
7 All other	7,033	8,342	9,341	9,682	9,852	9,929	9,862	10,001	9,990
8 Pools of securitized assets[2]	n.a.	n.a.	n.a.	0	0	0	0	0	0
Leasing									
9 Automotive	19,827	21,952	24,673	25,584	25,544	26,011	26,515	26,701	26,739
10 Equipment	38,179	43,335	57,455	59,484	60,246	61,022	63,370	64,086	64,186
11 Pools of securitized assets[2]	n.a.	n.a.	n.a.	756	733	824	796	887	990
12 Loans on commercial accounts receivable and factored commercial accounts receivable	15,978	18,078	17,796	17,794	18,677	18,772	19,302	19,989	20,098
13 All other business credit	13,557	17,043	21,134	20,512	21,272	21,371	21,669	21,904	22,571
	Net change (during period)								
14 **Total**	**15,763**	**33,750**	**22,662**	**2,808**	**4,696**	**978**	**3,462**	**1,803**	**2,697**
Retail financing of installment sales									
15 Automotive	5,355	9,767	766	395	720	401	226	141	172
16 Equipment	629	2,058	1,384	−178	583	−1,152	135	354	911
17 Pools of securitized assets[2]	n.a.	n.a.	n.a.	173	−38	29	−39	−38	24
Wholesale									
18 Automotive	−978	7,497	2,793	−858	856	151	−513	−788	332
19 Equipment	780	252	226	−105	65	−56	69	79	253
20 All other	224	1,309	999	113	170	78	−68	139	−11
21 Pools of securitized assets[2]	n.a.	n.a.	n.a.	0	0	0	0	0	0
Leasing									
22 Automotive	3,552	2,125	2,721	737	−40	467	504	187	38
23 Equipment	3,411	5,156	9,962	1,439	762	776	2,348	716	99
24 Pools of securitized assets[2]	n.a.	n.a.	n.a.	57	−23	91	−28	91	103
25 Loans on commercial accounts receivable and factored commercial accounts receivable	213	2,100	−282	390	883	95	530	687	109
26 All other business credit	2,576	3,486	4,091	645	760	100	298	235	667

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

2. Data on pools of securitized assets are not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1986	1987	1988	1989 Mar.	1989 Apr.	1989 May	1989 June	1989 July	1989 Aug.	1989 Sept.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	118.1	137.0	150.0	159.7	169.2	151.8	150.5	174.5	160.8r	160.6
2 Amount of loan (thousands of dollars)	86.2	100.5	110.5	117.7	124.5	112.3	111.0	125.3	119.4r	118.6
3 Loan/price ratio (percent)	75.2	75.2	75.5	74.4	75.0	75.3	75.2	73.8	75.6	75.3
4 Maturity (years)	26.6	27.8	28.0	27.7	28.4	28.3	27.8	28.6	28.3	28.5
5 Fees and charges (percent of loan amount)[2]	2.48	2.26	2.19	2.11	1.70	2.12	1.91	2.42	2.31r	2.13
6 Contract rate (percent per year)	9.82	8.94	8.81	9.63	9.88	9.82	10.09	10.06	9.83r	9.86
Yield (percent per year)										
7 FHLBB series[3]	10.26	9.31	9.18	9.99	10.17	10.18	10.42	10.48	10.22r	10.23
8 HUD series[4]	10.07	10.17	10.30	10.93	10.84	10.43	10.04	9.70	10.05	10.04
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (HUD series)[5]	9.91	10.16	10.49	11.16	10.88	10.55	10.08	9.61	9.95	9.94
10 GNMA securities[6]	9.30	9.43	9.83	10.38	10.36	10.11	9.75	9.55	9.48	9.47
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	98,048	95,030	101,329	101,991	102,191	102,564	103,309	104,421	105,896	107,052
12 FHA/VA-insured	29,683	21,660	19,762	19,337	19,607	19,612	19,586	19,630	19,589	19,608
13 Conventional	68,365	73,370	81,567	82,654	82,584	82,952	83,723	84,791	86,307	87,444
Mortgage transactions (during period)										
14 Purchases	30,826	20,531	23,110	1,469	1,163	1,419	1,862	2,091	2,724	2,223
Mortgage commitments[7]										
15 Contracted (during period)	32,987	25,415	23,435	1,771	1,118	1,626	2,573	2,513	2,842	2,328
16 Outstanding (end of period)	3,386	4,886	2,148	4,807	4,661	4,673	5,236	5,648	5,755	5,865
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	13,517	12,802	15,105	18,714	18,918	19,443	20,121	20,533	n.a.	n.a.
18 FHA/VA	746	686	620	593	599	586	585	585	n.a.	n.a.
19 Conventional	12,771	12,116	14,485	18,121	18,320	18,857	19,535	19,948	n.a.	n.a.
Mortgage transactions (during period)										
20 Purchases	103,474	76,845	44,077	6,373	5,861	5,141	7,392	5,720	n.a.	n.a.
21 Sales	100,236	75,082	39,780	6,037	5,554	4,474	6,551	5,180	6,360	n.a.
Mortgage commitments[9]										
22 Contracted (during period)	110,855	71,467	66,026	11,227	4,196	5,186	7,948	6,608	5,705	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. Based on transactions on first day of subsequent month. Large monthly movements in average yields may reflect market adjustments to changes in maximum permissable 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[1]

Millions of dollars, end of period

Type of holder, and type of property	1986	1987	1988	1988			1989	
				Q2	Q3	Q4	Q1	Q2[p]
1 **All holders**	**2,618,324**	**2,977,293**	**3,268,285**	**3,120,536**	**3,189,132**	**3,268,285**	**3,328,824**	**3,391,259**
2 1- to 4-family	1,719,673	1,959,607	2,189,475	2,070,829	2,134,225	2,189,475	2,230,006	2,281,317
3 Multifamily	247,831	273,954	290,355	280,239	284,675	290,355	296,139	297,860
4 Commercial	555,039	654,863	701,652	681,660	683,207	701,652	716,695	725,341
5 Farm	95,781	88,869	86,803	87,808	87,025	86,803	85,984	86,741
6 Selected financial institutions	1,507,944	1,704,560	1,874,967	1,791,714	1,833,800	1,874,967	1,905,052	1,932,154
7 Commercial banks[2]	502,534	591,369	669,160	629,617	650,799	669,160	688,662	715,049
8 1- to 4-family	235,814	276,270	314,283	296,265	307,041	314,283	324,681	338,872
9 Multifamily	31,173	33,330	34,131	34,225	33,960	34,131	34,172	34,954
10 Commercial	222,799	267,340	305,242	283,942	294,398	305,242	313,941	324,878
11 Farm	12,748	14,429	15,504	15,185	15,400	15,504	15,868	16,345
12 Savings institutions[3]	777,967	860,467	929,647	898,742	914,280	929,647	936,091	933,694
13 1- to 4-family	559,067	602,408	678,263	638,638	665,294	678,263	682,658	684,828
14 Multifamily	97,059	106,359	111,302	107,482	109,287	111,302	112,507	110,009
15 Commercial	121,236	150,943	139,416	151,870	139,029	139,416	140,255	138,201
16 Farm	605	...	...	...	...	...	...	...
17 Life insurance companies	193,842	212,375	232,639	220,870	225,627	232,639	234,910	236,160
18 1- to 4-family	12,827	13,226	15,284	14,172	14,917	15,284	12,690	12,745
19 Multifamily	20,952	22,524	23,562	23,021	23,139	23,562	24,636	25,103
20 Commercial	149,111	166,722	184,124	174,086	178,166	184,124	188,073	188,756
21 Farm	10,952	9,903	9,669	9,591	9,405	9,669	9,511	9,556
22 Finance companies[4]	33,601	40,349	43,521	42,485	43,094	43,521	45,389	47,251
23 Federal and related agencies	203,800	192,721	200,570	199,474	198,027	200,570	199,847	201,909
24 Government National Mortgage Association	889	444	26	42	64	26	26	24
25 1- to 4-family	47	25	26	24	51	26	26	24
26 Multifamily	842	419	...	18	13	...	...	...
27 Farmers Home Administration[5]	48,421	43,051	42,018	42,767	41,836	42,018	41,780	40,711
28 1- to 4-family	21,625	18,169	18,347	18,248	18,268	18,347	18,347	18,391
29 Multifamily	7,608	8,044	8,513	8,213	8,349	8,513	8,615	8,778
30 Commercial	8,446	6,603	5,343	6,288	5,300	5,343	5,101	3,885
31 Farm	10,742	10,235	9,815	10,018	9,919	9,815	9,717	9,657
32 Federal Housing and Veterans Administration	5,047	5,574	5,973	5,673	5,666	5,973	6,075	6,424
33 1- to 4-family	2,386	2,557	2,672	2,564	2,432	2,672	2,550	2,827
34 Multifamily	2,661	3,017	3,301	3,109	3,234	3,301	3,525	3,597
35 Federal National Mortgage Association	97,895	96,649	103,013	102,368	102,453	103,013	101,991	103,309
36 1- to 4-family	90,718	89,666	95,833	95,404	95,417	95,833	94,727	95,714
37 Multifamily	7,177	6,983	7,180	6,964	7,036	7,180	7,264	7,595
38 Federal Land Banks	39,984	34,131	32,115	33,048	32,566	32,115	31,261	31,467
39 1- to 4-family	2,353	2,008	1,890	1,945	1,917	1,890	1,839	1,851
40 Farm	37,631	32,123	30,225	31,103	30,649	30,225	29,422	29,616
41 Federal Home Loan Mortgage Corporation	11,564	12,872	17,425	15,576	15,442	17,425	18,714	19,974
42 1- to 4-family	10,010	11,430	15,077	13,631	13,322	15,077	16,192	17,305
43 Multifamily	1,554	1,442	2,348	1,945	2,120	2,348	2,522	2,669
44 Mortgage pools or trusts[6]	565,428	718,297	810,887	754,045	782,802	810,887	839,684	861,827
45 Government National Mortgage Association	262,697	317,555	340,527	322,616	333,177	340,527	348,622	353,154
46 1- to 4-family	256,920	309,806	331,257	314,728	324,573	331,257	337,563	341,951
47 Multifamily	5,777	7,749	9,270	7,888	8,604	9,270	11,059	11,203
48 Federal Home Loan Mortgage Corporation	171,372	212,634	226,406	216,155	220,684	226,406	234,695	242,789
49 1- to 4-family	166,667	205,977	219,988	209,702	214,195	219,988	228,389	236,404
50 Multifamily	4,705	6,657	6,418	6,453	6,489	6,418	6,306	6,385
51 Federal National Mortgage Association	97,174	139,960	178,250	157,438	167,170	178,250	188,071	196,501
52 1- to 4-family	95,791	137,988	172,331	153,253	162,228	172,331	181,352	188,774
53 Multifamily	1,383	1,972	5,919	4,185	4,942	5,919	6,719	7,727
54 Farmers Home Administration[5]	348	245	104	106	106	104	96	85
55 1- to 4-family	142	121	26	23	27	26	24	23
56 Multifamily	...	...	...	...	...	...	...	...
57 Commercial	132	63	38	41	38	38	34	26
58 Farm	74	61	40	42	41	40	38	36
59 Individuals and others[7]	341,152	361,715	381,861	375,303	374,503	381,861	384,241	395,369
60 1- to 4-family	197,868r	201,704r	215,077r	212,017r	209,784r	215,077r	215,379	225,059
61 Multifamily	66,940	75,458r	78,411r	76,736r	77,502r	78,411r	78,814	79,840
62 Commercial	53,315	63,192r	67,489r	65,433r	66,276r	67,489r	69,291	69,595
63 Farm	23,029	21,361r	20,884r	21,117r	20,941r	20,884r	20,757	20,875

1. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not bank trust departments.
3. Includes savings banks and savings and loan associations. Beginning 1987:1, data reported by FSLIC-insured institutions include loans in process and other contra assets (credit balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels).
4. Assumed to be entirely 1- to 4-family loans.
5. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:4, because of accounting changes by the Farmers Home Administration.
6. Outstanding principal balances of mortgage pools backing securities insured or guaranteed by the agency indicated. Includes private pools which are not shown as a separate line item.
7. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and other U.S. agencies.

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

Millions of dollars

Holder, and type of credit	1987	1988	1988	1989							
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	Amounts outstanding (end of period)										
1 **Total**	**607,721**	**659,507**	**659,507**	**682,020**	**687,397**	**691,162**	**693,911**	**698,132**	**700,849**	**700,344r**	**703,820**
By major holder											
2 Commercial banks	282,910	318,925	318,925	316,797	318,423	318,242	320,458	323,363	324,438	323,621r	326,811
3 Finance companies[2]	140,281	145,180	145,180	141,795	143,419	143,070	144,378	145,523	146,055	145,488	144,386
4 Credit unions	80,087	86,118	86,118	87,093	87,813	88,514	89,330	89,890	90,073	89,852r	90,061
5 Retailers[3]	40,975	43,498	43,498	40,986	41,052	41,300	41,301	41,323	41,649	41,798	41,989
6 Savings institutions	59,851	62,099	62,099	62,867	63,109	62,735	61,919	61,311	59,920	60,092	59,731
7 Gasoline companies	3,618	3,687	3,687	3,655	3,677	3,682	3,787	3,897	4,017	3,936	3,976
8 Pools of securitized assets[4]	n.a.	n.a.	n.a.	28,827	29,903	33,619r	32,737	32,826	34,696	35,557r	36,867
By major type of credit											
9 Automobile	265,976	281,174	281,174	286,382	288,767	288,850	289,654	290,741	290,192	288,526r	288,925
10 Commercial banks	109,201	123,259	123,259	122,160	122,983	123,062	123,878	125,118	125,592	124,881r	126,819
11 Credit unions	40,351	41,326	41,326	41,707	41,964	42,211	42,510	42,687	42,684	42,624r	42,768
12 Finance companies	98,195	97,204	97,204	87,968	88,789	89,567	90,268	90,976	91,184	90,213	89,439
13 Savings institutions	18,228	19,385	19,385	19,506	19,464	19,231	18,866	18,566	18,032	17,972	17,752
14 Pools of securitized assets[4]	n.a.	n.a.	n.a.	15,042	15,568	14,779	14,132	13,395	12,700	12,835	12,147
15 Revolving	153,884	174,792	174,792	176,716	178,570	182,831	184,500	186,502	189,622	191,028r	194,602
16 Commercial banks	99,119	117,572	117,572	111,133	111,706	112,553	114,130	115,407	115,561	115,967r	117,522
17 Retailers	36,389	38,692	38,692	36,176	36,257	36,489	36,497	36,504	36,814	36,963	37,134
18 Gasoline companies	3,618	3,687	3,687	3,655	3,677	3,682	3,787	3,897	4,017	3,936	3,976
19 Savings institutions	10,367	10,151	10,151	10,479	10,722	10,860	10,918	11,008	10,951	11,176	11,301
20 Credit unions	4,391	4,691	4,691	4,785	4,866	4,947	5,035	5,109	5,187	n.a.	n.a.
21 Pools of securitized assets[4]	n.a.	n.a.	n.a.	10,489	11,342	14,299r	14,134	14,578	17,117	17,795r	19,424
22 Mobile home	26,387	25,744	25,744	26,036	25,992	24,168	23,993	23,952	23,685	23,630r	22,974
23 Commercial banks	9,220	8,974	8,974	8,974	8,974	8,844	8,836	8,878	8,847	8,830r	8,767
24 Finance companies	7,762	7,186	7,186	7,376	7,308	5,687	5,659	5,684	5,674	5,624	5,100
25 Savings institutions	9,406	9,583	9,583	9,687	9,710	9,637	9,498	9,390	9,163	9,176	9,107
26 Other	161,475	177,798	177,798	192,886	194,068	195,314	195,763	196,936	197,349	197,161r	197,319
27 Commercial banks	65,370	69,120	69,120	74,532	74,760	73,783	73,614	73,960	74,438	73,944r	73,703
28 Finance companies	34,324	40,790	40,790	46,451	47,322	47,816	48,451	48,863	49,197	49,650	49,847
29 Credit unions	35,344	40,102	40,102	40,601	40,983	41,357	41,785	42,094	42,228	42,036r	42,046
30 Retailers	4,586	4,807	4,807	4,809	4,795	4,811	4,804	4,819	4,834	4,835	4,855
31 Savings institutions	21,850	22,981	22,981	23,196	23,214	23,006	22,638	22,347	21,773	21,769	21,571
32 Pools of securitized assets[4]	n.a.	n.a.	n.a.	3,296	2,993	4,541r	4,471	4,853	4,879	4,927	5,296
	Net change (during period)										
33 **Total**	**35,674**	**51,786**	**5,094**	**22,513**	**5,376r**	**3,765**	**2,749**	**4,221**	**2,717**	**-505r**	**3,476**
By major holder											
34 Commercial banks	19,884	36,015	2,242	-2,128	1,626	-181	2,216	2,904r	1,076r	-817r	3,189
35 Finance companies[2]	6,349	4,899	1,692	-3,385	1,624	-349	1,309r	1,145	532	-567	-1,102
36 Credit unions	3,853	6,031	378	975	720	701	815r	560	184r	-222r	209
37 Retailers[3]	1,568	2,523	588	-2,512	67r	247r	2r	21r	326	149	192
38 Savings institutions	3,689	2,248	177	768	242	-375r	-815r	-609r	-1,390r	172	361
39 Gasoline companies	332	69	16	-32	22	6r	104r	110	120	-81	39
40 Pools of securitized assets[4]	n.a.	n.a.	n.a.	n.a.	1,076	3,716r	-882r	89	1,870	861r	1,310
By major type of credit											
41 Automobile	18,663	15,198	1,248	5,208	2,385	82r	804	1,087	-549	-1,667r	400
42 Commercial banks	7,919	14,058	867	-1,099	823	79	816	1,239r	474	-711r	1,938
43 Credit unions	1,916	975	10	381	257	247	300r	177	3	-60r	144
44 Finance companies	5,639	-991	547	-9,236	821	778	701	708	208	-970	775
45 Savings institutions	3,188	1,157	-176	121	-42	-233	-366r	-300	-533r	-61	-220
46 Pools of securitized assets[4]	n.a.	n.a.	n.a.	n.a.	526	-789	-647	-737	-695	135	-688
47 Revolving	16,871	20,908	1,762	1,924	1,854	4,261	1,670r	2,002	3,120	1,406r	3,574
48 Commercial banks	12,188	18,453	979	-6,439	573	848r	1,576r	1,277	154	405r	1,555
49 Retailers	1,866	2,303	522	-2,516	81	232	8	7	310	149	171
50 Gasoline companies	332	69	16	-32	22	6r	104r	110	120	-81	39
51 Savings institutions	1,771	-216	228	328	243	138	58	90	-57	225	125
52 Credit unions	715	300	18	94	81	81	88	74	78	n.a.	n.a.
53 Pools of securitized assets[4]	n.a.	n.a.	n.a.	n.a.	853	2,957r	-165r	444	2,539	678r	1,629
54 Mobile home	968	-643	-261	292	-44	-1,824	-174r	-41	-267	-56r	-656
55 Commercial banks	192	-246	-250	0	1r	-131r	-7r	42	-31	-18r	-63
56 Finance companies	-1,052	-576	-11	190	-68	-1,621	-28	25	-10	-50	-524
57 Savings institutions	-107	177	-1	104	23	-72r	-140r	-108	-227	12	-69
58 Other	1,108	16,323	2,346	15,088	1,182	1,246	449	1,173	413	-189r	158
59 Commercial banks	-415	3,750	646	5,412	229r	-977	-169	346	478	494r	241
60 Finance companies	1,761	6,466	1,157	5,661	871	494	635	412	334	453	197
61 Credit unions	1,221	4,758	350	499	382	374	428	309	133r	-191r	10
62 Retailers	-297	221	68	2	-14	16	-7	15	16r	0	21
63 Savings institutions	-1,162	1,131	127	215	18	-208	-368	-291	-574	-5	197
64 Pools of securitized assets[4]	n.a.	n.a.	n.a.	n.a.	-303	1,548r	-70r	382	26	48	369

1. The Board's series cover most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.

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

2. More detail for finance companies is available in the G. 20 statistical release.

3. Excludes 30-day charge credit held by travel and entertainment companies.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent unless noted otherwise

	Item	1986	1987	1988	1989 Feb.	Mar.	Apr.	May	June	July	Aug.
	INTEREST RATES										
	Commercial banks[2]										
1	48-month new car[3]	11.33	10.45	10.85	11.76	n.a.	n.a.	12.44	n.a.	n.a.	12.13
2	24-month personal	14.82	14.22	14.68	15.22	n.a.	n.a.	15.65	n.a.	n.a.	15.45
3	120-month mobile home[3]	13.99	13.38	13.54	14.00	n.a.	n.a.	14.35	n.a.	n.a.	14.13
4	Credit card	18.26	17.92	17.78	17.83	n.a.	n.a.	18.11	n.a.	n.a.	18.07
	Auto finance companies										
5	New car	9.44	10.73	12.60	13.07	13.07	12.10	11.80	11.96	11.94	12.22
6	Used car	15.95	14.60	15.11	15.90	16.12	16.39	16.45	16.45	16.37	16.31
	OTHER TERMS[4]										
	Maturity (months)										
7	New car	50.0	53.5	56.2	55.7	55.4	53.4	52.7	53.0	52.9	52.9
8	Used car	42.6	45.2	46.7	47.4	47.1	47.8	46.6	46.5	46.4	46.2
	Loan-to-value ratio										
9	New car	91	93	94	92	92	91	91	91	91	90
10	Used car	97	98	98	98	97	97	97	97	97	96
	Amount financed (dollars)										
11	New car	10,665	11,203	11,663	11,819	11,867	11,886	11,973	12,065	12,108	11,949
12	Used car	6,555	7,420	7,824	8,022	7,958	7,855	7,908	7,921	7,988	7,874

1. These data also appear in the Board's G.19 (421) release. For address, see inside front cover.
2. Data for midmonth of quarter only.
3. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months.
4. At auto finance companies.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1984	1985	1986	1987	1988	1987	1988				1989	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**750.7**	**846.3**	**831.1**	**693.2**	**765.9**	**764.9**	**727.0**	**826.0**	**753.3**	**757.2**	**788.2**	**612.9**
By sector and instrument												
2 U.S. government	198.8	223.6	215.0	144.9	157.5	175.1	211.6	113.7	162.5	142.1	199.9	70.9
3 Treasury securities	199.0	223.7	214.7	143.4	140.0	170.2	212.0	106.0	141.6	100.5	201.1	65.8
4 Agency issues and mortgages	-.2	-.1	.4	1.5	17.4	5.0	-0.5	7.7	20.9	41.6	-1.2	5.1
5 Private domestic nonfinancial sectors	551.9	622.7	616.1	548.3	608.4	589.8	515.5	712.3	590.8	615.1	588.3	542.0
6 Debt capital instruments	320.0	451.4	460.3	458.5	462.6	417.8	386.5	561.0	463.9	438.9	429.3	414.2
7 Tax-exempt obligations	51.0	135.4	22.7	34.1	33.1	25.0	29.1	37.9	34.8	34.3	30.8	23.1
8 Corporate bonds	46.1	73.8	121.3	99.9	120.9	81.6	118.8	143.9	115.9	104.9	111.6	138.9
9 Mortgages	222.8	242.2	316.3	324.5	307.7	311.2	238.7	379.2	313.2	299.7	286.9	252.2
10 Home mortgages	136.7	156.8	218.7	234.9	229.1	225.5	170.7	300.7	231.0	214.0	205.2	201.8
11 Multifamily residential	25.2	29.8	33.5	24.4	18.9	14.9	24.2	14.7	19.5	17.3	27.2	8.7
12 Commercial	62.2	62.2	73.6	71.6	61.7	73.4	48.5	65.4	65.4	67.7	58.8	39.6
13 Farm	-1.2	-6.6	-9.5	-6.4	-2.1	-2.6	-4.7	-1.6	-2.6	.7	-4.4	2.1
14 Other debt instruments	231.9	171.3	155.8	89.7	145.8	172.0	128.9	151.3	126.9	176.2	159.0	127.8
15 Consumer credit	81.6	82.5	58.0	32.9	51.1	54.1	43.7	51.9	35.5	73.1	34.8	47.7
16 Bank loans n.e.c.	66.3	38.6	66.7	10.8	38.4	71.9	20.8	58.8	7.3	66.6	22.9	-13.6
17 Open market paper	21.7	14.6	-9.3	2.3	11.6	-10.8	2.4	6.8	17.1	20.0	44.1	44.9
18 Other	62.2	35.6	40.5	43.8	44.8	56.7	62.0	33.7	66.9	16.5	57.2	48.8
19 By borrowing sector	551.9	622.7	616.1	548.3	608.4	589.8	515.5	712.3	590.8	615.1	588.3	542.0
20 State and local governments	28.1	90.9	36.2	33.6	29.8	24.3	23.4	37.0	28.1	30.6	29.7	27.7
21 Households	231.5	284.6	289.2	271.9	286.8	278.0	229.0	345.5	290.4	282.1	261.9	220.2
22 Nonfinancial business	292.3	247.2	290.7	242.8	291.8	287.4	263.0	329.7	272.3	302.4	296.6	294.2
23 Farm	-.4	-14.5	-16.3	-10.6	-7.5	.4	-12.7	-3.3	-2.2	-11.8	-6.3	-2.7
24 Nonfarm noncorporate	123.2	129.3	103.2	107.9	91.9	115.7	85.2	83.6	100.5	98.2	91.1	76.3
25 Corporate	169.6	132.4	203.7	145.5	207.5	171.4	190.5	249.4	174.0	216.0	211.8	220.5
26 Foreign net borrowing in United States	8.4	1.2	9.6	4.3	5.9	13.9	4.8	5.4	4.1	13.0	-2.4	4.2
27 Bonds	3.8	3.8	3.1	7.4	6.9	21.4	14.2	2.6	5.9	5.1	3.2	11.1
28 Bank loans n.e.c.	-6.6	-2.8	-1.0	-3.6	-1.8	-4.3	1.7	-3.3	*	-5.7	4.9	-5.0
29 Open market paper	6.2	6.2	11.5	2.1	9.6	-1.6	.7	6.5	10.3	21.0	10.2	-6.1
30 U.S. government loans	5.0	-6.0	-3.9	-1.0	-7.9	-1.6	-11.8	-.4	-12.1	-7.4	-20.7	4.2
31 **Total domestic plus foreign**	**759.1**	**847.5**	**840.9**	**698.1**	**772.7**	**778.8**	**731.8**	**831.4**	**757.3**	**770.2**	**785.8**	**617.2**
	Financial sectors											
32 **Total net borrowing by financial sectors**	**150.7**	**201.3**	**318.9**	**315.0**	**264.2**	**240.1**	**242.5**	**263.9**	**232.1**	**318.3**	**395.4**	**133.0**
By instrument												
33 U.S. government related	74.9	101.5	187.9	185.8	137.5	161.5	128.8	104.3	144.4	172.5	216.1	105.9
34 Sponsored credit agency securities	30.4	20.6	15.2	30.2	44.9	62.8	59.5	11.1	46.5	62.3	84.9	12.7
35 Mortgage pool securities	44.4	79.9	173.1	156.4	92.6	98.8	69.3	93.1	97.8	110.1	131.2	93.3
36 Loans from U.S. government	*	1.1	-.4	-.8	*	*	*	*	*	*	*	*
37 Private financial sectors	75.9	99.7	131.0	129.2	126.7	78.6	113.7	159.6	87.7	145.8	179.4	27.1
38 Corporate bonds	34.3	50.9	82.9	78.9	51.7	53.4	60.0	71.1	32.5	43.0	51.8	23.9
39 Mortgages	.4	.1	.1	.4	.3	.8	-.1	.1	-.1	1.2	.3	-.1
40 Bank loans n.e.c.	1.4	2.6	4.0	-3.3	1.4	-11.1	5.9	5.7	-5.6	-.3	3.0	3.5
41 Open market paper	24.0	32.0	24.2	28.8	53.6	-4.2	38.5	70.5	35.1	70.4	55.2	16.7
42 Loans from Federal Home Loan Banks	15.7	14.2	19.8	24.4	19.7	39.8	9.4	12.3	25.8	31.4	69.1	-16.9
By sector												
43 **Total**	**150.7**	**201.3**	**318.9**	**315.0**	**264.2**	**240.1**	**242.5**	**263.9**	**232.1**	**318.3**	**395.4**	**133.0**
44 Sponsored credit agencies	30.4	21.7	14.9	29.5	44.9	62.8	59.5	11.1	46.5	62.3	84.9	12.7
45 Mortgage pools	44.4	79.9	173.1	156.4	92.6	98.8	69.3	93.1	97.8	110.1	131.2	93.3
46 Private financial sectors	75.9	99.7	131.0	129.2	117.4	78.6	113.7	159.6	87.7	145.8	179.4	27.1
47 Commercial banks	7.3	-4.9	-3.6	7.1	-3.9	11.2	-16.7	-1.6	-.9	3.7	-13.4	12.7
48 Bank affiliates	16.1	16.6	15.2	14.3	5.2	-9.9	-8.8	22.4	6.1	.8	6.4	2.9
49 Savings and loan associations	17.2	17.3	20.9	19.6	19.9	28.3	10.0	19.1	24.1	26.3	71.3	-15.5
50 Mutual savings banks	1.2	1.5	4.2	8.1	1.9	12.6	2.3	1.1	.5	3.8	-2.8	-.2
51 Finance companies	24.0	57.2	54.5	40.3	67.0	28.3	78.4	85.4	40.7	63.6	80.3	29.0
52 REITs	.8	.5	1.0	.8	4.1	2.2	5.4	1.7	-5.9	15.0	-.9	.4
53 SCO Issuers	9.3	11.5	39.0	39.1	32.5	6.0	43.0	31.5	23.1	32.5	38.4	-2.3

1.57—Continued

Transaction category, sector	1984	1985	1986	1987	1988	1987	1988				1989	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
	All sectors											
54 **Total net borrowing**	**909.8**	**1,048.8**	**1,159.8**	**1,013.2**	**1,036.9**	**1,019.0**	**974.3**	**1,095.3**	**989.4**	**1,088.4**	**1,181.3**	**750.2**
55 U.S. government securities	273.8	324.2	403.4	331.5	294.9	336.7	340.4	218.0	306.8	314.6	416.0	176.8
56 State and local obligations	51.0	135.4	22.7	34.1	33.1	25.0	29.1	37.9	34.8	34.3	30.8	23.1
57 Corporate and foreign bonds	84.3	128.4	207.3	186.3	179.5	156.3	193.0	217.6	154.3	153.0	166.6	173.9
58 Mortgages	223.1	242.2	316.4	324.9	308.0	312.0	238.6	379.3	313.1	300.8	287.2	252.1
59 Consumer credit	81.6	82.5	58.0	32.9	51.1	54.1	43.7	51.9	35.5	73.1	34.8	47.7
60 Bank loans n.e.c.	61.1	38.3	69.7	3.8	38.0	56.6	28.3	61.2	1.7	60.7	30.8	−15.1
61 Open market paper	51.9	52.8	26.4	33.2	74.9	−16.6	41.6	83.9	62.5	111.5	109.4	55.4
62 Other loans	82.9	45.0	56.1	66.5	56.6	94.9	59.6	45.6	80.6	40.5	105.6	36.1
63 MEMO: U.S. government, cash balance	6.3	14.4	*	−7.9	10.4	−38.9	47.6	1.2	10.6	−17.9	−22.5	14.5
Totals net of changes in U.S. government cash balances												
64 Net borrowing by domestic nonfinancial	744.4	831.9	831.2	701.1	755.5	803.8	679.4	824.8	742.6	775.1	810.7	598.4
65 Net borrowing by U.S. government	192.5	209.3	215.0	152.8	147.1	214.0	164.0	112.5	151.8	160.0	222.4	56.4
	External corporate equity funds raised in United States											
66 **Total net share issues**	**−36.0**	**20.1**	**93.9**	**13.5**	**−115.0**	**−90.4**	**−101.0**	**−133.7**	**−73.5**	**−163.5**	**−163.4**	**−52.7**
67 Mutual funds	29.3	84.4	161.8	72.3	−.4	1.8	−9.5	−6.6	1.5	11.9	3.6	23.9
68 All other	−65.3	−64.3	−68.0	−58.8	−114.5	−92.2	−91.5	−127.0	−75.0	−175.4	−167.0	−76.6
69 Nonfinancial corporations	−74.5	−81.5	−80.8	−76.5	−130.5	−88.0	−95.0	−140.0	−92.0	−195.0	−180.0	−105.0
70 Financial corporations	8.2	13.5	11.1	21.4	12.4	10.0	2.4	19.0	14.6	13.5	9.5	13.1
71 Foreign shares purchased in United States	.9	3.7	1.2	−2.1	.9	−14.1	1.1	−6.0	2.4	6.1	3.6	15.2

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1984	1985	1986	1987	1988	1987	1988				1989	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**750.7**	**846.3**	**831.1**	**693.2**	**765.9**	**764.9**	**727.0**	**826.0**	**753.3**	**757.2**	**788.2**	**612.9**
By public agencies and foreign												
2 Total net advances	157.6	202.0	314.0	262.8	237.5	278.0	278.6	185.5	196.9	289.0	345.7	49.2
3 U.S. government securities	38.9	45.9	69.4	70.1	85.0	123.3	153.2	43.3	24.1	119.6	97.6	−68.4
4 Residential mortgages	56.5	94.6	170.1	153.2	104.0	105.9	88.9	107.9	98.1	121.2	133.3	106.6
5 FHLB advances to thrifts	15.7	14.2	19.8	24.4	19.7	39.8	9.4	12.3	25.8	31.4	69.1	−16.9
6 Other loans and securities	46.6	47.3	54.7	15.1	28.7	9.0	27.1	22.1	49.0	16.7	45.7	28.0
Total advanced, by sector												
7 U.S. government	17.1	17.8	9.7	−7.9	−5.0	6.4	−7.0	−7.6	4.3	−9.6	−0.2	−4.3
8 Sponsored credit agencies	74.3	103.5	187.2	183.4	129.6	160.0	114.3	105.7	130.1	168.5	221.4	45.6
9 Monetary authorities	8.4	18.4	19.4	24.7	10.5	22.8	2.7	5.0	15.5	18.9	5.2	−3.9
10 Foreign	57.9	62.3	97.8	62.7	102.3	88.8	168.6	82.5	47.0	111.2	119.3	11.8
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	74.9	101.5	187.9	185.8	137.5	161.5	128.8	104.3	144.4	172.5	216.1	105.9
12 Foreign	8.4	1.2	9.7	4.9	6.8	13.9	4.8	5.4	4.1	13.0	−2.4	4.2
Private domestic funds advanced												
13 Total net advances	676.3	747.0	714.8	621.1	672.6	662.3	582.0	750.1	704.8	653.7	656.2	673.9
14 U.S. government securities	234.9	278.2	333.9	261.4	209.9	213.3	187.2	174.7	282.8	195.0	318.4	245.3
15 State and local obligations	51.0	135.4	22.7	34.1	34.0	25.0	29.1	37.9	34.8	34.3	30.8	23.1
16 Corporate and foreign bonds	35.1	40.8	84.2	87.5	104.4	101.1	126.5	126.2	91.7	73.0	89.4	132.7
17 Residential mortgages	105.3	91.8	82.0	106.1	144.0	134.5	106.0	207.5	152.3	110.1	99.2	103.9
18 Other mortgages and loans	265.6	214.8	211.8	156.5	200.1	228.2	142.6	216.0	169.0	272.6	187.6	152.0
19 LESS: Federal Home Loan Bank advances	15.7	14.2	19.8	24.4	19.7	39.8	9.4	12.3	25.8	31.4	69.1	−16.9
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	585.8	579.9	744.0	560.8	575.9	617.0	650.6	568.6	434.0	650.4	634.2	410.1
21 Commercial banking	169.2	186.0	197.5	136.8	155.3	278.6	87.9	194.5	118.4	220.5	120.3	170.1
22 Savings institutions	154.7	87.9	107.6	136.8	120.9	158.2	96.0	136.2	157.1	94.2	61.5	−24.8
23 Insurance and pension funds	121.8	154.4	174.6	210.9	212.3	149.6	290.6	196.3	156.8	205.5	294.0	142.0
24 Other finance	140.1	151.6	264.2	76.3	87.4	30.5	176.1	41.6	1.7	130.3	158.4	122.7
25 Sources of funds	585.8	579.9	744.0	560.8	575.9	617.0	650.6	568.6	434.0	650.4	634.2	410.1
26 Private domestic deposits and RPs	322.6	214.3	262.6	144.1	206.2	329.6	289.1	91.3	183.0	261.2	137.3	137.9
27 Credit market borrowing	75.9	99.7	131.0	129.2	126.7	78.6	113.7	159.6	87.7	145.8	179.4	27.1
28 Other sources	187.3	265.9	350.4	287.5	243.0	208.8	247.8	317.6	163.3	243.4	317.5	245.2
29 Foreign funds	8.8	19.7	12.9	43.7	9.3	8.0	−60.6	94.5	−42.1	45.5	−28.4	0.1
30 Treasury balances	4.0	10.3	1.7	−5.8	7.3	−27.8	44.2	−16.3	5.6	−4.1	−21.6	−2.7
31 Insurance and pension reserves	124.0	131.9	149.3	176.1	228.4	171.1	256.0	225.8	129.9	301.7	259.1	103.4
32 Other, net	50.5	104.1	186.5	73.6	−2.0	57.4	8.2	13.6	69.9	−99.6	108.4	144.4
Private domestic nonfinancial investors												
33 Direct lending in credit markets	166.4	266.8	101.8	189.6	223.4	124.0	45.1	341.1	358.5	149.0	201.4	290.9
34 U.S. government securities	111.4	157.8	60.9	100.0	144.2	85.4	116.1	92.3	222.9	145.7	198.2	180.4
35 State and local obligations	27.1	37.7	−21.7	45.6	27.7	19.7	15.7	31.2	50.4	13.5	27.0	−17.1
36 Corporate and foreign bonds	−4.1	4.2	39.3	24.1	17.4	50.4	−36.6	79.5	13.8	12.7	0.8	56.5
37 Open market paper	7.8	47.5	5.4	6.6	18.4	−32.8	−36.7	82.1	62.7	−34.6	6.9	10.5
38 Other	24.2	19.6	17.9	13.3	15.8	1.3	−13.4	56.0	8.8	11.7	−31.6	60.5
39 Deposits and currency	326.1	224.6	283.0	160.2	208.8	364.0	297.1	99.3	206.8	231.9	182.1	153.8
40 Currency	8.6	12.4	14.4	19.0	14.7	31.9	10.7	13.8	29.3	5.1	19.3	10.8
41 Checkable deposits	30.2	41.9	95.0	−3.0	10.4	62.3	1.4	−32.0	−22.7	95.1	−66.1	−100.0
42 Small time and savings accounts	150.7	138.5	120.6	76.0	122.2	141.2	199.5	130.5	72.7	86.0	42.2	100.0
43 Money market fund shares	49.0	8.9	38.3	27.2	22.8	53.6	57.6	−21.0	−3.5	58.1	51.1	103.8
44 Large time deposits	82.9	7.4	−11.4	26.7	29.6	85.4	2.8	−12.6	129.4	−1.2	78.5	30.3
45 Security RPs	9.8	17.7	20.2	17.2	21.2	−13.1	27.9	26.5	7.0	23.3	31.6	3.7
46 Deposits in foreign countries	−5.1	−2.1	5.9	−2.8	−12.1	2.5	−2.7	−5.9	−5.5	−34.4	25.5	5.1
47 **Total of credit market instruments, deposits, and currency**	**492.5**	**491.4**	**384.8**	**349.8**	**432.2**	**488.0**	**342.2**	**440.4**	**565.2**	**381.0**	**383.5**	**444.7**
48 Public holdings as percent of total	20.7	23.8	37.3	37.6	30.7	35.7r	38.1r	22.3r	26.0r	37.5r	44.0r	8.0r
49 Private financial intermediation (in percent)	86.6	77.6	104.0	90.2	85.6	93.2r	111.8r	75.8r	61.6r	99.5r	96.6r	60.9r
50 Total foreign funds	66.7	82.0	110.7	106.4	111.7	96.8	108.1	177.0	4.9	156.7	90.9	11.9
MEMO: Corporate equities not included above												
51 **Total net issues**	**−36.0**	**20.1**	**90.5**	**14.3**	**−117.9**	**−90.4**	**−101.0**	**−133.7**	**−73.5**	**−163.5**	**−163.4**	**−52.7**
52 Mutual fund shares	29.3	84.4	159.0	71.6	−.7	1.8	−9.5	−6.6	1.5	11.9	3.6	23.9
53 Other equities	−65.3	−64.3	−68.5	−57.3	−117.2	−92.2	−91.5	−127.0	−75.0	−175.4	−167.0	−76.6
54 Acquisitions by financial institutions	15.8	45.6	53.7	21.4	2.3	−19.5	−33.8	0.4	19.1	23.2	−0.7	24.4
55 Other net purchases	−51.8	−25.5	36.8	−7.1	−120.2	−70.9	−67.2	−134.1	−92.7	−186.7	−162.7	−77.1

NOTES BY LINE NUMBER.
1. Line 1 of table 1.57.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. *Credit market funds raised by federally sponsored credit agencies, and net* issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
30. Demand deposits and note balances at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 13 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance plus amounts *borrowed 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.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING

Billions of dollars; period-end levels.

Transaction category, sector	1983	1984	1985	1986	1987	1988				1989	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**5,202.6**	**5,951.8**	**6,795.1**	**7,631.2**	**8,335.0**	**8,476.7**	**8,686.4**	**8,874.5**	**9,102.0**	**9,278.5**	**9,427.7**
By sector and instrument											
2 U.S. government	1,177.9	1,376.8	1,600.4	1,815.4	1,960.3	2,003.2	2,022.3	2,063.9	2,117.8	2,155.7	2,165.7
3 Treasury securities	1,174.4	1,373.4	1,597.1	1,811.7	1,955.2	1,998.1	2,015.3	2,051.7	2,095.2	2,133.4	2,142.1
4 Agency issues and mortgages	3.6	3.4	3.3	3.6	5.2	5.0	7.0	12.2	22.6	22.3	23.6
5 Private domestic nonfinancial sectors	4,024.6	4,575.1	5,194.7	5,815.8	6,374.7	6,473.5	6,664.1	6,810.6	6,984.3	7,122.8	7,262.0
6 Debt capital instruments	2,715.1	3,038.0	3,485.5	3,957.5	4,428.0	4,511.0	4,652.6	4,782.0	4,902.1	4,996.6	5,100.7
7 Tax-exempt obligations	469.0	520.0	655.5	679.1	713.2	718.1	727.2	746.1	759.8	765.1	770.3
8 Corporate bonds	423.0	469.2	542.9	664.2	764.1	793.8	829.8	858.8	885.0	912.9	947.6
9 Mortgages	1,823.1	2,048.8	2,287.1	2,614.2	2,950.7	2,999.1	3,095.7	3,177.2	3,257.3	3,318.6	3,382.8
10 Home mortgages	1,200.2	1,336.2	1,490.2	1,720.8	1,943.1	1,978.0	2,055.3	2,118.0	2,174.2	2,215.3	2,267.7
11 Multifamily residential	158.8	183.6	213.0	246.2	270.0	273.0	276.6	281.0	286.8	292.6	294.6
12 Commercial	350.4	416.5	478.1	551.4	648.7	660.2	676.0	691.1	709.6	724.7	733.7
13 Farm	113.7	112.4	105.9	95.8	88.9	88.0	87.8	87.0	86.8	86.0	86.7
14 Other debt instruments	1,309.5	1,537.1	1,709.3	1,858.4	1,946.7	1,962.5	2,011.5	2,028.5	2,082.1	2,126.3	2,161.3
15 Consumer credit	437.7	519.3	601.8	659.8	692.7	688.9	705.8	721.2	743.7	745.0	761.4
16 Bank loans n.e.c.	491.1	553.1	592.7	656.1	664.3	668.3	687.2	687.7	702.6	717.5	709.8
17 Open market paper	36.8	58.5	72.2	62.9	73.8	73.5	77.8	80.3	85.4	96.1	110.1
18 Other	344.0	406.2	442.6	479.6	516.0	531.9	540.6	539.4	550.4	567.6	580.0
19 By borrowing sector	4,024.6	4,575.1	5,194.7	5,815.8	6,374.7	6,473.5	6,664.1	6,810.6	6,984.3	7,122.8	7,262.0
20 State and local governments	355.0	383.0	473.9	510.1	543.7	547.1	556.0	565.7	573.5	578.5	584.8
21 Households	1,791.6	2,018.2	2,295.5	2,591.8	2,864.5	2,900.4	2,989.6	3,067.4	3,150.8	3,209.6	3,267.9
22 Nonfinancial business	1,878.0	2,173.9	2,425.4	2,714.0	2,966.5	3,026.0	3,118.5	3,177.5	3,260.0	3,334.8	3,409.3
23 Farm	188.4	187.9	173.4	156.6	145.5	141.3	143.9	143.6	137.6	134.9	137.7
24 Nonfarm noncorporate	645.8	769.0	898.3	1,001.6	1,109.4	1,131.7	1,151.9	1,172.6	1,205.3	1,229.1	1,247.5
25 Corporate	1,043.8	1,216.9	1,353.6	1,555.8	1,711.6	1,753.0	1,822.7	1,861.3	1,917.1	1,970.8	2,024.1
26 Foreign credit market debt held in United States	225.9	233.6	234.7	236.4	242.9	244.6	245.9	246.1	249.7	249.4	259.6
27 Bonds	64.2	68.0	71.8	74.9	82.3	86.1	86.0	87.4	89.2	90.5	92.2
28 Bank loans n.e.c.	37.4	30.8	27.9	26.9	23.3	22.8	22.4	22.7	21.5	21.6	30.0
29 Open market paper	21.5	27.7	33.9	37.4	41.2	42.5	44.0	46.3	50.9	54.4	52.7
30 U.S. government loans	102.8	107.1	101.1	97.1	96.1	93.1	93.5	89.8	88.2	82.9	84.6
31 **Total domestic plus foreign**	**5,428.5**	**6,185.4**	**7,029.9**	**7,867.6**	**8,578.0**	**8,721.3**	**8,932.3**	**9,120.6**	**9,351.8**	**9,527.9**	**9,687.3**
	Financial sectors										
32 **Total credit market debt owed by financial sectors**	**859.9**	**1,010.2**	**1,213.2**	**1,563.6**	**1,885.5**	**1,926.0**	**2,000.5**	**2,058.2**	**2,149.7**	**2,259.0**	**2,301.6**
By instrument											
33 U.S. government related	456.7	531.2	632.7	844.2	1,026.5	1,050.6	1,076.9	1,116.3	1,164.0	1,209.0	1,235.8
34 Sponsored credit agency securities	206.8	237.2	257.8	273.0	303.2	313.5	317.9	328.5	348.1	364.3	369.0
35 Mortgage pool securities	244.9	289.0	368.9	565.4	718.3	732.1	754.0	782.8	810.9	839.7	861.8
36 Loans from U.S. government	5.0	5.0	6.1	5.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0
37 Private financial sectors	403.2	479.0	580.5	719.5	859.0	875.4	923.6	941.9	985.7	1,050.0	1,065.8
38 Corporate bonds	118.6	153.0	204.5	287.4	366.3	380.5	397.9	406.4	418.0	458.0	463.7
39 Mortgages	2.1	2.5	2.7	2.7	3.1	3.1	3.1	3.1	3.4	3.5	3.4
40 Bank loans n.e.c.	28.1	29.5	32.1	36.1	32.8	31.7	34.3	32.9	34.2	32.2	34.6
41 Open market paper	195.5	219.5	252.4	284.6	323.8	330.6	353.4	358.0	377.4	392.5	402.2
42 Loans from Federal Home Loan Banks	59.0	74.6	88.8	108.6	133.1	129.5	134.8	141.6	152.8	163.8	161.9
43 **Total, by sector**	**859.9**	**1,010.2**	**1,213.2**	**1,563.6**	**1,885.5**	**1,926.0**	**2,000.5**	**2,058.2**	**2,149.7**	**2,259.0**	**2,301.6**
44 Sponsored credit agencies	211.8	242.2	263.9	278.7	308.2	318.5	322.9	333.5	353.1	369.3	374.0
45 Mortgage pools	244.9	289.0	368.9	565.4	718.3	732.1	754.0	782.8	810.9	839.7	861.8
46 Private financial sectors	403.2	479.0	580.5	719.5	859.0	875.4	923.6	941.9	985.7	1,050.0	1,065.8
47 Commercial banks	76.8	84.1	79.2	75.6	82.7	76.4	77.2	76.6	78.8	73.3	78.0
48 Bank affiliates	73.5	89.5	106.2	116.8	131.1	131.0	136.3	136.3	136.2	140.0	140.4
49 Savings and loan associations	64.4	81.6	98.9	119.8	139.4	135.3	141.9	148.1	159.3	170.1	168.1
50 Mutual savings banks	1.7	2.9	4.4	8.6	16.7	17.1	17.6	18.1	18.6	17.8	17.9
51 Finance companies	179.0	203.0	261.2	328.1	378.8	393.0	419.8	427.7	445.8	464.3	477.6
52 REITs	3.5	4.3	5.6	6.5	7.3	8.7	9.1	7.6	11.4	11.1	11.2
53 SCO issuers	4.2	13.5	25.0	64.0	103.1	113.9	121.8	127.5	135.7	173.3	172.7
	All sectors										
54 **Total credit market debt**	**6,288.3**	**7,195.7**	**8,243.1**	**9,431.2**	**10,463.4**	**10,647.2**	**10,932.8**	**11,178.8**	**11,501.4**	**11,786.9**	**11,988.9**
55 U.S. government securities	1,629.4	1,902.8	2,227.0	2,653.8	2,981.8	3,048.8	3,094.2	3,175.2	3,276.7	3,359.7	3,396.5
56 State and local obligations	469.0	520.0	655.5	679.1	713.2	718.1	727.2	746.1	759.8	765.1	770.3
57 Corporate and foreign bonds	605.8	690.1	819.2	1,026.4	1,212.7	1,260.4	1,313.7	1,352.5	1,392.2	1,461.4	1,503.5
58 Mortgages	1,825.4	2,051.4	2,289.8	2,617.0	2,953.8	3,002.2	3,098.8	3,180.3	3,260.7	3,322.1	3,386.3
59 Consumer credit	437.7	519.3	601.8	659.8	692.7	688.9	705.8	721.2	743.7	745.0	761.4
60 Bank loans n.e.c.	556.6	613.4	652.7	719.1	720.3	722.7	744.0	743.3	758.3	771.4	774.4
61 Open market paper	253.8	305.7	358.5	384.9	438.8	446.7	475.3	484.6	513.6	543.1	565.0
62 Other loans	510.7	592.9	638.6	691.1	750.2	759.4	773.9	775.7	796.3	819.2	831.4

1.60 SUMMARY OF CREDIT MARKET CLAIMS, BY HOLDER

Billions of dollars, except as noted; period-end levels.

Transaction category, or sector	1983	1984	1985	1986	1987	1988				1989	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**5,202.6**	**5,951.8**	**6,795.1**	**7,631.2**	**8,335.0**	**8,476.7**	**8,686.4**	**8,874.5**	**9,102.0**	**9,278.5**	**9,427.7**
By public agencies and foreign											
2 Total held	1,100.4	1,257.7	1,460.5	1,794.7	2,044.9	2,099.4	2,151.3	2,191.8	2,264.1	2,336.1	2,354.8
3 U.S. government securities	339.0	377.9	423.8	493.2	563.3	595.7	610.1	613.3	648.3	666.2	653.1
4 Residential mortgages	367.0	423.5	518.2	712.3	862.0	880.6	906.1	934.9	966.0	995.3	1,020.5
5 FHLB advances to thrifts	59.0	74.6	88.8	108.6	133.1	129.5	134.8	141.6	152.8	163.8	161.9
6 Other loans and securities	335.4	381.6	429.7	480.5	486.6	493.6	500.3	502.1	496.9	510.9	519.3
7 Total held, by type of lender	1,100.4	1,257.7	1,460.5	1,794.7	2,044.9	2,099.4	2,151.3	2,191.8	2,264.1	2,336.1	2,354.8
8 U.S. government	211.4	228.2	246.7	253.3	238.0	237.1	235.8	226.3	217.0	217.9	217.4
9 Sponsored credit agencies and mortgage pools	482.0	556.3	659.8	869.8	1,048.9	1,068.0	1,095.6	1,132.9	1,178.6	1,223.5	1,236.4
10 Monetary authority	159.2	167.6	186.0	205.5	230.1	224.9	229.7	230.8	240.6	235.4	238.4
11 Foreign	247.7	305.6	367.9	466.1	527.9	569.5	590.2	601.9	627.8	659.3	662.6
Agency and foreign debt not in line 1											
12 Sponsored credit agencies and mortgage pools	456.7	531.2	632.7	844.2	1,026.5	1,050.6	1,076.9	1,116.3	1,164.0	1,209.0	1,235.8
13 Foreign	225.9	233.6	234.7	236.4	242.9	244.6	245.9	246.1	249.7	249.4	259.6
Private domestic holdings											
14 Total private holdings	4,784.8	5,458.9	6,202.1	6,917.1	7,559.5	7,672.4	7,857.8	8,045.1	8,251.7	8,400.8	8,568.3
15 U.S. government securities	1,290.4	1,524.9	1,803.2	2,160.6	2,418.5	2,453.1	2,484.1	2,561.9	2,628.4	2,693.5	2,743.5
16 State and local obligations	469.0	520.0	655.5	679.1	713.2	718.1	727.2	746.1	759.8	765.1	770.3
17 Corporate and foreign bonds	441.7	476.8	517.6	601.3	689.6	722.2	752.9	775.7	794.0	817.6	849.4
18 Residential mortgages	992.2	1,096.5	1,185.1	1,254.7	1,351.1	1,370.4	1,425.9	1,464.1	1,494.9	1,512.7	1,541.8
19 Other mortgages and loans	1,650.5	1,915.3	2,129.7	2,330.0	2,520.1	2,538.2	2,602.7	2,638.7	2,727.3	2,775.7	2,825.1
20 LESS: Federal Home Loan Bank advances	59.0	74.6	88.8	108.6	133.1	129.5	134.8	141.6	152.8	163.8	161.9
Private financial intermediation											
21 Credit market claims held by private financial institutions	4,115.0	4,699.6	5,283.1	6,025.7	6,604.6	6,740.3	6,903.0	7,017.1	7,185.8	7,337.0	7,462.5
22 Commercial banking	1,622.5	1,791.9	1,978.9	2,176.3	2,313.1	2,327.1	2,382.6	2,421.6	2,468.4	2,490.9	2,541.0
23 Savings institutions	947.4	1,100.7	1,191.2	1,297.9	1,445.5	1,453.6	1,496.2	1,539.2	1,571.7	1,571.0	1,573.7
24 Insurance and pension funds	1,093.5	1,215.3	1,369.7	1,544.3	1,755.2	1,818.9	1,870.7	1,912.4	1,967.6	2,030.5	2,069.2
25 Other finance	451.6	591.7	743.4	1,007.1	1,090.7	1,140.7	1,153.5	1,144.0	1,178.1	1,244.6	1,278.5
26 Sources of funds	4,115.0	4,699.6	5,283.1	6,025.7	6,604.6	6,740.3	6,903.0	7,017.1	7,185.8	7,337.0	7,462.5
27 Private domestic deposits and RPs	2,393.2	2,715.6	2,930.0	3,188.4	3,324.8	3,400.1	3,425.8	3,465.1	3,541.2	3,567.5	3,605.3
28 Credit market debt	403.2	479.0	580.5	719.5	859.0	875.4	923.6	941.9	985.7	1,050.0	1,065.8
29 Other sources	1,318.6	1,504.9	1,772.7	2,117.9	2,420.8	2,464.8	2,553.6	2,610.0	2,658.9	2,719.5	2,791.4
30 Foreign funds	−23.0	−14.1	5.6	18.6	62.2	45.9	62.3	51.9	71.6	61.9	55.0
31 Treasury balances	11.5	15.5	25.8	27.5	21.6	23.5	32.6	34.2	29.0	13.5	27.1
32 Insurance and pension reserves	1,036.1	1,160.8	1,289.4	1,427.9	1,597.2	1,665.5	1,721.6	1,761.3	1,813.1	1,876.0	1,893.9
33 Other, net	294.1	342.6	451.8	643.9	739.6	729.9	737.1	762.7	745.3	768.1	815.4
Private domestic nonfinancial investors											
34 Credit market claims	1,073.0	1,238.4	1,499.5	1,610.8	1,813.9	1,807.5	1,878.4	1,969.9	2,051.6	2,113.8	2,171.6
35 U.S. government securities	548.5	659.5	814.7	899.1	992.0	1,004.3	1,018.5	1,081.7	1,138.5	1,166.8	1,202.4
36 Tax-exempt obligations	167.3	194.2	231.9	211.2	256.8	256.6	267.6	285.0	297.5	298.9	298.5
37 Corporate and foreign bonds	37.2	33.1	38.0	77.8	102.2	98.4	111.0	117.3	115.5	155.9	162.2
38 Open market paper	75.7	83.5	131.0	136.4	160.7	146.4	170.2	175.4	182.1	179.1	185.6
39 Other	244.3	268.0	283.8	286.2	302.3	301.8	311.1	310.5	317.9	313.2	323.0
40 Deposits and currency	2,569.8	2,895.8	3,120.4	3,399.2	3,553.9	3,623.9	3,655.6	3,695.4	3,772.9	3,802.4	3,848.2
41 Currency	150.9	159.6	171.9	186.3	205.4	204.0	209.9	213.4	220.1	220.7	225.9
42 Checkable deposits	350.5	380.6	422.5	517.4	514.0	494.8	509.4	494.8	523.6	488.1	487.5
43 Small time and savings accounts	1,542.9	1,693.4	1,831.9	1,948.3	2,017.1	2,084.9	2,110.9	2,131.1	2,150.4	2,168.7	2,186.3
44 Money market fund shares	169.5	218.5	227.3	265.6	292.8	318.4	306.1	303.6	315.6	340.3	357.9
45 Large time deposits	249.5	332.5	339.9	328.5	355.2	350.1	343.2	377.0	384.8	396.4	401.2
46 Security RPs	80.8	90.6	108.3	128.5	145.7	151.9	156.2	158.6	166.9	174.1	172.5
47 Deposits in foreign countries	25.7	20.6	18.5	24.5	23.7	19.9	19.9	16.8	11.6	14.3	17.0
48 **Total of credit market instruments, deposits, and currency**	**3,642.8**	**4,134.2**	**4,619.9**	**5,010.0**	**5,367.8**	**5,431.5**	**5,534.1**	**5,665.2**	**5,824.4**	**5,916.2**	**6,019.8**
49 Public holdings as percent of total	20.3r	20.3r	20.8r	22.8r	23.8	24.0	24.0	24.0	24.2	24.5	24.3
50 Private financial intermediation (in percent)	86.0r	86.1r	85.2r	87.1r	87.3	87.8	87.8	87.2	87.0	87.3	87.0
51 Total foreign funds	224.7	291.5	373.5	484.7	590.2	615.3	652.5	653.8	699.4	721.2	717.6
MEMO: Corporate equities not included above											
52 **Total market value**	**2,133.7**	**2,157.9**	**2,823.9**	**3,360.6**	**3,325.0**	**3,509.9**	**3,652.9**	**3,599.4**	**3,608.3**	**3,719.1**	**4,059.3**
53 Mutual fund shares	112.1	136.7	240.2	413.5	460.1	479.2	486.8	478.1	478.3	486.3	516.6
54 Other equities	2,021.6	2,021.2	2,583.7	2,947.1	2,864.9	3,030.8	3,166.2	3,121.3	3,130.0	3,232.8	3,542.8
55 Holdings by financial institutions	612.0	615.6	800.0	972.1	1,013.8	1,088.6	1,144.9	1,136.8	1,156.3	1,210.6	1,340.2
56 Other holdings	1,521.7	1,542.3	2,023.9	2,388.4	2,311.2	2,421.3	2,508.1	2,462.7	2,452.0	2,508.5	2,719.2

NOTES BY LINE NUMBER.

1. Line 1 of table 1.59.

2. Sum of lines 3–6 or 7–10.

6. Includes farm and commercial mortgages.

12. Credit market debt of federally sponsored agencies, and net issues of federally related mortgage pool securities.

14. Line 1 less line 2 plus line 12 and 13. Also line 21 less line 28 plus line 34. Also sum of lines 29 and 48 less lines 41 and 47.

19. Includes farm and commercial mortgages.

27. Line 40 less lines 41 and 47.

28. Excludes equity issues and investment company shares. Includes line 20.

30. Foreign deposits at commercial banks plus bank borrowings from foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.

31. Demand deposits and note balances at commercial banks.

32. Excludes net investment of these reserves in corporate equities.

33. Mainly retained earnings and net miscellaneous liabilities.

34. Line 14 less line 21 plus line 28.

35–39. Lines 15–19 less amounts acquired by private finance plus amounts borrowed by private finance. Line 39 includes mortgages.

41. Mainly an offset to line 10.

48. Lines 34 plus 40, or line 14 less line 29 plus 41 and 47.

49. Line 2/line 1 and 13.

50. Line 21/line 14.

51. Sum of lines 11 and 30.

52–54. 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, Stop 95, 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	1986	1987	1988	1989								
				Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.
1 **Industrial production**	**125.1**	**129.8**	**137.2**	**140.8**	**140.5**	**140.7**	**141.7**	**141.6**	**142.0[r]**	**142.0**	**142.4**	**142.3**
Market groupings												
2 Products, total	133.3	138.3	145.9	150.1	150.0	150.5	151.6	151.7	152.5[r]	152.0	152.6	152.6
3 Final, total	132.5	136.8	144.3	148.2	148.6	148.9	150.2	150.4	151.2[r]	150.4	151.0	151.1
4 Consumer goods	124.0	127.7	133.9	138.5	138.7	138.4	139.5	139.2	139.9[r]	138.9	139.3	139.5
5 Equipment	143.6	148.8	158.2	161.1	161.6	162.8	164.3	165.4	166.1[r]	165.7	166.5	166.5
6 Intermediate	136.2	143.3	151.5	156.6	155.1	156.1	156.5	156.3	157.0	157.6	158.0	157.9
7 Materials	113.8	118.3	125.3	128.1	127.4	127.3	128.2	127.9	127.7	128.3	128.6	128.2
Industry groupings												
8 Manufacturing	129.1	134.6	142.8	147.2	146.8	147.0	148.0	148.1	148.7[r]	148.6	149.1	148.7
Capacity utilization (percent)[2]												
9 Manufacturing	79.7	81.1	83.5	84.7	84.3	84.1	84.5	84.3	84.4[r]	84.1	84.1	83.7
10 Industrial materials industries	78.6	80.5	83.7	84.6	84.0	83.7	84.2	83.8	83.6[r]	83.7	83.8	83.4
11 Construction contracts (1982 = 100)[3]	158.3	163.8	160.8	155.0	148.0	150.0	163.0	159.0	157.0	163.0	160.0	175.0
12 Nonagricultural employment, total[4]	120.7	124.1	128.6	130.3	130.6	130.8	131.1	131.3	131.7	131.9	132.0	132.2
13 Goods-producing, total	100.9	101.8	105.0	105.3	105.3	105.4	105.5	105.5	105.4	105.4	105.6	105.1
14 Manufacturing, total	96.3	96.8	99.2	99.8	99.8	100.0	99.9	99.9	99.8	99.8	99.8	99.3
15 Manufacturing, production- worker	91.1	91.9	94.3	94.9	95.0	95.1	95.0	95.0	94.8	94.8	94.8	94.1
16 Service-producing	129.0	133.4	138.5	140.8	141.2	141.5	141.8	142.2	142.7	143.0	143.1	143.6
17 Personal income, total	219.4	235.0	252.8	265.8	268.7	271.3	272.9	273.5	274.8	276.4	277.2	278.0
18 Wages and salary disbursements	210.8	226.3	244.4	256.1	257.3	259.5	261.7	262.0	263.8	266.1	266.7	268.1
19 Manufacturing	177.4	183.8	196.5	203.0	204.0	207.5	205.7	205.8	207.0	207.5	208.8	208.5
20 Disposable personal income[5]	218.5	232.4	252.1	264.0	268.1	270.3	269.6	271.7	273.8	275.5	276.2	276.9
21 Retail sales[6]	199.3	210.8	225.1	233.2	232.2	232.4	235.5	237.4	237.3	239.1	240.7	241.8
Prices[7]												
22 Consumer (1982–84 = 100)	109.6	113.6	118.3	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0
23 Producer finished goods (1982 = 100)	103.2	105.4	108.0	111.1	111.7	112.1	113.0	114.2	114.1	114.0	113.3	113.5

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	1986	1987	1988	1989							
				Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population[1]**	**182,822**	**185,010**	**186,837**	**187,979**	**188,102**	**188,228**	**188,377**	**188,518**	**188,672**	**188,808**	**188,948**
2 Labor force (including Armed Forces)[1]	120,078	122,122	123,893	125,383	125,469	125,863	125,806	126,291	126,145	126,228	126,262
3 Civilian labor force	117,834	119,865	121,669	123,181	123,264	123,659	123,610	124,102	123,956	124,018	124,040
Employment											
4 Nonagricultural industries[2]	106,434	109,232	111,800	113,630	113,930	114,009	114,102	114,445	114,240	114,290	114,199
5 Agriculture	3,163	3,208	3,169	3,223	3,206	3,104	3,112	3,096	3,219	3,307	3,257
Unemployment											
6 Number	8,237	7,425	6,701	6,328	6,128	6,546	6,395	6,561	6,497	6,421	6,584
7 Rate (percent of civilian labor force)	7.0	6.2	5.5	5.1	5.0	5.3	5.2	5.3	5.2	5.2	5.3
8 Not in labor force	62,744	62,888	62,944	62,596	62,633	62,365	62,571	62,227	62,527	62,580	62,686
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment[3]**	**99,525**	**102,310**	**106,039**	**107,711**	**107,888**	**108,101**	**108,310**	**108,607**	**108,767**	**108,855**	**109,064**
10 Manufacturing	18,965	19,065	19,536	19,648	19,680	19,672	19,667	19,650	19,649	19,650	19,547
11 Mining	777	721	733	711	714	720	722	715	706	730	725
12 Contract construction	4,816	4,998	5,294	5,270	5,252	5,279	5,283	5,283	5,314	5,316	5,316
13 Transportation and public utilities	5,255	5,385	5,584	5,667	5,666	5,682	5,700	5,716	5,736	5,625	5,717
14 Trade	23,683	24,381	25,362	25,631	25,685	25,695	25,750	25,781	25,823	25,874	25,887
15 Finance	6,283	6,549	6,679	6,763	6,774	6,776	6,790	6,808	6,815	6,834	6,844
16 Service	23,053	24,196	25,464	26,434	26,520	26,651	26,711	26,931	26,973	27,046	27,153
17 Government	16,693	17,015	17,387	17,587	17,597	17,626	17,687	17,723	17,751	17,780	17,875

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[1]

Seasonally adjusted

Series	1988	1989			1988	1989			1988	1989		
	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**	**139.9**	**140.7**	**141.8**	**142.2**	**166.3**	**167.5**	**168.7**	**169.9**	**84.1**	**84.0**	**84.1**	**83.7**
2 Mining	104.2	101.8	102.0	102.7	125.7	125.1	124.7	124.3	82.9	81.3	81.8	82.6
3 Utilities	114.3	116.0	115.7	114.3	140.7	141.0	141.4	141.7	81.3	82.3	81.8	80.6
4 **Manufacturing**	**145.8**	**147.0**	**148.3**	**148.8**	**172.8**	**174.3**	**175.7**	**177.2**	**84.4**	**84.4**	**84.4**	**84.0**
5 Primary processing	127.7	127.8	127.6	128.8	145.2	146.5	147.8	149.1	87.9	87.3	86.4	86.4
6 Advanced processing	156.7	158.6	160.8	161.0	189.5	191.0	192.6	194.2	82.7	83.0	83.5	82.9
7 **Materials**	**128.0**	**127.6**	**127.9**	**128.4**	**150.8**	**151.7**	**152.6**	**153.5**	**84.9**	**84.1**	**83.9**	**83.6**
8 Durable goods	139.2	138.6	139.0	139.7	169.0	170.1	171.3	172.5	82.4	81.5	81.1	81.0
9 Metal materials	100.8	98.4	96.0	96.4	114.5	115.1	115.6	116.1	88.0	85.5	83.0	83.0
10 Nondurable goods	135.4	136.3	137.1	138.7	151.2	152.7	154.2	155.8	89.5	89.3	88.9	89.0
11 Textile, paper, and chemical	138.1	139.2	139.8	141.7	151.8	153.5	155.3	157.0	91.0	90.7	90.0	90.3
12 Paper	148.6	148.4	146.1	......	152.3	154.0	155.8	......	97.6	96.4	93.8	......
13 Chemical	144.1	145.4	145.7	......	159.3	161.4	163.7	......	90.5	90.1	89.0	......
14 Energy materials	102.0	100.7	100.7	99.7	118.7	118.4	118.3	118.1	86.0	85.0	85.1	84.4

Series	Previous cycle[2]		Latest cycle[3]		1988	1989								
	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**	**83.7**	**84.3**	**83.9**	**83.8**	**84.2**	**84.0**	**84.0**	**83.8**	**83.8**	**83.6**
16 Mining	92.8	87.8	95.2	76.9	82.3	82.2	80.6	81.2	82.0	81.8	81.5	81.8	82.6	83.5
17 Utilities	95.6	82.9	88.5	78.0	80.4	80.9	82.6	83.3	82.9	81.8	80.8	80.7	80.2	81.1
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**84.0**	**84.7**	**84.3**	**84.1**	**84.5**	**84.3**	**84.4**	**84.1**	**84.1**	**83.7**
19 Primary processing	91.9	68.3	89.1	65.0	87.2	88.4	87.0	86.4	86.8	86.2	86.2	86.7	86.7	85.8
20 Advanced processing	86.0	71.1	85.1	69.5	82.4	83.1	83.0	83.0	83.5	83.4	83.5	82.9	83.0	82.8
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.5**	**84.1**	**84.6**	**84.0**	**83.7**	**84.2**	**83.8**	**83.6**	**83.7**	**83.8**	**83.4**
22 Durable goods	91.8	64.4	89.8	60.9	81.9	82.1	81.5	80.9	81.3	81.0	81.1	81.3	81.2	80.3
23 Metal materials	99.2	67.1	93.6	45.7	88.0	87.7	85.5	83.2	84.9	81.7	82.5	84.2	84.3	80.4
24 Nondurable goods	91.1	66.7	88.1	70.7	88.2	90.1	89.0	88.8	89.2	88.7	88.7	89.2	88.9	88.8
25 Textile, paper, and chemical	92.8	64.8	89.4	68.8	89.4	91.5	90.3	90.2	90.7	89.6	89.8	90.6	90.2	90.0
26 Paper	98.4	70.6	97.3	79.9	97.9	98.1	95.8	95.3	94.5	93.2	93.7	95.0	95.7	......
27 Chemical	92.5	64.4	87.9	63.5	88.0	90.7	89.8	89.7	90.1	88.4	88.5	89.5	88.6	......
28 Energy materials	94.6	86.9	94.0	82.3	85.3	84.9	84.9	85.4	86.0	85.5	83.8	83.7	84.4	85.0

1. These data also appear in the Board's G.3 (402) release. For address, see inside front cover.
2. Monthly high 1973; monthly low 1975.
3. Monthly highs 1978 through 1980; monthly lows 1982.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted

Groups	1977 proportion	1988 avg.	1988				1989								
			Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June[r]	July	Aug.[p]	Sept.[e]
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**137.2**	**138.6**	**139.4**	**139.9**	**140.4**	**140.8**	**140.5**	**140.7**	**141.7**	**141.6**	**142.0**	**142.0**	**142.4**	**142.3**
2 Products	57.72	145.9	147.4	148.1	148.4	149.4	150.1	150.0	150.5	151.6	151.7	152.5	152.0	152.6	152.6
3 Final products	44.77	144.3	145.8	146.4	146.8	147.7	148.2	148.6	148.9	150.2	150.4	151.2	150.4	151.0	151.1
4 Consumer goods	25.52	133.9	134.8	136.4	136.8	138.2	138.5	138.7	138.4	139.5	139.2	139.9	138.9	139.3	139.5
5 Equipment	19.25	158.2	160.4	159.7	159.9	160.4	161.1	161.6	162.8	164.3	165.4	166.1	165.7	166.5	166.5
6 Intermediate products	12.94	151.5	152.9	154.0	154.2	155.0	156.6	155.1	156.1	156.5	156.3	157.0	157.6	158.0	157.9
7 Materials	42.28	125.3	126.5	127.5	128.3	128.3	128.1	127.4	127.3	128.2	127.9	127.7	128.3	128.6	128.2
Consumer goods															
8 Durable consumer goods	6.89	125.4	126.3	129.3	129.2	131.9	131.5	131.6	130.1	132.2	131.2	130.8	127.5	128.6	128.2
9 Automotive products	2.98	125.1	126.4	128.9	129.5	134.5	132.5	131.6	128.9	131.7	128.6	125.6	120.6	122.5	122.0
10 Autos and trucks	1.79	123.0	124.8	128.3	129.5	138.0	135.6	133.1	128.3	131.7	127.4	123.3	114.6	119.4	117.2
11 Autos, consumer	1.16	93.7	97.7	101.3	101.0	105.1	99.6	96.0	95.0	98.8	96.0	91.4	81.2	86.4	92.7
12 Trucks, consumer	.63	177.4	175.3	178.4	182.4	199.1	202.3	201.9	190.0	192.8	185.5	182.5	176.7	180.5	162.5
13 Auto parts and allied goods	1.19	128.3	128.8	129.8	129.5	129.3	127.9	129.4	129.8	131.7	130.4	129.1	129.6	127.2	129.2
14 Home goods	3.91	125.6	126.2	129.7	128.9	130.0	130.7	131.6	131.1	132.6	133.3	134.8	132.7	133.2	132.9
15 Appliances, A/C and TV	1.24	144.1	144.9	154.4	150.4	151.0	151.0	153.9	151.6	151.7	151.3	155.6	148.3	150.2	150.1
16 Appliances and TV	1.19	143.5	143.7	151.9	148.9	150.0	149.5	153.0	152.3	152.5	151.4	155.0	147.2	151.7	....
17 Carpeting and furniture	.96	136.2	137.1	138.8	139.8	140.5	141.1	141.3	140.7	142.8	144.3	143.1	142.1	141.0	....
18 Miscellaneous home goods	1.71	106.3	106.6	106.7	107.3	108.9	110.1	110.1	110.9	113.0	114.1	115.0	116.2	116.6	....
19 Nondurable consumer goods	18.63	137.0	138.0	139.0	139.7	140.5	141.1	141.4	141.4	142.2	142.1	143.3	143.1	143.3	143.7
20 Consumer staples	15.29	144.8	145.8	147.0	147.9	148.9	149.4	149.7	149.9	150.7	150.7	151.9	151.6	151.8	152.4
21 Consumer foods and tobacco	7.80	141.0	141.1	142.4	143.7	144.5	144.8	144.3	143.3	144.7	144.7	145.7	145.2	145.5	....
22 Nonfood staples	7.49	148.9	150.7	151.8	152.2	153.6	154.2	155.4	156.9	156.9	156.9	158.4	158.3	158.3	159.5
23 Consumer chemical products	2.75	179.8	185.0	186.1	185.7	186.8	187.6	187.8	188.9	187.3	189.1	191.0	191.9	192.7	....
24 Consumer paper products	1.88	163.3	166.3	167.1	167.8	169.0	174.2	177.0	180.4	180.9	180.9	183.6	181.8	182.5	....
25 Consumer energy	2.86	109.8	107.6	108.9	109.8	111.6	109.1	110.1	110.7	112.0	110.1	110.7	110.6	109.4	110.8
26 Consumer fuel	1.44	95.4	92.7	95.3	94.1	96.3	96.7	95.0	95.6	97.3	93.6	95.6	97.0	96.1	....
27 Residential utilities	1.42	124.5	122.8	122.7	125.8	127.1	121.7	125.4	126.1	127.0	127.0	126.1	124.4	....	....
Equipment															
28 Business and defense equipment	18.01	163.3	165.6	165.1	165.5	166.2	167.1	167.9	168.9	170.3	171.5	172.0	171.5	172.2	172.0
29 Business equipment	14.34	157.6	160.8	160.2	161.2	162.6	163.8	165.0	166.3	167.8	169.1	169.6	168.9	169.9	169.8
30 Construction, mining, and farm	2.08	71.9	74.3	74.2	74.5	74.6	74.3	75.6	76.9	77.6	76.3	74.8	73.3	72.0	72.4
31 Manufacturing	3.27	131.3	135.8	136.2	136.2	137.0	136.3	137.8	138.6	139.7	140.9	142.8	144.4	144.0	143.5
32 Power	1.27	89.4	92.2	91.5	92.1	91.8	92.8	92.7	93.0	93.6	93.3	92.5	92.1	92.1	92.0
33 Commercial	5.22	245.0	248.7	245.4	247.0	248.9	252.4	254.3	257.6	260.1	263.2	264.5	264.0	265.4	265.5
34 Transit	2.49	115.4	116.8	120.3	122.3	124.9	125.7	125.2	123.9	124.8	125.3	124.8	121.2	125.7	125.4
35 Defense and space equipment	3.67	185.9	184.5	184.0	182.2	180.5	180.0	179.3	178.7	179.9	180.7	181.1	181.7	181.0	180.5
Intermediate products															
36 Construction supplies	5.95	138.6	138.4	140.0	140.7	141.4	142.3	139.5	139.3	140.2	140.2	141.2	142.0	142.4	141.6
37 Business supplies	6.99	162.4	165.2	165.9	165.7	166.7	168.8	168.4	170.4	170.4	170.0	170.4	170.8	171.4	....
38 General business supplies	5.67	168.5	171.8	172.3	172.9	173.8	175.9	175.4	177.4	177.9	177.3	177.9	177.9	178.5	....
39 Commercial energy products	1.31	136.3	136.7	138.2	134.3	135.8	138.2	138.3	140.3	138.0	138.2	138.4	140.1	140.6	....
Materials															
40 Durable goods materials	20.50	135.5	137.8	138.9	139.8	139.0	139.4	138.6	137.9	139.0	138.7	139.4	140.0	140.2	138.9
41 Durable consumer parts	4.92	109.0	111.0	111.4	113.9	112.5	111.7	112.1	110.7	110.8	111.8	111.6	110.3	111.3	109.9
42 Equipment parts	5.94	171.6	174.0	174.9	175.0	174.1	175.2	175.2	175.3	176.9	177.1	177.5	178.9	179.3	179.2
43 Durable materials n.e.c.	9.64	126.8	129.2	130.8	131.3	130.9	131.5	129.7	128.8	130.0	128.9	130.0	131.2	130.8	128.8
44 Basic metal materials	4.64	96.1	100.3	101.1	101.4	99.8	100.8	98.4	95.9	98.0	94.4	95.5	97.7	97.9	93.5
45 Nondurable goods materials	10.09	132.0	132.6	134.7	135.1	136.3	137.1	135.9	136.0	137.1	136.8	137.3	138.6	138.6	138.9
46 Textile, paper, and chemical materials	7.53	134.4	134.9	137.4	137.9	139.1	139.9	138.6	139.0	140.3	139.1	140.0	141.7	141.7	141.8
47 Textile materials	1.52	110.0	109.2	109.5	110.1	110.0	112.1	110.7	111.8	114.6	116.4	117.2	116.0	116.8	....
48 Pulp and paper materials	1.55	147.3	148.1	148.4	147.2	150.3	150.4	147.5	147.3	146.7	145.2	146.5	149.1	150.8	....
49 Chemical materials	4.46	138.2	139.0	143.1	144.2	145.1	145.7	145.0	145.4	146.8	144.7	145.5	147.9	147.0	....
50 Miscellaneous nondurable materials	2.57	125.0	125.9	126.6	127.0	128.0	129.1	128.0	127.2	127.8	129.9	129.4	129.3	....	....
51 Energy materials	11.69	101.5	101.5	101.3	102.3	102.6	100.5	100.5	101.0	101.7	101.1	99.1	98.9	99.7	100.4
52 Primary energy	7.57	106.3	106.8	106.0	108.6	107.6	105.2	104.4	103.7	104.1	104.6	103.0	102.9	103.6	....
53 Converted fuel materials	4.12	92.7	91.8	92.6	90.7	93.3	92.0	93.3	96.1	97.4	94.7	92.0	91.6	92.5	....

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Groups	SIC code	1977 proportion	1988 avg.	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June[r]	1989 July[r]	1989 Aug.[p]	1989 Sept.[e]
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	15.79	107.5	107.2	107.2	108.1	108.9	107.2	106.8	107.5	107.9	107.2	106.3	106.4	106.8	107.9
2 Mining	......	9.83	103.5	103.7	103.1	104.7	104.9	103.0	100.9	101.5	102.4	102.0	101.5	101.7	102.7	103.6
3 Utilities	......	5.96	114.0	113.0	113.9	113.7	115.4	114.0	116.5	117.5	117.1	115.6	114.3	114.2	113.6	115.0
4 Manufacturing	......	84.21	142.8	144.4	145.3	145.8	146.3	147.2	146.8	147.0	148.0	148.1	148.7	148.6	149.1	148.7
5 Nondurable	......	35.11	143.9	145.3	146.3	146.7	147.1	148.5	148.1	148.6	149.6	149.5	150.5	150.9	151.1	151.3
6 Durable	......	49.10	142.0	143.8	144.6	145.2	145.7	146.2	145.9	145.8	146.9	147.1	147.4	147.0	147.6	146.9
Mining																
7 Metal	10	.50	93.6	99.1	101.6	104.6	111.9	106.9	98.6	98.1	96.8	94.0	101.2	108.2	....	....
8 Coal	11.12	1.60	138.2	142.2	138.5	149.7	155.1	144.7	134.7	137.7	145.5	137.1	129.2	130.2	135.4	140.0
9 Oil and gas extraction	13	7.07	93.0	92.0	91.5	90.8	88.9	88.9	89.5	89.6	89.1	90.5	90.6	90.3	90.5	....
10 Stone and earth minerals	14	.66	140.0	139.7	142.8	144.0	149.4	150.8	142.5	143.5	144.5	146.6	150.2	150.2	149.1	....
Nondurable manufactures																
11 Foods	20	7.96	142.7	143.2	144.0	145.7	145.8	146.6	146.3	145.4	146.6	147.2	147.9	147.5	147.7	....
12 Tobacco products	21	.62	105.4	105.0	105.4	102.4	107.0	105.0	104.7	101.5	109.2	105.9	104.2	106.0	....	....
13 Textile mill products	22	2.29	116.4	116.2	117.0	117.2	117.9	120.2	119.4	119.7	122.5	123.6	123.8	123.5	124.8	....
14 Apparel products	23	2.79	109.1	109.9	109.5	110.1	108.8	110.2	110.2	109.9	111.3	111.5	111.9	111.7	....	....
15 Paper and products	26	3.15	150.2	150.9	151.8	150.7	151.7	153.8	151.7	151.7	150.7	150.1	150.2	152.4	153.5	....
16 Printing and publishing	27	4.54	183.8	188.0	188.1	188.5	188.0	193.0	194.6	198.5	200.1	199.0	200.5	199.4	200.0	200.8
17 Chemicals and products	28	8.05	152.0	155.3	156.7	157.5	158.1	159.0	158.5	159.2	159.3	158.2	159.9	161.9	162.0	....
18 Petroleum products	29	2.40	96.0	93.7	96.3	95.0	98.0	98.0	96.3	97.0	97.3	96.9	97.9	98.3	97.3	98.1
19 Rubber and plastic products	30	2.80	174.4	175.3	176.9	177.5	177.5	175.9	175.0	176.4	178.0	180.5	182.3	182.3	182.0	....
20 Leather and products	31	.53	59.4	59.9	61.0	61.5	60.2	62.9	62.9	61.2	61.4	60.3	60.5	60.8	60.5	....
Durable manufactures																
21 Lumber and products	24	2.30	137.6	133.5	137.5	139.4	143.0	139.9	132.8	133.4	135.1	135.5	137.2	136.9	138.4	....
22 Furniture and fixtures	25	1.27	162.0	164.9	164.5	165.4	165.4	166.3	164.8	165.8	168.0	170.2	170.8	169.5	169.2	....
23 Clay, glass, and stone products	32	2.72	122.6	122.6	123.3	124.7	125.1	126.6	125.4	125.5	124.7	123.9	123.9	123.4	124.1	....
24 Primary metals	33	5.33	89.4	93.1	94.2	92.7	90.0	93.2	91.1	88.4	90.1	87.2	87.3	89.0	89.2	85.1
25 Iron and steel	331.2	3.49	78.2	81.4	83.1	80.8	77.6	82.2	79.1	75.9	77.0	73.2	72.9	75.4	75.1	....
26 Fabricated metal products	34	6.46	120.9	122.5	122.6	124.6	125.1	124.5	124.5	123.8	123.1	124.8	125.2	125.9	126.1	125.5
27 Nonelectrical machinery	35	9.54	170.7	174.8	173.8	175.4	177.8	178.7	180.8	183.0	184.7	186.5	187.5	187.0	187.1	187.1
28 Electrical machinery	36	7.15	180.1	181.8	183.0	182.2	180.9	180.9	181.7	181.6	182.2	181.6	181.9	181.1	182.5	182.4
29 Transportation equipment	37	9.13	132.2	132.7	134.8	135.2	136.8	136.7	136.4	134.8	136.4	135.5	134.2	131.6	133.2	132.4
30 Motor vehicles and parts	371	5.25	117.4	118.5	121.7	122.9	125.5	124.9	123.4	120.4	122.0	119.7	116.4	110.4	114.2	112.8
31 *Aerospace and miscellaneous* transportation equipment	372–6.9	3.87	152.4	151.9	152.7	151.9	152.2	152.7	154.0	154.4	155.9	157.1	158.4	160.3	159.0	159.0
32 Instruments	38	2.66	154.4	157.8	159.9	160.4	159.1	161.0	161.3	161.8	163.0	164.3	165.7	166.1	164.9	164.8
33 Miscellaneous manufactures	39	1.46	107.1	108.5	107.7	109.0	110.9	112.2	110.0	112.5	115.3	117.1	119.1	119.0	118.7	....
Utilities																
34 Electric	......	4.17	131.9	132.2	132.8	131.6	132.9	131.0	135.3	137.0	137.1	135.8	134.6	135.1	134.7	136.6
				Gross value (billions of 1982 dollars, annual rates)												
MAJOR MARKET																
35 Products, total	......	**517.5**	**1,824.5**	**1,828.9**	**1,853.4**	**1,855.5**	**1,875.3**	**1,885.1**	**1,879.2**	**1,878.0**	**1,893.9**	**1,885.5**	**1,884.4**	**1,870.9**	**1,874.4**	**1,878.9**
36 Final	......	405.7	1,401.2	1,404.3	1,423.5	1,426.3	1,442.1	1,447.5	1,449.6	1,442.8	1,460.4	1,449.6	1,448.8	1,433.5	1,437.3	1,441.4
37 Consumer goods	......	272.7	902.4	897.2	915.0	918.4	934.4	935.6	934.3	928.0	939.4	928.5	928.0	917.4	917.9	921.6
38 Equipment	......	133.0	498.8	507.1	508.4	507.9	507.7	511.9	515.2	514.8	521.1	521.1	520.8	516.0	519.4	519.8
39 Intermediate	......	111.9	423.3	424.5	430.5	429.3	433.2	437.7	429.6	435.3	433.5	435.9	435.6	437.4	437.1	437.5

1. These data also appear in the Board's G.12.3 (414) release. For address, see inside front cover.

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.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1986	1987	1988	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June	1989 July^{r}	1989 Aug.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,750	1,535	1,456	1,508	1,518	1,486	1,403	1,230	1,334	1,347	1,308	1,281	1,328
2 1-family	1,071	1,024	994	1,027	1,058	1,052	989	870	954	905	874	906	927
3 2-or-more-family	679	511	462	481	460	434	414	360	380	442	434	375	401
4 Started	1,805	1,621	1,488	1,567	1,577	1,678	1,465	1,409	1,343	1,308	1,406	1,420	1,332
5 1-family	1,180	1,146	1,081	1,138	1,141	1,199	1,029	981	1,029	977	972	1,026	992
6 2-or-more-family	626	474	407	429	436	479	436	428	314	331	434	394	340
7 Under construction, end of period[1]	1,074	987	919	959	956	957	951	942	924	911	914	918	n.a.
8 1-family	583	591	570	603	603	602	594	586	579	572	572	577	n.a.
9 2-or-more-family	490	397	350	356	353	355	357	356	345	339	342	341	n.a.
10 Completed	1,756	1,669	1,530	1,429	1,539	1,537	1,610	1,459	1,552	1,442	1,354	1,369	n.a.
11 1-family	1,120	1,123	1,085	1,037	1,108	1,141	1,189	1,050	1,115	1,041	965	956	n.a.
12 2-or-more-family	636	546	445	392	431	396	421	409	437	401	389	413	n.a.
13 Mobile homes shipped	244	233	218	227	225	232	212	207	198	205	202	178	194
Merchant builder activity in 1-family units													
14 Number sold	748	672	675	650	669	700	621	555	607	653^{r}	653^{r}	758	755
15 Number for sale, end of period[1]	357	365	366	364	366	369	375	377	377	380^{r}	377^{r}	369	364
Price (thousands of dollars)[2]													
Median													
16 Units sold	92.2	104.7	113.3	110.4	121.0	113.0	118.0	123.0	116.7	119.0^{r}	123.0^{r}	116.0	122.9
Average													
17 Units sold	112.2	127.9	139.0	137.3	147.7	138.6	145.3	149.0	144.7	145.1^{r}	153.8^{r}	141.6	162.3
EXISTING UNITS (1-family)													
18 Number sold	3,566	3,530	3,594	3,710	3,920	3,550	3,480	3,400	3,400	3,210	3,360	3,330	3,480
Price of units sold (thousands of dollars)[2]													
19 Median	80.3	85.6	89.2	88.5	88.7	89.7	91.9	92.0	92.9	92.6	93.4	96.7	94.8
20 Average	98.3	106.2	112.5	112.4	112.0	113.0	117.8	116.1	118.0	118.0	118.8	122.1	120.8
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**387,043**	**397,721**	**409,663**	**415,442**	**425,035**	**424,791**	**418,465**	**419,152**	**414,834^{r}**	**420,410^{r}**	**416,928^{r}**	**414,539**	**421,813**
22 Private	315,313	320,108	328,738	332,798	336,254	339,481	335,037	340,438	335,480^{r}	334,462^{r}	333,440^{r}	332,834	335,769
23 Residential	187,147	194,656	198,101	202,048	202,480	204,707	202,322	204,456	203,678^{r}	200,854^{r}	198,635^{r}	199,029	198,896
24 Nonresidential, total	128,166	125,452	130,637	130,750	133,774	134,774	132,715	135,982	131,802^{r}	133,608^{r}	134,805^{r}	133,805	136,873
Buildings													
25 Industrial	13,747	13,707	14,931	15,413	15,045	15,890	15,098	15,698	16,245^{r}	15,945^{r}	16,302^{r}	16,274	16,643
26 Commercial	56,762	55,448	58,104	56,676	58,659	59,350	58,749	60,653	55,581^{r}	56,796	57,434^{r}	56,612	57,604
27 Other	13,216	15,464	17,278	17,328	17,744	17,976	17,484	17,634	16,645^{r}	17,343^{r}	17,179^{r}	16,790	18,060
28 Public utilities and other	44,441	40,833	40,324	41,333	42,326	41,558	41,384	41,997	43,331^{r}	43,524^{r}	43,890^{r}	44,129	44,566
29 Public	71,727	77,612	80,922	82,644	88,781	85,310	83,428	78,714	80,420	85,130	81,914	80,949	n.a.
30 Military	3,868	4,327	3,579	3,420	3,905	3,440	3,433	3,740	2,054^{r}	3,870^{r}	4,324^{r}	3,264	3,689
31 Highway	22,971	25,343	28,524	28,992	33,674	30,792	27,936	26,091	27,772	27,432^{r}	27,321^{r}	26,147	27,460
32 Conservation and development	4,646	5,162	4,474	4,134	4,412	4,121	4,742	4,210	3,068^{r}	6,053^{r}	4,699^{r}	4,498	4,736
33 Other	40,242	42,780	44,345	46,098	46,790	46,957	47,317	44,673	47,526^{r}	47,775^{r}	45,570^{r}	47,040	n.a.

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 previous 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 (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the 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. 1989[1]
	1988 Sept.	1989 Sept.	1988	1989			1989					
			Dec.	Mar.	June	Sept.	May	June	July	Aug.	Sept.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**4.2**	**4.3**	**4.1**	**6.1**	**5.7**	**1.6**	**.6**	**.2**	**.2**	**.0**	**.2**	**125.0**
2 Food	5.3	4.9	3.0	8.2	5.6	2.9	.6	.2	.3	.2	.2	126.1
3 Energy items	−.4	4.4	−.4	10.2	24.8	−13.4	1.6	−1.0	−.7	−2.0	−.9	95.9
4 All items less food and energy	4.4	4.3	4.9	5.2	3.8	3.1	.5	.2	.4	.2	.2	130.0
5 Commodities	3.5	2.7	4.2	4.1	2.0	.7	.4	−.1	.1	−.3	.4	120.1
6 Services	5.0	5.0	5.4	5.9	4.3	4.5	.5	.4	.6	.3	.2	135.8
PRODUCER PRICES (1982=100)												
7 Finished goods	2.7	4.5	3.0	10.2	5.1	.4	.9	−.1	−.4	−.4	.9	113.5
8 Consumer foods	4.2	3.0	2.1	13.1	−2.0	−.7	.8[r]	−.8	.1	.3	−.6	118.5
9 Consumer energy	−7.3	11.7	1.4	41.0	31.0	−16.3	2.9[r]	−2.8[r]	−3.0	−7.3	6.5	65.7
10 Other consumer goods	4.2	4.5	4.4	5.4	5.3	2.9	.6	.7	−.3	.5	.6	124.2
11 Capital equipment	2.8	3.9	1.7	4.6	4.1	5.2	.7[r]	.4[r]	.0	.3	1.0	118.8
12 Intermediate materials[3]	5.4	3.7	4.5	8.7	2.5	−.7	.2	−.2	−.3	−.3	.4	112.3
13 Excluding energy	7.4	2.9	6.7	5.5	.3	−.7	.2	−.2	−.2	−.1	.1	120.1
Crude materials												
14 Foods	15.9	−3.3	−7.9	16.9	−18.7	−1.1	.0[r]	−2.4[r]	−1.1	1.7	−.8	108.3
15 Energy	−15.6	17.8	12.3	48.3	22.3	−5.6	1.3[r]	−1.3[r]	2.1	−6.7	3.5	76.2
16 Other	8.5	2.8	12.5	10.3	−9.8	.0	−.6[r]	−1.6[r]	−1.5	1.2	.3	137.2

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	1986	1987	1988	1988		1989		
				Q3	Q4	Q1	Q2	Q3
GROSS NATIONAL PRODUCT								
1 **Total**	**4,231.6**	**4,524.3**	**4,880.6**	**4,926.9**	**5,017.3**	**5,113.1**	**5,201.7**	**5,273.2**
By source								
2 Personal consumption expenditures	2,797.4	3,010.8	3,235.1	3,263.4	3,324.0	3,381.4	3,444.1	3,509.5
3 Durable goods	406.0	421.0	455.2	452.5	467.4	466.4	471.0	490.4
4 Nondurable goods	942.0	998.1	1,052.3	1,066.2	1,078.4	1,098.3	1,121.5	1,128.9
5 Services	1,449.5	1,591.7	1,727.6	1,744.7	1,778.2	1,816.7	1,851.7	1,890.1
6 Gross private domestic investment	659.4	699.9	750.3	771.1	752.8	769.6	775.0	791.0
7 Fixed investment	652.5	670.6	719.6	726.5	734.1	742.0	747.6	755.8
8 Nonresidential	435.2	444.3	487.2	493.2	495.8	503.1	512.5	521.2
9 Structures	139.0	133.8	140.3	142.0	142.5	144.7	142.4	145.4
10 Producers' durable equipment	296.2	310.5	346.8	351.3	353.3	358.5	370.1	375.8
11 Residential structures	217.3	226.4	232.4	233.2	238.4	238.8	235.1	234.6
12 Change in business inventories	6.9	29.3	30.6	44.6	18.7	27.7	27.4	35.1
13 Nonfarm	8.6	30.5	34.2	41.5	40.8	19.1	23.6	27.6
14 Net exports of goods and services	-97.4	-112.6	-73.7	-66.2	-70.8	-54.0	-50.6	67.7
15 Exports	396.5	448.6	547.7	556.8	579.7	605.6	626.1	618.6
16 Imports	493.8	561.2	621.3	623.0	650.5	659.6	676.6	686.3
17 Government purchases of goods and services	872.2	926.1	968.9	958.6	1,011.4	1,016.0	1,033.2	1,040.5
18 Federal	366.5	381.6	381.3	367.5	406.4	399.0	406.0	403.1
19 State and local	505.7	544.5	587.6	591.0	604.9	617.0	627.2	637.4
By major type of product								
20 Final sales, total	4,224.8	4,495.0	4,850.0	4,882.3	4,998.7	5,085.4	5,174.3	5,238.1
21 Goods	1,686.7	1,785.2	1,931.9	1,955.8	1,987.4	2,030.9	2,079.1	2,102.7
22 Durable	724.2	777.6	863.6	884.0	888.5	894.7	905.2	935.4
23 Nondurable	962.5	1,007.6	1,068.3	1,071.8	1,098.9	1,136.2	1,173.9	1,167.4
24 Services	2,119.3	2,304.5	2,499.2	2,520.3	2,570.0	2,620.8	2,667.5	2,711.1
25 Structures	425.6	434.6	449.5	450.8	459.9	461.3	455.1	459.4
26 Change in business inventories	6.9	29.3	30.6	44.6	18.7	27.7	27.4	35.1
27 Durable goods	1.2	22.0	25.0	41.4	32.0	22.0	6.0	10.5
28 Nondurable goods	5.6	7.2	5.6	3.2	-13.3	5.7	21.4	24.6
MEMO								
29 **Total GNP in 1982 dollars**	**3,717.9**	**3,853.7**	**4,024.4**	**4,042.7**	**4,069.4**	**4,106.8**	**4,132.5**	**4,158.1**
NATIONAL INCOME								
30 **Total**	**3,412.6**	**3,665.4**	**3,972.6**	**4,005.7**	**4,097.4**	**4,185.2**	**4,249.6**	n.a.
31 Compensation of employees	2,511.4	2,690.0	2,907.6	2,935.1	2,997.2	3,061.7	3,118.2	3,170.5
32 Wages and salaries	2,094.8	2,249.4	2,429.0	2,452.2	2,505.1	2,560.7	2,608.8	2,653.3
33 Government and government enterprises	393.7	419.2	446.5	449.6	456.3	466.9	473.5	480.2
34 Other	1,701.1	1,830.1	1,982.5	2,002.6	2,048.9	2,093.8	2,135.3	2,173.0
35 Supplement to wages and salaries	416.6	440.7	478.6	482.9	492.0	501.0	509.4	517.2
36 Employer contributions for social insurance	217.3	227.8	249.7	251.8	255.6	259.7	263.4	266.6
37 Other labor income	199.3	212.8	228.9	231.1	236.5	241.3	246.0	250.7
38 Proprietors' income[1]	282.0	311.6	327.8	327.0	328.3	359.3	355.5	345.4
39 Business and professional[1]	247.2	270.0	288.0	289.3	296.3	300.3	304.2	308.2
40 Farm[1]	34.7	41.6	39.8	37.7	32.0	59.0	51.3	37.2
41 Rental income of persons[2]	11.6	13.4	15.7	16.3	16.1	11.8	9.8	4.8
42 Corporate profits[1]	282.1	298.7	328.6	330.9	340.2	316.3	307.8	n.a.
43 Profits before tax[3]	221.6	266.7	306.8	314.4	318.8	318.0	296.0	n.a.
44 Inventory valuation adjustment	6.7	-18.9	-25.0	30.4	-20.1	-38.3	-20.7	n.a.
45 Capital consumption adjustment	53.8	50.9	46.8	46.9	41.5	36.6	32.3	26.6
46 Net interest	325.5	351.7	392.9	396.4	415.7	436.1	458.4	470.7

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	1986	1987	1988	1988		1989		
				Q3	Q4	Q1	Q2	Q3
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**3,526.2**	**3,777.6**	**4,064.5**	**4,097.6**	**4,185.2**	**4,317.8**	**4,400.3**	**4,456.5**
2 Wage and salary disbursements	2,094.8	2,249.4	2,429.0	2,452.2	2,505.1	2,560.7	2,608.8	2,653.3
3 Commodity-producing industries	625.6	649.9	696.3	701.6	714.7	726.6	733.7	742.0
4 Manufacturing	473.2	490.3	524.0	527.2	538.1	546.3	549.9	555.5
5 Distributive industries	498.8	531.9	571.9	578.0	587.5	598.8	610.8	619.6
6 Service industries	576.7	648.3	714.4	723.0	746.7	768.4	790.8	811.5
7 Government and government enterprises	393.7	419.2	446.5	449.6	456.3	466.9	473.5	480.2
8 Other labor income	199.3	212.8	228.9	231.1	236.5	241.3	246.0	250.7
9 Proprietors' income[1]	282.0	311.6	327.8	327.0	328.3	359.3	355.5	345.4
10 Business and professional[1]	247.2	270.0	288.0	289.3	296.3	300.3	304.2	308.2
11 Farm[1]	34.7	41.6	39.8	37.7	32.0	59.0	51.3	37.2
12 Rental income of persons[2]	11.6	13.4	15.7	16.3	16.1	11.8	9.8	4.8
13 Dividends	85.8	92.0	102.2	103.6	106.4	109.4	111.4	113.2
14 Personal interest income	493.2	523.2	571.1	576.3	598.6	629.0	655.1	669.2
15 Transfer payments	521.5	548.2	584.7	587.4	593.8	616.4	626.8	635.5
16 Old-age survivors, disability, and health insurance benefits	269.2	282.9	300.5	301.4	304.0	316.9	322.9	327.6
17 LESS: Personal contributions for social insurance	161.9	172.9	194.9	196.4	199.6	210.0	213.0	215.5
18 EQUALS: Personal income	3,526.2	3,777.6	4,064.5	4,097.6	4,185.2	4,317.8	4,400.3	4,456.5
19 LESS: Personal tax and nontax payments	512.9	571.7	586.6	585.9	597.8	628.3	652.6	646.6
20 EQUALS: Disposable personal income	3,013.3	3,205.9	3,477.8	3,511.7	3,587.4	3,689.5	3,747.7	3,809.8
21 LESS: Personal outlays	2,888.5	3,104.1	3,333.1	3,362.1	3,424.0	3,483.8	3,547.0	3,613.8
22 EQUALS: Personal saving	124.9	101.8	144.7	149.6	163.4	205.7	200.7	196.0
MEMO								
Per capita (1982 dollars)								
23 Gross national product	15,385.5	15,793.9	16,332.8	16,387.1	16,455.3	16,566.4	16,629.8	16,692.5
24 Personal consumption expenditures	10,123.7	10,302.0	10,545.5	10,572.0	10,625.6	10,653.5	10,678.9	10,803.7
25 Disposable personal income	10,905.0	10,970.0	11,337.0	11,377.0	11,466.0	11,625.0	11,622.0	11,726.0
26 Saving rate (percent)	4.1	3.2	4.2	4.3	4.6	5.6	5.4	5.1
GROSS SAVING								
27 **Gross saving**	**525.3**	**553.8**	**642.4**	**669.8**	**647.4**	**693.5**	**695.8**	n.a.
28 Gross private saving	669.5	663.8	738.6	742.4	769.3	792.1	793.7	n.a.
29 Personal saving	124.9	101.8	144.7	149.6	163.4	205.7	200.7	196.0
30 Undistributed corporate profits[1]	84.5	75.3	80.3	77.6	81.7	53.4	52.0	n.a.
31 Corporate inventory valuation adjustment	6.7	−18.9	−25.0	−30.4	−20.1	−38.3	−20.7	n.a.
Capital consumption allowances								
32 Corporate	285.9	303.1	321.7	323.1	329.7	335.2	339.7	n.a.
33 Noncorporate	174.2	183.6	191.9	192.1	194.4	197.8	201.3	n.a.
34 Government surplus, or deficit (−), national income and product accounts	−144.1	−110.1	−96.1	−72.7	−121.9	−98.7	−97.9	n.a.
35 Federal	−206.9	−161.4	−145.8	−122.5	−167.6	−147.5	−145.4	0.0
36 State and local	62.8	51.3	49.7	49.8	45.7	48.8	47.5	n.a.
37 **Gross investment**	**523.6**	**549.0**	**632.8**	**661.2**	**630.8**	**669.3**	**677.5**	**675.1**
38 Gross private domestic	659.4	699.9	750.3	771.1	752.8	769.6	775.0	791.0
39 Net foreign	−135.8	−150.9	−117.5	−109.9	−122.0	−100.3	−97.5	−115.9
40 **Statistical discrepancy**	**−1.8**	**−4.7**	**−9.6**	**−8.6**	**−16.6**	**−24.1**	**−18.3**	n.a.

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	1986	1987	1988	1988 Q2	1988 Q3	1988 Q4	1989 Q1	1989 Q2
1 Balance on current account	−133,249	−143,700	−126,548	−33,485	−32,340	−28,677	−30,390	−30,988
2 Not seasonally adjusted	....	....	....	−33,875	−36,926	−28,191	−25,994	−30,779
3 Merchandise trade balance[2]	−145,058	−159,500	−127,215	−31,411	−30,339	−32,019	−28,378	−27,718
4 Merchandise exports	223,367	250,266	319,251	78,471	80,604	83,729	87,919	90,866
5 Merchandise imports	−368,425	−409,766	−446,466	−109,882	−110,943	−115,748	−116,297	−118,584
6 Military transactions, net	−4,577	−2,856	−4,606	−1,033	−1,006	−1,604	−1,498	−1,630
7 Investment income, net	60,629	71,151	61,974	11,536	12,806	21,329	15,527	14,422
8 Other service transactions, net	10,517	10,585	17,702	4,323	4,971	5,475	5,428	6,469
9 Remittances, pensions, and other transfers	−4,049	−4,063	−4,279	−971	−1,088	−1,090	−1,186	−952
10 U.S. government grants (excluding military)	−11,730	−10,149	−10,377	−1,928	−2,288	−3,928	−2,340	−2,142
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−2,024	997	2,999	−885	1,961	3,413	1,049	−372
12 Change in U.S. official reserve assets (increase, −)	312	9,149	−3,566	39	−7,380	2,271	−4,000	−12,095
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−246	−509	474	180	−35	173	−188	68
15 Reserve position in International Monetary Fund	1,501	2,070	1,025	69	202	307	316	−159
16 Foreign currencies	−942	7,588	−5,064	−210	−7,547	1,791	−4,128	−12,004
17 Change in U.S. private assets abroad (increase, −)	−97,953	−86,363	−81,544	−15,273	−32,467	−38,332	−28,367	19,943
18 Bank-reported claims[3]	−59,975	−42,119	−54,481	−12,602	−26,229	−30,916	−22,132	28,527
19 Nonbank-reported claims	−7,396	5,201	−1,684	−6,443	255	4,569	1,835	....
20 U.S. purchase of foreign securities, net	−4,271	−5,251	−7,846	1,333	−1,592	−3,047	−2,568	−5,908
21 U.S. direct investments abroad, net	−26,311	−44,194	−17,533	2,439	−4,901	−8,938	−5,502	−2,676
22 Change in foreign official assets in United States (increase, +)	35,594	45,193	38,882	5,895	−2,234	10,589	7,477	−4,948
23 U.S. Treasury securities	34,364	43,238	41,683	5,853	−3,769	11,897	4,634	−9,763
24 Other U.S. government obligations	−1,214	1,564	1,309	202	572	697	721	−92
25 Other U.S. government liabilities[4]	2,141	−2,520	−1,284	−517	−232	−232	−304	396
26 Other U.S. liabilities reported by U.S. banks[3]	1,187	3,918	−331	774	1,703	−1,036	1,974	3,924
27 Other foreign official assets[5]	−884	−1,007	−2,495	−417	−508	−737	452	587
28 Change in foreign private assets in United States (increase, +)	186,011	172,847	180,417	59,438	48,413	70,170	52,529	1,831
29 U.S. bank-reported liabilities[3]	79,783	89,026	68,832	30,455	23,291	32,223	13,261	−22,822
30 U.S. nonbank-reported liabilities	−2,641	2,450	6,558	−59	2,350	2,702	2,852	....
31 Foreign private purchases of U.S. Treasury securities, net	3,809	−7,643	20,144	5,458	3,422	5,336	8,590	2,722
32 Foreign purchases of other U.S. securities, net	70,969	42,120	26,448	9,699	7,454	6,871	8,665	9,600
33 Foreign direct investments in United States, net	34,091	46,894	58,435	13,885	11,896	23,038	19,161	12,331
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	11,308	1,878	−10,641	−15,729	24,047	−19,434	1,702	26,629
36 Owing to seasonal adjustments	....	....	....	−3,714	−4,556	4,431	4,127	−2,340
37 Statistical discrepancy in recorded data before seasonal adjustment	11,308	1,878	−10,641	−12,015	28,603	−23,865	−2,425	28,969
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	312	9,149	−3,566	39	−7,380	2,271	−4,000	−12,095
39 Foreign official assets in United States (increase, +) excluding line 25	33,453	47,713	40,166	6,412	−2,002	10,821	7,781	−5,344
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22 above)	−9,327	−9,955	−3,109	−1,776	−459	672	7,143	281
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	96	53	92	4	7	40	12	14

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. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
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[1]

Millions of dollars; monthly data are seasonally adjusted.

Item	1986	1987	1988	1989 Feb.	Mar.	Apr.	May	June	July[r]	Aug.[p]
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value	227,158	254,073	322,426	28,839	30,065	30,759	30,455	31,286	30,468	30,408
GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses										
2 Customs value	365,438	406,241	440,952	38,220	39,549	39,045	40,534	39,293	38,709	41,180
Trade balance										
3 **Customs value**	**−138,279**	**−152,169**	**−118,526**	**−9,381**	**−9,485**	**−8,286**	**−10,079**	**−8,007**	**−8,241**	**−10,772**

1. 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 adjustment is 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. As of Jan. 1, 1987 census data are released 45 days after the end of the month; the previous month is revised to reflect late documents. Total exports and the trade balance reflect adjustments for undocumented exports to Canada.

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	1986	1987	1988	1989 Mar.	Apr.	May	June	July	Aug.	Sept.[p]
1 **Total**	**43,186**	**48,511**	**45,798**	**49,854**	**50,303**	**54,941**	**60,502**	**63,462**	**62,364**	**68,418**
2 Gold stock, including Exchange Stabilization Fund[1]	11,090	11,064	11,078	11,061	11,061	11,060	11,063	11,066	11,066	11,065
3 Special drawing rights[2,3]	7,293	8,395	10,283	9,443	9,379	9,134	9,034	9,340	9,240	9,487
4 Reserve position in International Monetary Fund[2]	11,947	11,730	11,349	9,052	9,132	8,513	8,888	9,055	8,644	8,786
5 Foreign currencies[4]	12,856	17,322	13,088	20,298	20,731	26,234	31,517	34,001	33,413	39,080

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[1]

Millions of dollars, end of period

Assets	1986	1987	1988	1989 Mar.	Apr.	May	June	July	Aug.	Sept.[p]
1 Deposits	287	244	347	351	352	428	275	371	265	325
Assets held in custody										
2 U.S. Treasury securities[2]	155,835	195,126	232,547	234,075	235,145	232,004	229,914	233,170	238,007	235,597
3 Earmarked gold[3]	14,048	13,919	13,636	13,602	13,576	13,612	13,545	13,530	13,516	13,506

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.
3. Earmarked gold and the gold stock are valued at $42.22 per fine troy ounce. 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	1986	1987	1988	1989						
				Feb.	Mar.	Apr.	May	June	July	Aug.
	All foreign countries									
1 **Total, all currencies**	**456,628**	**518,618**	**506,062**	**501,682**	**519,740**	**517,276**	**521,436**	**523,674**	**534,200[r]**	**523,689**
2 Claims on United States	114,563	138,034	169,111	168,558	177,902	171,136	177,987	177,445	179,615	177,346
3 Parent bank	83,492	105,845	129,856	128,115	134,002	128,567	134,026	132,380	133,135	134,526
4 Other banks in United States	13,685	16,416	14,918	13,506	14,697	13,459	13,040	14,218	15,744	15,225
5 Nonbanks	17,386	15,773	24,337	26,937	29,203	29,110	30,921	30,847	30,736	27,595
6 Claims on foreigners	312,955	342,520	299,728	296,240	303,906	305,483	302,808	303,720	310,426[r]	300,185
7 Other branches of parent bank	96,281	122,155	107,179	103,962	110,434	113,824	116,506	115,913	117,438	110,001
8 Banks	105,237	108,859	96,932	95,696	97,723	96,830	94,042	94,902	95,621[r]	92,267
9 Public borrowers	23,706	21,832	17,163	16,682	17,020	16,101	16,095	16,709	16,948[r]	16,660
10 Nonbank foreigners	87,731	89,674	78,454	79,900	78,729	78,728	76,165	76,196	80,419[r]	81,257
11 Other assets	29,110	38,064	37,223	36,884	37,932	40,657	40,641	42,509	44,159[r]	46,158
12 **Total payable in U.S. dollars**	**317,487**	**350,107**	**358,040**	**346,990**	**366,403**	**359,841**	**366,315**	**367,562**	**371,851[r]**	**370,828**
13 Claims on United States	110,620	132,023	163,456	161,336	170,091	163,964	169,796	169,520	171,041	170,545
14 Parent bank	82,082	103,251	126,929	124,288	129,431	124,268	128,771	127,352	128,063	130,216
15 Other banks in United States	12,830	14,657	14,167	12,025	13,259	12,539	11,909	13,207	14,734	14,688
16 Nonbanks	15,708	14,115	22,360	25,023	27,401	27,157	29,116	28,961	28,244	25,641
17 Claims on foreigners	195,063	202,428	177,685	168,293	178,134	178,298	177,308	180,013	181,441[r]	178,808
18 Other branches of parent bank	72,197	88,284	80,736	76,565	82,797	86,767	86,625	88,874	90,077	84,130
19 Banks	66,421	63,707	54,884	50,013	53,893	50,815	49,793	50,627	49,913[r]	50,685
20 Public borrowers	16,708	14,730	12,131	11,781	11,831	11,467	11,282	11,815	11,616[r]	11,776
21 Nonbank foreigners	39,737	35,707	29,934	29,934	29,613	29,249	29,608	28,697	29,835[r]	32,217
22 Other assets	11,804	15,656	16,899	17,361	18,178	17,579	19,211	18,029	19,369[r]	21,475
	United Kingdom									
23 **Total, all currencies**	**140,917**	**158,695**	**156,835**	**154,879**	**154,856**	**153,146**	**155,532**	**153,968**	**161,882**	**158,869**
24 Claims on United States	24,599	32,518	40,089	40,547	40,715	39,475	39,599	38,014	42,147	41,914
25 Parent bank	19,085	27,350	34,243	34,449	35,315	34,741	35,642	33,763	37,713	38,031
26 Other banks in United States	1,612	1,259	1,123	1,268	1,380	1,227	1,243	1,125	1,121	1,112
27 Nonbanks	3,902	3,909	4,723	4,830	4,020	3,507	2,714	3,126	3,313	2,771
28 Claims on foreigners	109,508	115,700	106,388	103,806	103,443	102,438	104,504	103,773	106,586	102,015
29 Other branches of parent bank	33,422	39,903	35,625	33,650	35,305	32,954	35,537	34,948	35,440	32,392
30 Banks	39,468	36,735	36,765	36,159	35,382	37,079	37,412	37,357	36,519	35,857
31 Public borrowers	4,990	4,752	4,019	3,808	3,757	3,471	3,627	3,599	3,788	3,586
32 Nonbank foreigners	31,628	34,310	29,979	30,189	28,999	28,934	27,928	27,869	30,839	30,180
33 Other assets	6,810	10,477	10,358	10,526	10,698	11,233	11,429	12,181	13,149	14,940
34 **Total payable in U.S. dollars**	**95,028**	**100,574**	**103,503**	**100,863**	**103,211**	**98,463**	**101,612**	**99,028**	**103,512**	**104,416**
35 Claims on United States	23,193	30,439	38,012	37,707	38,265	36,772	36,675	34,990	38,506	39,135
36 Parent bank	18,526	26,304	33,252	33,106	34,320	33,499	34,119	32,059	36,041	36,375
37 Other banks in United States	1,475	1,044	964	816	937	872	862	844	821	1,007
38 Nonbanks	3,192	3,091	3,796	3,785	3,008	2,401	1,694	2,087	1,644	1,753
39 Claims on foreigners	68,138	64,560	60,472	57,567	59,201	56,227	58,395	58,746	59,137	57,490
40 Other branches of parent bank	26,361	28,635	28,474	26,475	28,145	25,389	26,036	26,541	27,955	25,368
41 Banks	23,251	19,188	18,494	17,246	17,715	17,680	18,458	18,745	17,080	18,082
42 Public borrowers	3,677	3,313	2,840	2,774	2,786	2,696	2,737	2,606	2,702	2,679
43 Nonbank foreigners	14,849	13,424	10,664	11,072	10,555	10,462	11,164	10,854	11,400	11,361
44 Other assets	3,697	5,575	5,019	5,589	5,745	5,464	6,542	5,292	5,869	7,791
	Bahamas and Caymans									
45 **Total, all currencies**	**142,592**	**160,321**	**170,639**	**165,862**	**179,185**	**172,324**	**173,137**	**171,780**	**172,789[r]**	**165,401**
46 Claims on United States	78,048	85,318	105,320	103,989	111,951	105,273	111,823	109,800	107,831	106,693
47 Parent bank	54,575	60,048	73,409	71,100	75,234	68,969	73,627	70,735	67,417	69,404
48 Other banks in United States	11,156	14,277	13,145	11,563	12,275	11,563	10,807	12,116	13,712	13,294
49 Nonbanks	12,317	10,993	18,766	21,326	24,442	24,741	27,389	26,949	26,702	23,995
50 Claims on foreigners	60,005	70,162	58,393	54,732	59,615	60,103	53,984	54,537	57,135[r]	50,808
51 Other branches of parent bank	17,296	21,277	17,954	18,454	20,048	26,261	21,962	22,324	24,462	16,802
52 Banks	27,476	33,751	28,268	24,514	27,727	22,641	21,184	21,202	21,591[r]	20,688
53 Public borrowers	7,051	7,428	5,830	5,513	5,480	5,374	5,280	5,540	5,405[r]	5,407
54 Nonbank foreigners	8,182	7,706	6,341	6,251	6,360	5,827	5,558	5,471	5,677[r]	7,911
55 Other assets	4,539	4,841	6,926	7,141	7,619	6,948	7,330	7,443	7,823[r]	7,900
56 **Total payable in U.S. dollars**	**136,813**	**151,434**	**163,518**	**158,011**	**172,148**	**166,389**	**166,869**	**165,676**	**167,259[r]**	**160,821**

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.

3.14—Continued

Liability account	1986	1987	1988	1989 Feb.	Mar.	Apr.	May	June	July	Aug.
	All foreign countries									
57 **Total, all currencies**	**456,628**	**518,618**	**506,062**	**501,682**	**519,740**	**517,276**	**521,436**	**523,674**	**534,200[r]**	**523,689**
58 Negotiable CDs	31,629	30,929	28,511	30,013	30,768	30,278	29,425	28,116	28,882	29,524
59 To United States	152,465	161,390	185,577	174,956	185,831	179,292	178,821	179,858	177,706[r]	177,487
60 Parent bank	83,394	87,606	114,720	105,687	113,779	109,164	110,579	113,250	110,121[r]	110,638
61 Other banks in United States	15,646	20,355	14,737	12,829	14,499	14,307	13,564	12,951	13,323[r]	13,269
62 Nonbanks	53,425	53,429	56,120	56,440	57,553	55,821	54,678	53,657	54,262[r]	53,580
63 To foreigners	253,775	304,803	270,923	274,898	280,859	282,920	288,291	289,603	301,422[r]	289,804
64 Other branches of parent bank	95,146	124,601	111,267	111,582	116,148	115,380	121,135	118,950	119,571[r]	114,487
65 Banks	77,809	87,274	72,842	70,484	71,447	72,155	72,903	74,213	80,070[r]	76,024
66 Official institutions	17,835	19,564	15,183	17,323	17,911	17,933	17,795	17,559	18,846	17,589
67 Nonbank foreigners	62,985	73,364	71,631	75,509	75,353	77,452	76,458	78,881	82,935[r]	81,704
68 Other liabilities	18,759	21,496	21,051	21,815	22,282	24,786	24,899	26,097	26,190[r]	26,874
69 **Total payable in U.S. dollars**	**336,406**	**361,438**	**367,483**	**357,725**	**379,610**	**372,788**	**376,474**	**378,331**	**381,879[r]**	**380,934**
70 Negotiable CDs	28,466	26,768	24,045	25,452	26,287	25,970	25,411	24,129	24,914	25,483
71 To United States	144,483	148,442	173,190	161,449	173,471	166,666	166,134	167,217	163,771[r]	165,985
72 Parent bank	79,305	81,783	107,150	96,714	105,534	100,897	102,643	104,929	100,521[r]	103,117
73 Other banks in United States	14,609	18,951	13,468	11,375	13,195	12,781	11,944	11,537	11,845[r]	11,964
74 Nonbanks	50,569	47,708	52,572	53,360	54,742	52,988	51,547	50,751	51,405[r]	50,904
75 To foreigners	156,806	177,711	160,766	160,670	169,407	169,758	173,228	175,393	181,005[r]	176,482
76 Other branches of parent bank	71,181	90,469	84,021	83,253	88,298	87,716	90,123	90,850	91,713[r]	87,858
77 Banks	33,850	35,065	28,493	27,060	28,949	28,445	29,567	29,686	31,216	32,354
78 Official institutions	12,371	12,409	8,224	8,740	9,953	9,591	9,255	9,852	11,176	10,680
79 Nonbank foreigners	39,404	39,768	40,028	41,617	42,207	44,006	44,283	45,005	46,900[r]	45,590
80 Other liabilities	6,651	8,517	9,482	10,154	10,445	10,394	11,701	11,592	12,189[r]	12,984
	United Kingdom									
81 **Total, all currencies**	**140,917**	**158,695**	**156,835**	**154,879**	**154,856**	**153,146**	**155,532**	**153,968**	**161,882**	**158,869**
82 Negotiable CDs	27,781	26,988	24,528	25,942	26,625	26,157	25,539	24,396	25,342	25,905
83 To United States	24,657	23,470	36,784	35,393	32,757	29,715	30,867	30,013	29,954[r]	31,551
84 Parent bank	14,469	13,223	27,849	25,562	25,098	20,455	20,329	21,892	19,680	21,561
85 Other banks in United States	2,649	1,536	2,037	1,755	1,824	1,551	1,720	1,648	1,852	1,767
86 Nonbanks	7,539	8,711	6,898	8,076	5,835	7,709	8,818	6,473	8,422[r]	8,223
87 To foreigners	79,498	98,689	86,026	83,774	85,863	87,478	88,985	88,381	94,335[r]	88,661
88 Other branches of parent bank	25,036	33,078	26,812	24,553	25,781	25,800	26,867	24,974	26,556[r]	24,326
89 Banks	30,877	34,290	30,609	28,508	29,094	30,714	30,925	31,066	33,047[r]	30,790
90 Official institutions	6,836	11,015	7,873	8,627	9,429	8,637	8,946	8,650	9,586	8,868
91 Nonbank foreigners	16,749	20,306	20,732	22,086	21,559	22,327	22,247	23,691	25,146	24,677
92 Other liabilities	8,981	9,548	9,497	9,770	9,611	9,796	10,141	11,178	12,251	12,752
93 **Total payable in U.S. dollars**	**99,707**	**102,550**	**105,907**	**104,430**	**107,092**	**102,065**	**104,356**	**101,742**	**105,700**	**106,915**
94 Negotiable CDs	26,169	24,926	22,063	23,419	24,302	24,073	23,568	22,324	23,132	23,679
95 To United States	22,075	17,752	32,588	30,442	29,578	25,493	26,554	25,401	24,618[r]	27,232
96 Parent bank	14,021	12,026	26,404	22,998	24,013	18,524	18,545	19,411	16,704	19,300
97 Other banks in United States	2,325	1,308	1,752	1,440	1,559	1,227	1,368	1,393	1,477	1,502
98 Nonbanks	5,729	4,418	4,432	6,004	4,006	5,742	6,641	4,597	6,437[r]	6,430
99 To foreigners	48,138	55,919	47,083	46,062	48,221	47,781	49,006	48,491	52,179[r]	49,913
100 Other branches of parent bank	17,951	22,334	18,561	17,139	18,335	17,755	18,030	16,467	18,388[r]	17,060
101 Banks	15,203	15,580	13,407	13,106	12,907	13,439	13,930	13,545	14,173	13,578
102 Official institutions	4,934	7,530	4,348	4,116	5,467	4,365	4,796	5,579	6,131	5,825
103 Nonbank foreigners	10,050	10,475	10,767	11,701	11,512	12,222	12,250	12,900	13,487	13,450
104 Other liabilities	3,325	3,953	4,173	4,507	4,991	4,718	5,228	5,526	5,771	6,091
	Bahamas and Caymans									
105 **Total, all currencies**	**142,592**	**160,321**	**170,639**	**165,862**	**179,185**	**172,324**	**173,137**	**171,780**	**172,789[r]**	**165,401**
106 Negotiable CDs	847	885	953	1,138	1,073	1,025	872	696	717	691
107 To United States	106,081	113,950	122,332	114,729	124,736	118,164	120,175	117,737	116,261[r]	113,122
108 Parent bank	49,481	53,239	62,894	57,684	62,689	59,762	64,908	61,642	61,263[r]	58,765
109 Other banks in United States	11,715	17,224	11,494	9,743	11,464	11,346	10,398	10,034	10,197[r]	10,076
110 Nonbanks	44,885	43,487	47,944	47,302	50,583	47,056	44,869	46,061	44,801[r]	44,281
111 To foreigners	34,400	43,815	45,161	47,534	50,855	50,606	48,989	50,477	52,881[r]	48,769
112 Other branches of parent bank	12,631	19,185	23,686	25,988	28,010	27,655	26,478	27,763	29,085	25,370
113 Banks	8,617	10,769	8,336	7,795	8,495	8,203	8,233	8,322	8,309	9,016
114 Official institutions	2,719	1,504	1,074	1,379	1,234	1,722	1,164	1,102	1,223	1,081
115 Nonbank foreigners	10,433	12,357	12,065	12,372	13,116	13,026	13,114	13,290	14,264[r]	13,302
116 Other liabilities	1,264	1,671	2,193	2,461	2,521	2,529	3,101	2,870	2,930[r]	2,819
117 **Total payable in U.S. dollars**	**138,774**	**152,927**	**162,950**	**157,890**	**172,213**	**166,489**	**166,954**	**165,593**	**166,988[r]**	**160,800**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1987	1988	1989[r]						
			Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Total**[1]	**259,556**	**299,677**	**304,099**	**307,667**	**313,637**	**306,420**	**302,048**	**307,433**	**317,382**
By type									
2 Liabilities reported by banks in the United States[2]	31,838	31,414	34,567	33,594	39,116	38,036	37,214	39,108	37,914
3 U.S. Treasury bills and certificates[3]	88,829	103,722	98,192	95,478	96,109	91,798	87,190	87,734	88,325
U.S. Treasury bonds and notes									
4 Marketable	122,432	149,056	155,374	161,923	161,081	160,013	160,462	163,281	173,261
5 Nonmarketable[4]	300	523	531	534	538	542	545	549	553
6 U.S. securities other than U.S. Treasury securities[5]	16,157	14,962	15,435	16,138	16,793	16,031	16,637	16,761	17,329
By area									
7 Western Europe[1]	124,620	125,097	124,806	125,584	129,254	126,222	122,502	126,361	134,072
8 Canada	4,961	9,584	9,856	10,156	9,994	9,938	9,604	9,424	9,560
9 Latin America and Caribbean	8,328	10,099	8,866	7,524	7,168	6,091	5,925	7,166	7,988
10 Asia	116,098	145,504	152,159	156,264	158,564	156,073	155,372	155,875	157,135
11 Africa	1,402	1,369	1,143	1,119	1,065	1,182	1,271	949	810
12 Other countries[6]	4,147	7,501	6,738	6,485	7,053	6,371	6,830	7,113	7,267

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[1]

Millions of dollars, end of period

Item	1985	1986	1987	1988		1989	
				Sept.	Dec.	Mar.	June
1 Banks' own liabilities	15,368	29,702	55,438	65,379	74,836	76,262	68,312
2 Banks' own claims	16,294	26,180	51,271	63,448	68,983	72,812	62,794
3 Deposits	8,437	14,129	18,861	22,594	25,100	25,846	23,877
4 Other claims	7,857	12,052	32,410	40,854	43,884	46,966	38,917
5 Claims of banks' domestic customers[2]	580	2,507	551	335	364	376	723

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
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 accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1986	1987	1988	1989 Feb.[r]	1989 Mar.[r]	1989 Apr.[r]	1989 May[r]	1989 June[r]	1989 July	1989 Aug.[p]
1 **All foreigners**	**540,996**	**618,874**	**684,444**	**677,627**	**691,295**	**682,850**	**678,059**	**672,049**	**663,806**	**679,227**
2 Banks' own liabilities	406,485	470,070	513,840	507,364	523,798	516,025	512,334	510,524	501,622	516,180
3 Demand deposits	23,789	22,383	21,863	21,723	22,473	22,325	21,920	21,224	21,351	19,972
4 Time deposits[2]	130,891	148,374	152,020	151,032	157,734	156,982	154,768	152,801	149,189	154,712
5 Other[3]	42,705	51,677	51,525	50,921	54,552	56,413	58,822	61,317	64,859	63,991
6 Own foreign offices[4]	209,100	247,635	288,432	283,687	289,039	280,304	276,824	275,183	266,223	277,505
7 Banks' custody liabilities[5]	134,511	148,804	170,604	170,263	167,497	166,825	165,725	161,525	162,184	163,047
8 U.S. Treasury bills and certificates[6]	90,398	101,743	115,056	111,064	108,117	106,916	102,734	98,893	99,365	99,624
9 Other negotiable and readily transferable instruments[7]	15,417	16,776	16,426	17,115	16,991	17,278	18,541	17,078	16,893	17,255
10 Other	28,696	30,285	39,121	42,084	42,389	42,631	44,451	45,555	45,925	46,168
11 **Nonmonetary international and regional organizations**[8]	**5,807**	**4,464**	**3,224**	**3,261**	**3,773**	**4,002**	**3,415**	**3,617**	**4,240**	**4,418**
12 Banks' own liabilities	3,958	2,702	2,527	2,688	2,965	3,216	2,980	2,695	2,716	3,402
13 Demand deposits	199	124	71	74	88	163	76	32	41	66
14 Time deposits[2]	2,065	1,538	1,183	1,135	1,394	1,502	1,202	1,254	918	1,079
15 Other[3]	1,693	1,040	1,272	1,479	1,482	1,551	1,702	1,409	1,756	2,257
16 Banks' custody liabilities[5]	1,849	1,761	698	574	808	786	435	922	1,524	1,016
17 U.S. Treasury bills and certificates[6]	259	265	57	59	74	77	95	181	345	107
18 Other negotiable and readily transferable instruments[7]	1,590	1,497	641	463	734	693	305	731	1,179	909
19 Other	0	0	0	52	0	16	35	10	0	1
20 **Official institutions**[9]	**103,569**	**120,667**	**135,136**	**132,759**	**129,072**	**135,225**	**129,835**	**124,404**	**126,842**	**126,239**
21 Banks' own liabilities	25,427	28,703	27,004	29,247	27,977	33,036	31,738	31,891	34,024	32,981
22 Demand deposits	2,267	1,757	1,915	1,792	1,605	1,782	1,761	1,801	1,947	1,845
23 Time deposits[2]	10,497	12,843	9,657	12,588	10,852	12,439	11,144	9,924	10,001	8,711
24 Other[3]	12,663	14,103	15,432	14,867	15,521	18,815	18,833	20,166	22,077	22,425
25 Banks' custody liabilities[5]	78,142	91,965	108,132	103,512	101,095	102,189	98,097	92,513	92,818	93,258
26 U.S. Treasury bills and certificates[6]	75,650	88,829	103,722	98,192	95,478	96,109	91,798	87,190	87,734	88,325
27 Other negotiable and readily transferable instruments[7]	2,347	2,990	4,130	5,076	5,466	5,875	6,114	5,080	4,821	4,735
28 Other	145	146	280	244	152	205	185	244	263	198
29 **Banks**[10]	**351,745**	**414,280**	**458,672**	**452,347**	**469,687**	**453,554**	**454,442**	**451,337**	**441,474**	**457,198**
30 Banks' own liabilities	310,166	371,665	408,854	399,718	417,323	401,646	399,823	395,603	385,608	400,774
31 Unaffiliated foreign banks	101,066	124,030	120,422	116,030	128,283	121,342	122,999	120,421	119,385	123,269
32 Demand deposits	10,303	10,898	9,950	9,584	11,012	10,560	11,162	9,677	10,145	9,135
33 Time deposits[2]	64,232	79,717	80,155	76,659	84,005	80,796	78,901	77,231	74,479	79,995
34 Other[3]	26,531	33,415	30,318	29,788	33,265	29,987	32,936	33,513	34,761	34,139
35 Own foreign offices[4]	209,100	247,635	288,432	283,687	289,039	280,304	276,824	275,183	266,223	277,505
36 Banks' custody liabilities[5]	41,579	42,615	49,818	52,629	52,365	51,908	54,619	55,734	55,865	56,424
37 U.S. Treasury bills and certificates[6]	9,984	9,134	7,602	7,491	7,310	6,921	7,114	7,759	7,674	7,779
38 Other negotiable and readily transferable instruments[7]	5,165	5,392	5,725	5,938	5,288	5,051	5,686	5,314	5,326	5,280
39 Other	26,431	28,089	36,491	39,200	39,767	39,936	41,819	42,662	42,866	43,365
40 **Other foreigners**	**79,875**	**79,463**	**87,411**	**89,260**	**88,763**	**90,068**	**90,366**	**92,691**	**91,250**	**91,372**
41 Banks' own liabilities	66,934	67,000	75,456	75,711	75,533	78,126	77,792	80,335	79,274	79,023
42 Demand deposits	11,019	9,604	9,928	10,272	9,767	9,820	8,921	9,714	9,218	8,926
43 Time deposits[2]	54,097	54,277	61,025	60,651	61,483	62,245	63,521	64,392	63,791	64,926
44 Other[3]	1,818	3,119	4,503	4,788	4,283	6,060	5,351	6,229	6,265	5,170
45 Banks' custody liabilities[5]	12,941	12,463	11,956	13,549	13,230	11,942	12,574	12,356	11,976	12,349
46 U.S. Treasury bills and certificates[6]	4,506	3,515	3,675	5,322	5,256	3,809	3,725	3,763	3,612	3,413
47 Other negotiable and readily transferable instruments[7]	6,315	6,898	5,929	5,638	5,503	5,658	6,436	5,953	5,566	6,332
48 Other	2,120	2,050	2,351	2,589	2,471	2,474	2,412	2,639	2,797	2,604
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	7,496[r]	7,314[r]	6,425	6,118	5,645	5,554	5,625	5,337	5,261	5,195

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. *Includes borrowing under repurchase agreements.*
4. 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.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks. Data exclude "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17—Continued

Area and country	1986	1987	1988	1989 Feb.	Mar.	Apr.	May r	June r	July	Aug. p
1 **Total**	**540,996**	**618,874**	**684,444**	**677,627r**	**691,295r**	**682,850r**	**678,059**	**672,049**	**663,806**	**679,227**
2 **Foreign countries**	**535,189**	**614,411**	**681,219**	**674,366r**	**687,522r**	**678,848r**	**674,644**	**668,432**	**659,566**	**674,808**
3 Europe	180,556	234,641	235,989	228,364r	232,141r	230,769r	228,141	226,058	226,358	232,105
4 Austria	1,181	920	1,155	1,777	1,436	1,608	1,405	1,505	1,414	1,423
5 Belgium-Luxembourg	6,729	9,347	10,022	10,502r	9,316	10,115	8,819	8,624	8,946	9,267
6 Denmark	482	760	2,180	2,082	1,639	1,615	1,642	1,179	1,348	1,959
7 Finland	580	377	284	560	527	397	432	450	435	456
8 France	22,862	29,835	24,762	24,260	26,824	25,629r	24,199	23,864	22,023	24,861
9 Germany	5,762	7,022	6,772	5,257r	5,517r	6,967r	7,791	9,198	8,759	7,463
10 Greece	700	689	672	933	760	927	1,172	889	862	828
11 Italy	10,875	12,073	14,599	11,060r	13,475r	12,959r	12,527	13,951	12,871	14,589
12 Netherlands	5,600	5,014	5,316	6,011	5,600	5,610r	5,870	4,875	5,029	5,097
13 Norway	735	1,362	1,559	1,367	1,547	1,783	1,479	1,485	1,522	1,453
14 Portugal	699	801	903	813	831	824	985	1,089	1,414	1,945
15 Spain	2,407	2,621	5,494	5,174	4,902	5,795	5,419	5,085	5,903	5,333
16 Sweden	884	1,379	1,274	1,319	1,416	1,730	1,552	1,478	1,248	2,002
17 Switzerland	30,534	33,766	34,179	31,659	30,005r	29,239r	28,448	28,806	28,576	28,988
18 Turkey	454	703	1,012	1,246	1,024r	1,051	785	737	1,053	1,284
19 United Kingdom	85,334	116,852	115,954	113,414r	115,338r	111,492	112,622	107,300	109,753	109,688
20 Yugoslavia	630	710	529	434	440	465	478	558	604	708
21 Other Western Europe[1]	3,326	9,798	8,598	9,929	10,771r	11,519	11,887	14,322	13,653	13,805
22 U.S.S.R	80	32	138	108	102	91	193	164	175	202
23 Other Eastern Europe[2]	702	582	591	458	670r	953r	435	499	771	754
24 Canada	26,345	30,095	21,040	20,732	25,694	23,024	18,353	17,514	17,472	16,978
25 Latin America and Caribbean	210,318	220,372	266,803	263,511r	264,879r	266,446r	270,431	266,509	260,711	269,497
26 Argentina	4,757	5,006	7,804	6,836	6,416r	6,280	6,459	6,320	7,397	8,047
27 Bahamas	73,619	74,767	86,863	83,455	85,673r	86,057r	90,979	82,104	84,526	90,329
28 Bermuda	2,922	2,344	2,621	2,545	2,518r	2,373r	2,451	2,356	2,269	2,209
29 Brazil	4,325	4,005	5,304	4,829	4,926r	5,554	5,302	5,026	5,393	5,617
30 British West Indies	72,263	81,494	109,507	111,113r	110,962r	111,969r	111,270	116,607	107,574	109,553
31 Chile	2,054	2,210	2,936	2,975	3,063	2,933	2,988	2,733	2,683	2,814
32 Colombia	4,285	4,204	4,374	4,460r	4,157r	4,173	4,033	4,127	4,235	4,365
33 Cuba	7	12	10	10	10	10	15	10	9	10
34 Ecuador	1,236	1,082	1,379	1,403	1,422	1,376	1,285	1,351	1,411	1,376
35 Guatemala	1,123	1,082	1,195	1,259	1,271	1,272	1,232	1,251	1,297	1,279
36 Jamaica	136	160	269	170	223	222	188	294	227	231
37 Mexico	13,745	14,480	15,185	14,938r	14,694r	14,367r	14,060	14,211	13,679	13,760
38 Netherlands Antilles	4,970	4,975	6,420	5,641	5,666	5,769r	6,072	6,316	6,434	6,065
39 Panama	6,886	7,414	4,353	4,497	4,391r	4,355	4,454	4,278	4,357	4,400
40 Peru	1,163	1,275	1,671	1,728	1,705r	1,763	1,724	1,761	1,770	1,778
41 Uruguay	1,537	1,582	1,898	2,142	2,243	2,263	2,344	2,429	2,152	2,121
42 Venezuela	10,171	9,048	9,147	9,532	9,489	9,565	9,435	9,431	9,506	9,376
43 Other	5,119r	5,234r	5,868	5,977r	6,048r	6,145r	6,140	5,903	5,790	6,170
44 Asia	108,831	121,288	147,230	151,094r	154,770r	148,676r	147,353	148,339	144,061	145,451
China										
45 Mainland	1,476	1,162	1,892	1,602	1,588	1,809	1,652	1,432	1,522	1,698
46 Taiwan	18,902	21,503	26,058	26,001	26,143	28,284r	26,928	27,025	27,125	25,430
47 Hong Kong	9,393	10,180	11,738	11,387	10,772r	11,403r	12,215	12,132	11,344	12,271
48 India	674	582	699	838	900	1,787	1,009	812	871	940
49 Indonesia	1,547	1,404	1,180	1,164r	1,588r	1,154r	1,306	1,232	1,096	1,042
50 Israel	1,892	1,292	1,461	1,361r	1,156	967r	1,103	1,088	1,058	1,352
51 Japan	47,410	54,322	73,957	77,374r	83,013r	72,689r	70,468	71,130	68,660	70,154
52 Korea	1,141	1,637	2,541	2,497r	2,827	3,023	3,166	3,047	3,556	2,897
53 Philippines	1,866	1,085	1,163	1,014	977	973	991	984	936	1,083
54 Thailand	1,119	1,345	1,236	1,615	1,151	1,165	1,162	1,274	1,254	1,776
55 Middle-East oil-exporting countries[3]	12,352	13,988	12,083	12,372	12,029	12,098	13,505	13,612	12,368	12,517
56 Other	11,058	12,788	13,223	13,869r	12,625r	13,324r	13,851	14,571	14,271	14,294
57 Africa	4,021	3,945	3,991	3,793	3,717	3,665	3,802	3,904	3,618	3,263
58 Egypt	706	1,151	911	819	756	721	702	748	738	549
59 Morocco	92	194	68	69	60	82	68	67	65	72
60 South Africa	270	202	437	212	226	256	324	188	231	201
61 Zaire	74	67	85	75	77	73	92	98	92	87
62 Oil-exporting countries[4]	1,519	1,014	1,017	1,121	1,062	1,017	879	1,100	943	897
63 Other	1,360	1,316r	1,474	1,496r	1,536	1,516	1,737	1,702	1,548	1,457
64 Other countries	5,118	4,070	6,165	6,872	6,322	6,267	6,563	6,108	7,346	7,513
65 *Australia*	4,196	3,327	5,293	6,037	5,490	5,471	5,700	5,192	6,620	6,721
66 All other	922	744	872	836	832	796	863	916	726	792
67 Nonmonetary international and regional organizations	5,807	4,464	3,224	3,261r	3,773r	4,002r	3,415	3,617	4,240	4,418
68 International[5]	4,620	2,830	2,503	2,106	2,546	2,548r	2,456	2,830	2,881	3,084
69 Latin American regional	1,033	1,272	589	741r	1,004r	981	564	613	961	690
70 Other regional[6]	154	362	133	414	223	472r	395	175	398	644

1. Includes the Bank for International Settlements and Eastern European countries that are not listed in line 23.
2. 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. Excludes "holdings of dollars" of the International Monetary Fund.
6. 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[1] Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1986	1987	1988	1989 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Total**	**444,745**	**459,877**	**491,275**	**493,482**	**504,329**	**495,060**	**490,811**	**490,395**	**481,333**	**488,557**
2 **Foreign countries**	**441,724**	**456,472**	**489,205**	**491,576**	**502,290**	**493,225**	**487,029**	**486,918**	**477,546**	**485,433**
3 Europe	107,823	102,348	117,048	113,939	116,640	111,170	112,975	112,240	106,446	107,453
4 Austria	728	793	485	646	809	805	764	809	854	549
5 Belgium-Luxembourg	7,498	9,397	8,518	7,717	7,834	8,102	8,435	7,780	7,558	7,510
6 Denmark	688	717	480	790	548	770	470	774	562	768
7 Finland	987	1,010	1,065	1,114	909	1,214	1,280	1,175	1,433	1,401
8 France	11,356	13,548	13,243	14,935	15,744	16,524	16,092	15,574	15,978	16,417
9 Germany	1,816	2,039	2,326	1,708	3,110	3,529	3,959	3,695	3,460	3,301
10 Greece	648	462	433	517	586	561	595	632	602	624
11 Italy	9,043	7,460	7,936	5,575	5,866	4,803	5,627	6,813	5,994	5,494
12 Netherlands	3,296	2,619	2,547	2,475	2,808	2,735	3,183	2,025	1,945	1,447
13 Norway	672	934	455	601	432	551	567	667	796	665
14 Portugal	739	477	374	331	367	281	371	328	283	264
15 Spain	1,492	1,853	1,823	2,468	2,449	2,624	2,209	2,190	2,092	1,689
16 Sweden	1,964	2,254	1,977	2,622	2,613	2,164	2,158	1,946	2,003	2,046
17 Switzerland	3,352	2,718	3,895	3,780	3,822	4,540	3,975	5,485	4,123	4,571
18 Turkey	1,543	1,680	1,233	1,108	1,039	1,005	910	886	891	960
19 United Kingdom	58,335	50,823	65,708	62,437	62,908	56,057	58,076	56,891	53,463	54,861
20 Yugoslavia	1,835	1,700	1,390	1,348	1,455	1,369	1,366	1,359	1,406	1,344
21 Other Western Europe[2]	....	619	1,152	1,550	1,262	1,415	966	1,161	974	1,247
22 U.S.S.R.	345	389	1,255	1,389	1,298	1,346	1,155	1,212	1,227	1,456
23 Other Eastern Europe[3]	948	852	754	828	780	775	820	838	801	839
24 Canada	21,006	25,368	18,889	18,079	19,048	19,150	16,072	16,089	14,493	15,077
25 Latin America and Caribbean	208,825	214,789	214,233	211,133	220,812	219,970	217,962	219,267	217,088	215,545
26 Argentina	12,091	11,996	11,826	11,802	11,616	11,516	11,381	10,840	10,724	10,729
27 Bahamas	59,342	64,587	67,006	69,607	72,804	75,665	70,552	66,611	70,448	68,069
28 Bermuda	418	471	483	535	707	361	449	391	463	522
29 Brazil	25,716	25,897	25,735	25,373	25,618	25,947	25,785	25,675	25,831	25,593
30 British West Indies	46,284	50,042	55,790	51,127	57,602	54,424	57,960	64,870	59,433	61,145
31 Chile	6,558	6,308	5,217	5,161	5,335	5,224	5,266	4,841	4,770	4,780
32 Colombia	2,821	2,740	2,944	2,813	2,746	2,661	2,600	2,581	2,523	2,501
33 Cuba	0	1	1	1	1	2	1	1	9	1
34 Ecuador	2,439	2,286	2,075	2,026	2,032	2,025	1,944	1,894	1,932	1,917
35 Guatemala[4]	140	144	198	188	199	210	207	200	188	202
36 Jamaica[4]	198	188	212	202	251	266	265	286	270	272
37 Mexico	30,698	29,532	24,637	24,387	24,188	24,077	24,038	23,653	23,356	23,127
38 Netherlands Antilles	1,041	980	1,321	1,159	1,013	1,009	999	1,183	1,168	1,026
39 Panama	5,436	4,744	2,536	2,510	2,460	2,433	2,475	2,438	2,320	2,023
40 Peru	1,661	1,329	1,013	952	947	947	938	874	867	880
41 Uruguay	940	963	910	856	875	876	832	896	854	866
42 Venezuela	11,108	10,843	10,733	10,959	10,761	10,659	10,600	10,551	10,268	9,975
43 Other Latin America and Caribbean	1,936	1,738	1,597	1,475	1,659	1,668	1,670	1,482	1,664	1,917
44 Asia	96,126	106,096	130,906	139,627	137,097	134,439	131,578	130,578	130,948	137,809
China										
Mainland	787	968	762	881	988	816	952	920	644	575
46 Taiwan	2,681	4,592	4,184	3,960	4,179	3,952	3,715	4,058	3,946	3,356
47 Hong Kong	8,307	8,218	10,148	7,938	7,900	8,293	8,855	8,557	8,153	8,779
48 India	321	510	560	628	563	425	411	537	477	547
49 Indonesia	723	580	674	735	649	726	690	671	645	614
50 Israel	1,634	1,363	1,136	1,043	1,050	1,052	1,045	1,019	961	902
51 Japan	59,674	68,658	90,162	104,524	101,501	97,666	93,447	91,086	91,764	96,339
52 Korea	7,182	5,148	5,219	4,891	5,183	5,198	5,338	5,615	5,774	5,943
53 Philippines	2,217	2,071	1,876	1,900	1,913	1,839	1,810	1,763	1,607	1,535
54 Thailand	578	496	849	931	986	1,018	975	1,058	1,061	1,117
55 Middle East oil-exporting countries[5]	4,122	4,858	6,213	4,681	5,409	5,237	5,522	6,550	5,550	8,883
56 Other Asia	7,901	8,635	9,122	7,515	6,776	8,217	8,818	8,745	10,366	9,218
57 Africa	4,650	4,742	5,718	6,072	5,974	6,087	6,084	6,075	6,066	6,037
58 Egypt	567	521	507	567	543	541	541	534	577	488
59 Morocco	598	542	511	532	541	532	538	531	518	535
60 South Africa	1,550	1,507	1,681	1,718	1,702	1,742	1,753	1,746	1,702	1,709
61 Zaire	28	15	17	16	17	19	19	17	17	16
62 Oil-exporting countries[6]	694	1,003	1,523	1,522	1,481	1,474	1,504	1,503	1,587	1,614
63 Other	1,213	1,153	1,479	1,718	1,690	1,778	1,729	1,744	1,664	1,674
64 Other countries	3,294	3,129	2,410	2,726	2,720	2,409	2,359	2,670	2,505	3,512
65 Australia	1,949	2,100	1,517	1,686	1,686	1,505	1,167	1,307	1,518	2,515
66 All other	1,345	1,029	894	1,040	1,034	905	1,192	1,363	987	998
67 Nonmonetary international and regional organizations[7]	3,021	3,404	2,071	1,905	2,039	1,835	3,782	3,477	3,787	3,124

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

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1986	1987	1988	1989						
				Feb.	Mar.	Apr.	May	June	July	Aug.p
1 **Total**	**478,650**	**497,635**	**538,799**	....	**557,507**	....	....	**539,927**	....	....
2 Banks' own claims on foreigners	444,745	459,877	491,275	493,482	504,329	495,060	490,811	490,395	481,333	488,557
3 Foreign public borrowers	64,095	64,605	62,700	63,521	62,973	63,248	63,789	62,636	63,367	62,568
4 Own foreign offices[2]	211,533	224,727	257,405	263,388	271,968	259,693	257,271	258,020	248,677	251,818
5 Unaffiliated foreign banks	122,946	127,609	129,487	123,904	130,111	131,104	130,488	128,391	128,970	132,026
6 Deposits	57,484	60,687	65,898	61,939	66,567	69,283	67,407	68,306	68,348	71,678
7 Other	65,462	66,922	63,588	61,965	63,544	61,821	63,081	60,085	60,622	60,349
8 All other foreigners	46,171	42,936	41,684	42,669	39,278	41,016	39,263	41,349	40,319	42,146
9 Claims of banks' domestic customers[3]	33,905	37,758	47,524	....	53,178	....	....	49,531	....	....
10 Deposits	4,413	3,692	8,289	....	12,084	....	....	11,153	....	....
11 Negotiable and readily transferable instruments[4]	24,044	26,696	25,700	....	24,960	....	....	22,017	....	....
12 Outstanding collections and other claims	5,448	7,370	13,535	....	16,134	....	....	16,362	....	....
13 MEMO: Customer liability on acceptances	25,706	23,107	19,568	....	17,173	....	....	16,825	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	43,984	40,857	45,391	48,830	47,225	47,897	49,491	46,662	48,206	n.a.

1. 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. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. *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.

3. 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.

4. Principally negotiable time certificates of deposit and bankers acceptances.

5. 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.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1985	1986	1987	1988		1989	
				Sept.	Dec.	Mar.	June^p
1 **Total**	**227,903**	**232,295**	**235,130**	**230,608**	**233,280**	**231,454**	**232,277**
By borrower							
2 Maturity of 1 year or less[2]	160,824	160,555	163,997	168,121	172,730	168,377	168,284
3 Foreign public borrowers	26,302	24,842	25,889	29,390	26,602	24,135	23,775
4 All other foreigners	134,522	135,714	138,108	138,731	146,128	144,242	144,509
5 Maturity over 1 year[2]	67,078	71,740	71,133	62,488	60,550	63,077	63,994
6 Foreign public borrowers	34,512	39,103	38,625	35,481	35,315	37,922	38,135
7 All other foreigners	32,567	32,637	32,507	27,007	25,235	25,155	25,859
By area							
Maturity of 1 year or less[2]							
8 Europe	56,585	61,784	59,027	54,277	56,031	57,878	58,408
9 Canada	6,401	5,895	5,680	6,410	6,282	5,115	5,693
10 Latin America and Caribbean	63,328	56,271	56,535	55,730	58,004	53,268	50,763
11 Asia	27,966	29,457	35,919	42,368	46,188	45,675	46,054
12 Africa	3,753	2,882	2,833	3,120	3,337	3,610	3,601
13 All other[3]	2,791	4,267	4,003	6,216	2,888	2,831	3,765
Maturity of over 1 year[2]							
14 Europe	7,634	6,737	6,696	5,307	4,664	4,507	4,614
15 Canada	1,805	1,925	2,661	2,031	1,922	2,309	2,593
16 Latin America and Caribbean	50,674	56,719	53,817	48,325	47,548	49,790	50,088
17 Asia	4,502	4,043	3,830	3,943	3,613	3,699	3,818
18 Africa	1,538	1,539	1,747	2,257	2,301	2,292	2,408
19 All other[3]	926	777	2,381	625	501	480	472

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. Remaining time to maturity.

3. 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[1,2]

Billions of dollars, end of period

Area or country	1985	1986	1987				1988				1989
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**385.4**	**385.1**	**395.4**	**384.6**	**387.7**	**381.4**	**371.9**	**351.9**	**355.1**	**350.0**	**352.1**
2 G-10 countries and Switzerland	146.0	156.6	162.7	158.1	155.2	160.0	157.7	151.7	149.9	154.7	150.1
3 Belgium-Luxembourg	9.2	8.3	9.1	8.3	8.2	10.1	9.4	9.2	9.6	9.0	8.6
4 France	12.1	13.7	13.3	12.5	13.7	13.8	11.8	11.0	10.4	10.7	11.2
5 Germany	10.5	11.6	12.7	11.2	10.5	12.6	11.8	10.6	8.8	9.9	10.1
6 Italy	9.6	9.0	8.7	7.5	6.6	7.3	7.4	6.2	5.4	6.6	5.1
7 Netherlands	3.7	4.6	4.4	7.3	4.8	4.1	3.3	3.3	3.0	2.8	2.9
8 Sweden	2.7	2.4	3.0	2.4	2.6	2.1	2.2	1.9	2.0	2.0	2.4
9 Switzerland	4.4	5.8	5.8	5.7	5.4	5.6	5.1	5.6	5.2	5.7	5.2
10 United Kingdom	63.0	71.0	73.7	72.0	72.1	69.1	72.1	70.6	68.0	66.7	66.4
11 Canada	6.8	5.3	5.3	4.7	4.7	5.5	4.9	5.4	5.2	5.5	4.6
12 Japan	23.9	24.9	26.9	26.3	26.5	29.8	29.9	27.9	32.4	35.9	33.6
13 Other developed countries	29.9	25.7	25.7	25.2	25.9	26.2	26.3	23.8	22.8	20.9	20.8
14 Austria	1.5	1.7	1.9	1.8	1.9	1.9	1.6	1.6	1.6	1.6	1.4
15 Denmark	2.3	1.7	1.7	1.5	1.6	1.7	1.4	1.0	1.1	1.0	1.0
16 Finland	1.6	1.4	1.4	1.4	1.4	1.3	1.1	1.2	1.3	1.2	1.0
17 Greece	2.6	2.3	2.1	2.0	1.9	2.0	2.3	2.2	2.1	1.9	2.2
18 Norway	2.9	2.4	2.2	2.1	2.0	2.3	2.0	2.0	2.0	1.8	1.5
19 Portugal	1.2	.8	.9	.8	.8	.5	.4	.4	.4	.5	.5
20 Spain	5.8	5.8	6.3	6.1	7.4	8.0	9.0	7.2	6.3	6.2	6.3
21 Turkey	1.8	1.8	1.7	1.7	1.5	1.6	1.6	1.5	1.3	1.3	1.0
22 Other Western Europe	2.0	1.4	1.4	1.5	1.6	1.6	2.0	1.7	1.9	1.3	1.4
23 South Africa	3.2	3.0	3.0	3.0	2.9	2.9	2.8	2.8	2.7	2.4	2.2
24 Australia	5.0	3.5	3.2	3.1	2.9	2.4	2.1	2.2	1.8	1.8	2.4
25 OPEC countries[3]	21.3	19.3	20.0	18.8	19.0	17.1	17.4	16.7	17.8	16.5	16.3
26 Ecuador	2.1	2.2	2.1	2.1	2.1	1.9	1.9	1.8	1.8	1.7	1.7
27 Venezuela	8.9	8.6	8.5	8.4	8.3	8.1	8.0	8.0	7.9	7.9	8.0
28 Indonesia	3.0	2.5	2.4	2.2	2.0	1.9	1.9	1.9	1.9	1.8	1.8
29 Middle East countries	5.3	4.3	5.4	4.4	5.0	3.6	3.8	3.4	4.5	3.3	3.2
30 African countries	2.0	1.7	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6
31 Non-OPEC developing countries	104.2	99.1	100.7	100.4	97.7	97.6	94.4	91.4	87.1	85.3	85.6
Latin America											
32 Argentina	8.8	9.5	9.5	9.5	9.3	9.4	9.5	9.4	9.2	8.9	8.4
33 Brazil	25.4	25.2	26.2	25.1	25.1	24.7	23.9	23.7	22.4	22.5	22.7
34 Chile	6.9	7.1	7.3	7.2	7.0	6.9	6.6	6.4	6.2	5.5	5.6
35 Colombia	2.6	2.1	2.0	1.9	1.9	2.0	1.9	2.1	2.1	2.0	1.9
36 Mexico	23.9	23.8	24.1	25.3	24.8	23.7	22.5	21.1	20.6	19.0	18.2
37 Peru	1.8	1.4	1.4	1.3	1.2	1.1	1.1	.9	.8	.8	.7
38 Other Latin America	3.4	3.1	3.0	2.9	2.8	2.7	2.8	2.6	2.5	2.6	2.8
Asia											
China											
39 Mainland	.5	.4	.9	.6	.3	.3	.4	.3	.2	.3	.5
40 Taiwan	4.5	4.9	5.5	6.6	6.0	8.2	6.1	4.9	3.2	3.7	4.9
41 India	1.2	1.2	1.8	1.7	1.9	1.9	2.1	2.3	2.0	2.1	2.6
42 Israel	1.6	1.5	1.4	1.3	1.3	1.0	1.0	1.0	1.0	1.2	.9
43 Korea (South)	9.2	6.6	6.2	5.6	4.9	4.9	5.6	5.9	6.0	6.1	6.2
44 Malaysia	2.4	2.1	1.9	1.7	1.6	1.5	1.5	1.5	1.6	1.6	1.7
45 Philippines	5.7	5.4	5.4	5.4	5.4	5.1	5.1	4.9	4.7	4.5	4.3
46 Thailand	1.4	.9	.9	.8	.7	.7	1.0	1.1	1.2	1.1	1.0
47 Other Asia	1.0	.7	.6	.7	.7	.7	.7	.8	.8	.9	.8
Africa											
48 Egypt	1.0	.7	.6	.6	.6	.5	.5	.6	.5	.4	.5
49 Morocco	.9	.9	.9	.9	.8	.9	.9	.9	.8	.9	.9
50 Zaire	.1	.1	.1	.1	.1	.0	.1	.1	.0	.0	.0
51 Other Africa[4]	1.9	1.6	1.4	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.1
52 Eastern Europe	4.1	3.2	3.0	3.3	3.3	3.0	2.9	3.1	3.0	3.6	3.4
53 U.S.S.R.	.1	.1	.1	.3	.5	.4	.3	.4	.4	.7	.7
54 Yugoslavia	2.2	1.7	1.6	1.7	1.7	1.6	1.7	1.7	1.7	1.7	1.7
55 Other	1.8	1.4	1.3	1.3	1.2	1.0	.9	1.0	1.0	1.1	1.1
56 Offshore banking centers	62.9	61.3	63.1	60.7	64.3	54.3	51.7	43.0	47.4	45.8	50.9
57 Bahamas	21.2	22.0	23.9	19.9	25.5	17.1	15.7	8.6	12.6	10.8	15.6
58 Bermuda	.7	.7	.8	.6	.6	.6	.8	1.0	.9	.8	1.0
59 Cayman Islands and other British West Indies	11.6	12.4	12.2	14.0	12.8	13.3	11.8	10.5	12.3	14.0	14.4
60 Netherlands Antilles	2.2	1.8	1.7	1.3	1.2	1.2	1.3	1.2	1.2	1.0	.9
61 Panama[5]	6.0	4.0	4.3	3.9	3.7	3.7	3.3	3.0	2.7	2.6	2.3
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.4	11.1	11.4	12.5	12.3	11.2	11.3	11.7	10.6	10.2	9.9
64 Singapore	9.8	9.2	8.6	8.3	8.1	7.0	7.4	6.8	7.0	6.2	6.7
65 Others[6]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[7]	16.9	19.8	20.1	18.1	22.3	23.2	21.5	22.3	26.7	22.6	24.5

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. 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. This group comprises the Organization of Petroleum Exporting Countries shown individually, other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates), and Bahrain and Oman (not formally members of OPEC).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1985	1986	1987	1988				1989	
					Mar.	June	Sept.	Dec.	Mar.	June[p]
1	**Total**	**27,825**	**25,587**	**28,302**	**29,792**	**30,107**	**32,196**	**33,417**	**36,986**	**36,639**
2	Payable in dollars	24,296	21,749	22,785	24,012	24,805	26,967	27,831	31,195	31,611
3	Payable in foreign currencies	3,529	3,838	5,517	5,780	5,302	5,229	5,586	5,790	5,028
	By type									
4	Financial liabilities	13,600	12,133	12,424	14,139	13,894	14,877	14,917	17,164	16,697
5	Payable in dollars	11,257	9,609	8,643	10,145	10,234	11,283	11,049	13,084	12,882
6	Payable in foreign currencies	2,343	2,524	3,781	3,994	3,660	3,594	3,868	4,080	3,815
7	Commercial liabilities	14,225	13,454	15,878	15,653	16,213	17,319	18,500	19,822	19,942
8	Trade payables	6,685	6,450	7,305	6,454	6,768	6,480	6,454	6,921	6,165
9	Advance receipts and other liabilities	7,540	7,004	8,573	9,200	9,446	10,839	12,045	12,901	13,777
10	Payable in dollars	13,039	12,140	14,142	13,867	14,571	15,684	16,782	18,111	18,729
11	Payable in foreign currencies	1,186	1,314	1,737	1,786	1,642	1,635	1,718	1,711	1,213
	By area or country									
	Financial liabilities									
12	Europe	7,700	7,917	8,320	9,377	9,030	10,295	9,712	12,143	10,902
13	Belgium-Luxembourg	349	270	213	251	282	339	289	320	357
14	France	857	661	382	408	371	372	267	249	274
15	Germany	376	368	551	553	503	488	548	372	470
16	Netherlands	861	542	866	990	862	996	879	933	834
17	Switzerland	610	646	558	691	638	687	1,163	954	936
18	United Kingdom	4,305	5,140	5,557	6,301	6,201	7,243	6,418	9,121	7,852
19	Canada	839	399	360	394	412	431	650	616	544
20	Latin America and Caribbean	3,184	1,944	1,189	1,452	1,448	1,057	1,239	677	1,406
21	Bahamas	1,123	614	318	289	250	238	184	189	165
22	Bermuda	4	4	0	0	0	0	0	0	0
23	Brazil	29	32	25	0	0	0	0	0	0
24	British West Indies	1,843	1,146	778	1,099	1,154	812	645	471	621
25	Mexico	15	22	13	15	26	2	1	15	17
26	Venezuela	3	0	0	2	0	0	0	0	0
27	Asia	1,815	1,805	2,451	2,836	2,928	3,088	3,312	3,722	3,841
28	Japan	1,198	1,398	2,042	2,375	2,331	2,435	2,563	2,950	3,082
29	Middle East oil-exporting countries[2]	n.a.	8	8	11	11	4	3	1	11
30	Africa	12	1	4	5	2	3	1	5	3
31	Oil-exporting countries[3]	0	1	1	3	1	1	0	3	2
32	All other[4]	50	67	100	75	74	3	2	2	0
	Commercial liabilities									
33	Europe	4,074	4,446	5,505	5,619	5,722	6,688	7,347	7,772	7,781
34	Belgium-Luxembourg	62	101	132	154	147	206	170	134	116
35	France	453	352	426	414	408	438	459	574	521
36	Germany	607	715	908	810	791	1,185	1,699	1,361	1,130
37	Netherlands	364	424	423	457	508	647	591	668	687
38	Switzerland	379	385	559	527	482	486	417	457	456
39	United Kingdom	976	1,341	1,588	1,722	1,771	2,110	2,063	2,444	2,688
40	Canada	1,449	1,405	1,301	1,392	1,167	1,109	1,218	1,152	1,119
41	Latin America and Caribbean	1,088	924	864	980	1,035	997	1,118	1,262	1,660
42	Bahamas	12	32	18	19	61	19	49	35	34
43	Bermuda	77	156	168	325	272	222	286	426	388
44	Brazil	58	61	46	59	54	58	95	102	538
45	British West Indies	44	49	19	14	28	30	34	31	42
46	Mexico	430	217	189	164	233	177	179	197	181
47	Venezuela	212	216	162	122	140	204	177	179	184
48	Asia	6,046	5,080	6,565	5,883	6,279	6,632	6,910	7,435	6,945
49	Japan	1,799	2,042	2,578	2,508	2,659	2,763	3,091	3,048	2,706
50	Middle East oil-exporting countries[2,5]	2,829	1,679	1,964	1,062	1,320	1,298	1,386	1,526	1,430
51	Africa	587	619	574	575	626	477	578	706	768
52	Oil-exporting countries[3]	238	197	135	139	115	106	202	272	253
53	All other[4]	982	980	1,068	1,204	1,383	1,415	1,328	1,496	1,670

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	1985	1986	1987	1988				1989	
				Mar.	June	Sept.	Dec.	Mar.	June[p]
1 **Total**	**28,876**	**36,265**	**30,964**	**31,089**	**37,641**	**38,114**	**33,412**	**31,482**	**34,345**
2 Payable in dollars	26,574	33,867	28,502	29,026	35,613	35,695	31,164	29,254	32,188
3 Payable in foreign currencies	2,302	2,399	2,462	2,063	2,028	2,419	2,249	2,227	2,157
By type									
4 Financial claims	18,891	26,273	20,363	20,326	26,274	27,011	21,482	19,613	22,334
5 Deposits	15,526	19,916	14,903	12,697	19,492	19,079	15,763	14,733	17,358
6 Payable in dollars	14,911	19,331	13,775	12,121	18,775	18,145	14,744	13,886	16,497
7 Payable in foreign currencies	615	585	1,128	576	718	934	1,019	847	861
8 Other financial claims	3,364	6,357	5,460	7,629	6,781	7,932	5,719	4,881	4,977
9 Payable in dollars	2,330	5,005	4,646	6,509	5,886	6,990	4,995	4,007	4,159
10 Payable in foreign currencies	1,035	1,352	814	1,120	895	942	724	874	818
11 Commercial claims	9,986	9,992	10,600	10,763	11,367	11,103	11,930	11,868	12,010
12 Trade receivables	8,696	8,783	9,535	9,650	10,332	10,109	10,845	10,604	10,811
13 Advance payments and other claims	1,290	1,209	1,065	1,113	1,036	993	1,085	1,264	1,200
14 Payable in dollars	9,333	9,530	10,081	10,397	10,952	10,560	11,425	11,361	11,532
15 Payable in foreign currencies	652	462	519	366	415	542	505	507	478
By area or country									
Financial claims									
16 Europe	6,929	10,744	9,531	9,805	11,512	10,537	9,942	9,119	9,237
17 Belgium-Luxembourg	10	41	7	15	16	49	10	11	155
18 France	184	138	332	308	181	278	224	230	191
19 Germany	223	116	102	92	168	123	138	180	233
20 Netherlands	161	151	350	333	335	356	344	383	290
21 Switzerland	74	185	65	54	105	84	215	203	70
22 United Kingdom	6,007	9,855	8,467	8,789	10,430	9,321	8,659	7,801	7,961
23 Canada	3,260	4,808	2,844	2,669	2,913	3,612	2,338	2,210	2,281
24 Latin America and Caribbean	7,846	9,291	7,012	6,483	10,854	11,814	8,128	7,216	9,092
25 Bahamas	2,698	2,628	1,994	2,329	4,176	4,064	1,847	2,173	1,919
26 Bermuda	6	6	7	43	87	188	19	25	125
27 Brazil	78	86	63	86	46	44	47	49	78
28 British West Indies	4,571	6,078	4,433	3,503	6,045	7,055	5,729	4,549	6,560
29 Mexico	180	174	172	154	146	133	151	117	114
30 Venezuela	48	21	19	34	27	27	21	25	31
31 Asia	731	1,317	879	1,294	876	927	799	928	1,362
32 Japan	475	999	605	1,133	646	737	603	685	965
33 Middle East oil-exporting countries[2]	n.a.	7	8	5	5	5	4	8	7
34 Africa	103	85	65	53	60	95	106	89	80
35 Oil-exporting countries[3]	29	28	7	7	9	9	10	8	8
36 All other[4]	21	28	33	24	58	26	169	51	284
Commercial claims									
37 Europe	3,533	3,725	4,180	4,170	4,694	4,295	5,010	4,901	4,881
38 Belgium-Luxembourg	175	133	178	193	158	171	176	201	199
39 France	426	431	650	552	684	542	671	752	766
40 Germany	346	444	562	637	773	613	611	643	638
41 Netherlands	284	164	133	150	172	145	208	156	191
42 Switzerland	284	217	185	173	262	183	322	246	218
43 United Kingdom	898	999	1,073	1,059	1,095	1,179	1,306	1,282	1,330
44 Canada	1,023	934	936	1,166	937	977	974	1,100	1,167
45 Latin America and Caribbean	1,753	1,857	1,930	1,930	2,067	2,104	2,229	2,100	2,083
46 Bahamas	13	28	19	14	13	12	36	34	14
47 Bermuda	93	193	170	171	174	161	229	234	236
48 Brazil	206	234	226	209	232	234	298	277	314
49 British West Indies	6	39	26	24	25	22	21	23	29
50 Mexico	510	412	368	374	411	463	457	476	428
51 Venezuela	157	237	283	274	304	266	226	211	229
52 Asia	2,982	2,755	2,915	2,853	2,994	3,029	2,955	3,090	3,128
53 Japan	1,016	881	1,158	1,107	1,168	963	934	1,032	982
54 Middle East oil-exporting countries[2]	638	563	450	408	446	437	441	421	437
55 Africa	437	500	401	419	425	425	435	386	397
56 Oil-exporting countries[3]	130	139	144	126	136	137	122	95	112
57 All other[4]	257	222	238	225	250	273	328	290	354

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	1987	1988	1989 Jan.–Aug.	1989 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	249,122	181,185	141,670	18,397	15,819	14,101	17,904	24,311	17,115	22,095
2 Foreign sales	232,849	183,185	133,491	18,500	15,447	14,241	16,846	20,640	15,084	20,938
3 **Net purchases, or sales (–)**	**16,272**	**–2,000**	**8,180**	**–103**	**372**	**–141**	**1,058**	**3,671**	**2,030**	**1,158**
4 **Foreign countries**	**16,321**	**–1,825**	**8,405**	**–73**	**509**	**–134**	**1,060**	**3,689**	**2,047**	**1,141**
5 Europe	1,932	–3,350	822	–126	73	181	–293	418	778	–110
6 France	905	–281	121	159	70	168	–123	–15	75	–251
7 Germany	–70	218	–523	59	59	17	–215	–155	–79	–238
8 Netherlands	892	–535	–52	–64	5	–125	–76	131	12	–63
9 Switzerland	–1,123	–2,243	–2,349	–1,181	91	–141	–293	–114	–23	–344
10 United Kingdom	631	–954	3,197	800	–106	287	494	329	545	772
11 Canada	1,048	1,087	137	–361	130	–66	–75	168	8	14
12 Latin America and Caribbean	1,318	1,238	2,854	583	635	120	391	168	108	250
13 Middle East[1]	–1,360	–2,474	2,934	266	220	–345	206	1,679	456	553
14 Other Asia	12,896	1,365	1,426	–544	–536	–28	784	1,201	729	423
15 Japan	11,365	1,922	1,505	–487	–458	–16	763	1,215	626	424
16 Africa	123	188	86	3	5	10	–1	16	2	22
17 Other countries	365	121	145	106	–19	–7	50	40	–34	–11
18 **Nonmonetary international and regional organizations**	**–48**	**–176**	**–226**	**–30**	**–137**	**–6**	**–2**	**–18**	**–17**	**17**
BONDS[2]										
19 Foreign purchases	105,856	86,363	76,078	9,610	10,423	9,736	8,329	10,856	10,044	10,943
20 Foreign sales	78,312	58,395	56,179	4,736	7,025	5,270	8,776	9,043	7,526	9,046
21 **Net purchases, or sales (–)**	**27,544**	**27,968**	**19,900**	**4,874**	**3,398**	**4,466**	**–447**	**1,813**	**2,518**	**1,897**
22 **Foreign countries**	**26,804**	**28,510**	**19,682**	**4,908**	**3,358**	**4,465**	**–570**	**1,690**	**2,550**	**1,920**
23 Europe	21,989	17,243	12,695	2,055	2,794	3,102	–55	2,132	1,976	192
24 France	194	143	343	41	–16	27	93	6	121	–35
25 Germany	33	1,344	–169	38	148	135	–170	–162	–53	–121
26 Netherlands	269	1,514	608	–21	69	51	9	395	–22	96
27 Switzerland	1,587	505	225	131	4	90	–114	–110	81	13
28 United Kingdom	19,770	13,088	11,204	1,751	2,578	2,252	665	1,881	1,937	–9
29 Canada	1,296	711	664	129	213	115	59	–188	79	76
30 Latin America and Caribbean	2,857	1,931	2,169	651	301	219	136	271	300	62
31 Middle East[1]	–1,314	–178	–528	160	87	3	–100	–613	36	27
32 Other Asia	2,021	8,900	4,480	1,893	–50	990	–615	83	53	1,574
33 Japan	1,622	7,686	2,636	1,567	–285	608	–722	–67	–25	1,167
34 Africa	16	–8	23	2	5	4	0	1	3	5
35 Other countries	–61	–89	178	18	8	33	5	4	103	–17
36 **Nonmonetary international and regional organizations**	**740**	**–542**	**218**	**–34**	**41**	**1**	**122**	**123**	**–32**	**–23**
	Foreign securities									
37 Stocks, net purchases, or sales (–)	1,081	–1,918	–8,313	–634	–153	–947	–1,322	–2,077	–748	–1,531
38 Foreign purchases	95,458	75,211	65,030	8,070	9,477	6,686	7,748	9,111	7,594	9,488
39 Foreign sales	94,377	77,128	73,343	8,704	9,630	7,633	9,070	11,188	8,342	11,019
40 Bonds, net purchases, or sales (–)	–7,946	–7,221	–3,545	–432	–653	–196	–107	–1,524	–1,414	1,042
41 Foreign purchases	199,089	217,932	155,150	18,705	23,395	15,525	17,242	21,016	20,220	24,125
42 Foreign sales	207,035	225,153	158,695	19,137	24,047	15,721	17,350	22,540	21,634	23,083
43 **Net purchases, or sales (–), of stocks and bonds**	**–6,865**	**–9,138**	**–11,858**	**–1,066**	**–805**	**–1,143**	**–1,430**	**–3,601**	**–2,161**	**–489**
44 **Foreign countries**	**–6,757**	**–9,619**	**–12,653**	**–1,144**	**–998**	**–1,350**	**–1,633**	**–3,401**	**–2,314**	**–675**
45 Europe	–12,101	–7,632	–12,399	–748	–1,402	–1,757	–1,520	–3,876	–2,383	–613
46 Canada	–4,072	–3,735	–3,505	–531	–585	194	–555	–699	–692	–258
47 Latin America and Caribbean	828	1,384	679	79	161	197	–90	27	–76	313
48 Asia	9,299	985	3,055	–35	883	70	700	1,191	819	301
49 Africa	89	–54	16	–9	–16	10	13	3	12	–4
50 Other countries	–800	–567	–499	100	–40	–64	–180	–47	7	–414
51 **Nonmonetary international and regional organizations**	**–108**	**480**	**795**	**78**	**192**	**207**	**203**	**–200**	**152**	**186**

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	1987	1988	1989 Jan.–Aug.	1989 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total**[2]	**25,587**	**48,868**	**42,770**	**8,783**	**8,639**	**29**	**7,043**	**−5,202**	**−1,317**	**21,968**
2 Foreign countries[2]	30,889	48,206	42,377	9,907	8,296	291	5,520	−5,319	−773	22,416
3 Europe[2]	23,716	14,353	28,985	3,775	2,142	−1,814	4,498	−1,305	4,357	15,191
4 Belgium-Luxembourg	653	923	622	127	−23	−87	88	13	82	413
5 Germany[2]	13,330	−5,268	3,873	−31	−181	−693	−179	−1,106	2,622	2,503
6 Netherlands	−913	−356	94	135	242	−643	−638	−674	100	1,304
7 Sweden	210	−323	1,001	297	−508	398	−69	647	110	241
8 Switzerland[2]	1,917	−1,074	2,045	438	1,767	440	−83	378	−361	−748
9 United Kingdom	3,975	9,674	15,721	1,533	1,207	−1,298	3,873	−133	1,024	9,863
10 Other Western Europe	4,563	10,786	5,651	1,277	−363	74	1,511	−423	786	1,614
11 Eastern Europe	−19	−10	−21	0	0	−5	−5	−6	−5	0
12 Canada	4,526	3,761	304	17	−55	114	157	−478	−533	1,028
13 Latin America and Caribbean	−2,192	713	1,424	525	113	−133	−179	643	839	−280
14 Venezuela	150	−109	83	1	−53	−18	0	1	71	120
15 Other Latin America and Caribbean	−1,142	1,130	215	247	132	−231	−78	−14	104	217
16 Netherlands Antilles	−1,200	−308	1,126	276	34	117	−101	656	665	−617
17 Asia	4,488	27,606	12,311	5,955	5,659	1,743	1,734	−5,577	−4,954	7,127
18 Japan	868	21,752	−1,387	2,503	1,855	2,624	1,646	−7,780	−5,360	3,009
19 Africa	−56	−13	54	15	−2	32	−3	66	−5	−48
20 All other	407	1,786	−701	−379	439	350	−687	1,332	−477	−603
21 Nonmonetary international and regional organizations	−5,302	661	393	−1,124	344	−262	1,523	117	−544	−448
22 International	−4,387	1,106	−158	−1,072	424	−252	1,340	−253	−546	−576
23 Latin America regional	3	−31	300	−10	−8	−21	70	191	3	75
Memo										
24 Foreign countries[2]	30,889	48,206	42,377	9,907	8,296	291	5,520	−5,319	−773	22,416
25 Official institutions	31,064	26,624	24,205	4,299	6,549	−842	−1,068	449	2,819	9,980
26 Other foreign[2]	−176	21,582	18,171	5,608	1,747	1,133	6,588	−5,768	−3,592	12,436
Oil-exporting countries										
27 Middle East[3]	−3,142	1,963	10,296	3,560	2,607	−471	−299	670	422	3,677
28 Africa[4]	16	1	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 year

Country	Rate on Oct. 31, 1989		Country	Rate on Oct. 31, 1989		Country	Rate on Oct. 31, 1989	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	6.0	June 1989	France[1]	10.25	Oct. 1989	Norway	8.0	June 1983
Belgium	10.25	Oct. 1989	Germany, Fed. Rep. of	6.0	Oct. 1989	Switzerland	6.0	Oct. 1989
Brazil	49.0	Mar. 1981	Italy	13.5	Mar. 1989	United Kingdom[2]	....	....
Canada	12.42	Oct. 1989	Japan	3.75	Oct. 1989	Venezuela	8.0	Oct. 1985
Denmark	10.5	Oct. 1989	Netherlands	7.0	Oct. 1989			

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 year, averages of daily figures

Country, or type	1986	1987	1988	1989 Apr.	May	June	July	Aug.	Sept.	Oct.
1 Eurodollars	6.70	7.07	7.85	10.01	9.66	9.28	8.85	8.71	8.85	8.67
2 United Kingdom	10.87	9.65	10.28	13.09	13.08	14.17	13.91	13.86	13.99	15.03
3 Canada	9.18	8.38	9.63	12.58	12.44	12.35	12.24	12.30	12.32	12.29
4 Germany	4.58	3.97	4.28	6.42	6.96	6.92	7.00	6.99	7.37	8.08
5 Switzerland	4.19	3.67	2.94	6.05	7.26	7.09	6.92	7.01	7.42	7.63
6 Netherlands	5.56	5.24	4.72	6.70	7.30	7.11	7.07	7.15	7.53	8.08
7 France	7.68	8.14	7.80	8.61	8.81	8.89	9.05	8.95	9.20	9.89
8 Italy	12.60	11.15	11.04	12.21	12.27	12.35	12.46	12.52	12.40	12.63
9 Belgium	8.04	7.01	6.69	8.17	8.45	8.51	8.46	8.44	8.66	9.51
10 Japan	4.96	3.87	3.96	4.20	4.25	4.46	4.71	4.80	4.88	5.25

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[1]

Currency units per dollar

Country/currency	1986	1987	1988	1989 May	June	July	Aug.	Sept.	Oct.
1 Australia/dollar[2]	67.095	70.137	78.409	77.360	75.606	75.658	76.345	77.271	77.421
2 Austria/schilling	15.260	12.649	12.357	13.691	13.913	13.308	13.570	13.733	13.140
3 Belgium/franc	44.664	37.358	36.785	40.723	41.414	39.560	40.310	40.841	39.197
4 Canada/dollar	1.3896	1.3259	1.2306	1.1925	1.1986	1.1891	1.1758	1.1828	1.1749
5 China, P.R./yuan	3.4616	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314
6 Denmark/krone	8.0955	6.8478	6.7412	7.5820	7.7087	7.3527	7.4938	7.5872	7.2781
7 Finland/markka	5.0722	4.4037	4.1933	4.3409	4.4302	4.2699	4.3504	4.4219	4.2817
8 France/franc	6.9257	6.0122	5.9595	6.5815	6.7135	6.4105	6.5085	6.5855	6.3339
9 Germany/deutsche mark	2.1705	1.7981	1.7570	1.9461	1.9789	1.8901	1.9268	1.9502	1.8662
10 Greece/drachma	139.93	135.47	142.00	165.41	170.42	163.84	166.26	169.03	165.88
11 Hong Kong/dollar	7.8038	7.7986	7.8072	7.7800	7.7934	7.8040	7.8078	7.8078	7.8081
12 India/rupee	12.597	12.943	13.900	16.102	16.420	16.416	16.609	16.745	16.819
13 Ireland/punt[2]	134.14	148.79	152.49	137.39	134.92	141.26	138.43	136.71	142.50
14 Italy/lira	1,491.16	1,297.03	1,302.39	1,415.83	1,434.40	1,367.39	1,384.24	1,404.18	1,369.24
15 Japan/yen	168.35	144.60	128.17	137.86	143.98	140.42	141.49	145.07	142.21
16 Malaysia/ringgit	2.5831	2.5186	2.6190	2.6967	2.7086	2.6809	2.6825	2.6980	2.6945
17 Netherlands/guilder	2.4485	2.0264	1.9778	2.1938	2.2292	2.1318	2.1726	2.1992	2.1072
18 New Zealand/dollar[2]	52.457	59.328	65.560	60.718	57.376	57.537	59.217	59.144	55.937
19 Norway/krone	7.3985	6.7409	6.5243	7.0337	7.1852	6.9478	7.0480	7.1264	6.9502
20 Portugal/escudo	149.80	141.20	144.27	160.71	164.92	158.31	161.15	163.36	159.08
21 Singapore/dollar	2.1783	2.1059	2.0133	1.9575	1.9572	1.9589	1.9604	1.9769	1.9622
22 South Africa/rand	2.2919r	2.0385	2.2773r	2.6710	2.7828	2.6909	2.7247	2.7882	2.6403
23 South Korea/won	884.63	825.94	734.52	669.25	669.43	669.84	671.13	672.73	673.86
24 Spain/peseta	140.04	123.54	116.53	121.39	126.55	118.73	120.64	122.14	118.77
25 Sri Lanka/rupee	27.934	29.472	31.820	34.145	33.475	34.764	36.276	39.572	40.018
26 Sweden/krona	7.1273	6.3469	6.1370	6.5756	6.6872	6.4653	6.5481	6.6103	6.4580
27 Switzerland/franc	1.7979	1.4918	1.4643	1.7290	1.7089	1.6281	1.6605	1.6865	1.6302
28 Taiwan/dollar	37.839	31.753	28.636	25.789	26.023	25.816	25.685	25.737	25.739
29 Thailand/baht	26.315	25.775	25.312	25.757	25.909	25.771	25.912	26.012	25.868
30 United Kingdom/pound[2]	146.77	163.98	178.13	163.07	155.30	162.68	159.47	157.15	158.74
MEMO									
31 United States/dollar[3]	112.22	96.94	92.72	100.81	103.09	99.12	100.44	101.87	98.92

1. 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.
2. Value in U.S. cents.
3. Index of weighted-average exchange value of U.S. dollar against the currencies of 10 industrial countries. The weight for each of the 10 countries is the 1972–76 average world trade of that country divided by the average world trade of all 10 countries combined. Series revised as of August 1978 (see FEDERAL RESERVE BULLETIN, vol. 64, August 1978, p. 700).

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

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

General Information

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

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

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

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin Reference

	Issue	*Page*
Anticipated schedule of release dates for periodic releases	December 1989	A84

SPECIAL TABLES—Published Irregularly, with Latest Bulletin Reference

Title and Date	*Issue*	*Page*
Assets and liabilities of commercial banks		
June 30, 1988	June 1989	A78
September 30, 1988	August 1989	A72
December 31, 1988	August 1989	A78
March 31, 1989	December 1989	A72
Terms of lending at commercial banks		
August 1988	January 1989	A72
November 1988	April 1989	A72
February 1989	June 1989	A84
May 1989	November 1989	A73
Assets and liabilities of U.S. branches and agencies of foreign banks		
September 30, 1988	May 1989	A72
December 31, 1988	June 1989	A90
March 31, 1989	August 1989	A84
June 30, 1989	November 1989	A78
Pro forma balance sheet and income statements for priced service operations		
June 30, 1987	November 1987	A74
September 30, 1987	February 1988	A80
March 31, 1988	August 1988	A70
March 31, 1989	September 1989	A72

Special tables begin on page A72.

4.20 DOMESTIC AND FOREIGN OFFICES, Insured Commercial Bank Assets and Liabilities[1,2]
Consolidated Report of Condition, March 31, 1989

Millions of dollars

Item	Total	Banks with foreign offices[3,4]			Banks with domestic offices only[5]	
		Total	Foreign	Domestic	Over 100	Under 100
1 **Total assets**[6]	**3,129,031**	**1,804,082**	**429,440**	**1,430,250**	**945,283**	**381,505**
2 Cash and balances due from depository institutions	330,576	238,635	120,387	118,248	64,522	27,554
3 Cash items in process of collection, unposted debits, and currency and coin		82,279	1,870	80,409	29,300	
4 Cash items in process of collection and unposted debits		n.a.	n.a.	68,980	21,298	
5 Currency and coin		n.a.	n.a.	11,429	8,002	
6 Balances due from depository institutions in the United States		34,825	22,698	12,128	19,732	n.a.
7 Balances due from banks in foreign countries and foreign central banks	n.a.	99,122	95,514	3,608	4,329	
8 Balances due from Federal Reserve Banks		22,409	305	22,104	11,161	
MEMO						
9 Noninterest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)		n.a.	n.a.	7,710	12,699	9,234
10 **Total securities, loans and lease financing receivables, net**	**2,566,780**	**1,390,271**	n.a.	n.a.	**840,498**	**337,690**
11 Total securities, book value	539,770	224,037	29,341	194,696	199,550	116,724
12 U.S. Treasury securities and U.S. government agency and corporation obligations	343,920	122,687	2,648	120,039	133,096	88,136
13 U.S. Treasury securities	n.a.	58,990	1,472	57,518	69,904	n.a.
14 U.S. government agency and corporation obligations	n.a.	63,697	1,176	62,521	63,192	n.a.
15 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	91,154	49,823	1,111	48,712	26,314	15,235
16 All other	n.a.	13,874	65	13,809	36,878	n.a.
17 Securities issued by states and political subdivisions in the United States	102,955	44,212	511	43,701	39,712	19,030
18 Taxable	2,496	776	49	727	730	989
19 Tax-exempt	100,323	43,436	462	42,974	38,982	18,041
20 Other securities	84,157	53,162	25,654	27,508	22,891	8,105
21 Other domestic securities	n.a.	28,702	2,309	26,393	22,447	....
22 All holdings of private certificates of participation in pools of residential mortgages	3,933	1,676	0	1,676	1,732	525
23 Federal funds sold and securities purchased under agreements to resell	137,019	76,290	1,710	74,579	38,054	22,676
24 Federal funds sold	110,403	53,746	n.a.	n.a.	34,295	22,366
25 Securities purchased under agreements to resell	26,618	22,544	n.a.	n.a.	3,759	310
26 Total loans and lease financing receivables, gross	1,952,214	1,129,623	217,996	911,627	618,893	203,698
27 LESS: Unearned income on loans	15,199	7,005	2,220	4,785	6,224	2,115
28 Total loans and leases (net of unearned income)	1,935,718	1,122,618	215,776	906,842	612,669	201,583
29 LESS: Allowance for loan and lease losses	45,553	32,499	n.a.	n.a.	9,774	3,293
30 LESS: Allocated transfer risk reserves	175	174	n.a.	n.a.	0	1
31 EQUALS: Total loans and leases, net	1,889,990	1,089,945	n.a.	n.a.	602,894	198,289
Total loans, gross, by category						
32 Loans secured by real estate	691,883	336,680	23,019	313,662	258,249	97,365
33 Construction and land development				85,232	37,414	7,207
34 Farmland				2,012	4,639	9,176
35 1–4 family residential properties				129,837	125,336	53,526
36 Revolving, open-end loans, extended under lines of credit	n.a.	n.a.	n.a.	22,417	17,145	2,366
37 All other loans				107,421	108,191	51,160
38 Multifamily (5 or more) residential properties				10,103	6,912	1,895
39 Nonfarm nonresidential properties				86,478	83,948	25,561
40 Loans to depository institutions	56,232	50,433	24,208	26,225	5,221	578
41 To commercial banks in the United States	n.a.	21,620	1,037	20,583	4,548	n.a.
42 To other depository institutions in the United States	n.a.	2,272	357	1,914	565	n.a.
43 To banks in foreign countries	n.a.	26,542	22,814	3,728	108	n.a.
44 Loans to finance agricultural production and other loans to farmers	28,577	5,209	227	4,983	6,754	16,652
45 Commercial and industrial loans	601,548	416,913	101,779	315,134	142,562	42,073
46 To U.S. addressees (domicile)	n.a.	336,078	23,353	312,724	142,151	n.a.
47 To non-U.S. addressees (domicile)	n.a.	80,835	78,425	2,410	411	n.a.
48 Acceptances of other banks	4,894	1,015	574	441	1,978	1,900
49 U.S. banks	n.a.	297	62	235	n.a.	n.a.
50 Foreign banks	n.a.	717	512	206	n.a.	n.a.
51 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	367,694	154,222	12,115	142,106	172,795	40,678
52 Credit cards and related plans	111,321	44,311	n.a.	n.a.	64,890	2,169
53 Other (includes single payment and installment)	255,633	109,911	n.a.	n.a.	107,905	38,509
54 Obligations (other than securities) of states and political subdivisions in the U.S. (includes nonrated industrial development obligations)	44,128	26,739	325	26,414	15,525	1,864
55 Taxable	1,355	715	21	694	574	77
56 Tax-exempt	42,733	26,024	304	25,720	14,951	1,788
57 All other loans	122,682	110,305	51,978	58,327	10,337	2,040
58 Loans to foreign governments and official institutions	n.a.	34,872	33,262	1,610	248	n.a.
59 Other loans	n.a.	75,433	18,716	56,716	10,090	n.a.
60 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	15,349	1,642	n.a.
61 All other loans	n.a.	n.a.	n.a.	41,367	8,448	n.a.
62 Lease financing receivables	34,126	28,106	3,772	24,335	5,473	547
63 Assets held in trading accounts	42,096	41,166	16,497	24,670	772	158
64 Premises and fixed assets (including capitalized leases)	45,717	24,103		n.a.	14,983	6,644
65 Other real estate owned	11,712	5,378		n.a.	3,757	2,575
66 Investments in unconsolidated subsidiaries and associated companies	2,816	2,114		n.a.	663	39
67 Customers' liability on acceptances outstanding	31,052	30,164	n.a.	n.a.	854	20
68 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.		40,728	n.a.	n.a.
69 Intangible assets	5,141	3,077		n.a.	1,849	217
70 Other assets	93,136	69,173		n.a.	17,383	6,607

4.20—Continued

Item	Total	Banks with foreign offices[3,4]			Banks with domestic offices only[5]	
		Total	Foreign	Domestic	Over 100	Under 100
71 **Total liabilities, limited-life preferred stock, and equity capital**	**3,129,031**	**1,804,082**	n.a.	n.a.	**945,283**	**381,505**
72 **Total liabilities[7]**	**2,928,262**	**1,705,827**	**429,606**	**1,331,829**	**876,653**	**347,508**
73 Limited-life preferred stock	84	0	n.a.	n.a.	83	2
74 Total deposits	2,412,338	1,306,521	324,852	981,669	766,638	339,180
75 Individuals, partnerships, and corporations			191,351	888,241	705,111	309,973
76 U.S. government				2,539	1,400	524
77 States and political subdivisions in the United States				41,083	42,616	23,979
78 Commercial banks in the United States	n.a.	n.a.	n.a.	25,786	8,965	1,542
79 Other depository institutions in the United States				5,105	2,273	883
80 Banks in foreign countries				7,644	391	n.a.
81 Foreign governments and official institutions		26,082	24,569	1,513	314	n.a.
82 Certified and official checks	18,166	10,370	612	9,758	5,567	2,229
83 All other[8]	n.a.	n.a.	108,319	....	....	50
84 Total transaction accounts				309,874	210,743	89,596
85 Individuals, partnerships, and corporations				260,410	186,477	79,779
86 U.S. government				1,607	1,104	420
87 States and political subdivisions in the United States				8,252	9,937	6,090
88 Commercial banks in the United States	n.a.	n.a.	n.a.	18,158	6,123	781
89 Other depository institutions in the United States				3,647	1,312	288
90 Banks in foreign countries				7,063	188	n.a.
91 Foreign governments and official institutions				977	36	n.a.
92 Certified and official checks				9,758	5,567	2,229
93 All other				....	....	10
94 Demand deposits (included in total transaction accounts)				235,474	131,537	47,302
95 Individuals, partnerships, and corporations				188,138	112,397	41,607
96 U.S. government				1,585	1,074	402
97 States and political subdivisions in the United States				6,149	4,871	1,996
98 Commercial banks in the United States				18,158	6,103	775
99 Other depository institutions in the United States				3,647	1,302	282
100 Banks in foreign countries				7,063	188	n.a.
101 Foreign governments and official institutions				975	36	n.a.
102 Certified and official checks				9,758	5,567	2,229
103 All other				....	....	10
104 Total nontransaction accounts				671,796	555,894	249,584
105 Individuals, partnerships, and corporations	n.a.	n.a.	n.a.	627,830	518,634	230,194
106 U.S. government				931	296	104
107 States and political subdivisions in the United States				32,831	32,679	17,890
108 Commercial banks in the United States				7,628	2,842	761
109 U.S. branches and agencies of foreign banks				663	129	n.a.
110 Other commercial banks in the United States				6,965	2,713	n.a.
111 Other depository institutions in the United States				1,458	961	595
112 Banks in foreign countries				580	204	n.a.
113 Foreign branches of other U.S. banks				12	200	n.a.
114 Other banks in foreign countries				568	4	n.a.
115 Foreign governments and official institutions				537	278	n.a.
116 All other				....	....	40
117 Federal funds purchased and securities sold under agreements to repurchase	259,115	195,976	1,138	194,838	60,400	2,739
118 Federal funds purchased	157,379	125,597	n.a.	n.a.	30,736	1,152
119 Securities sold under agreements to repurchase	101,531	70,379	n.a.	n.a.	29,664	1,587
120 Demand notes issued to the U.S. Treasury	n.a.	n.a.	n.a.	7,863	2,151	369
121 Other borrowed money	125,355	93,643	38,448	55,195	30,711	1,001
122 Banks liability on acceptances executed and outstanding	31,180	30,292	5,424	24,869	854	20
123 Notes and debentures subordinated to deposits	17,066	14,892	n.a.	n.a.	2,016	159
124 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	14,880	n.a.	n.a.
125 All other liabilities	74,554	56,641	n.a.	n.a.	13,883	4,040
126 Total equity capital[9]	200,685	98,255	n.a.	n.a.	68,547	33,996
MEMO						
127 Holdings of commercial paper included in total loans, gross		1,467	806	660	1,254	n.a.
128 Total individual retirement accounts (IRA) and Keogh plan accounts				42,704	40,551	16,521
129 Total brokered deposits				43,096	15,293	957
130 Total brokered retail deposits				11,378	10,206	806
131 Issued in denominations of $100,000 or less				3,049	5,438	731
132 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less				8,329	4,768	75
Savings deposits						
133 Money market deposit accounts (MMDAs)				173,178	122,055	42,015
134 Other savings deposits (excluding MMDAs)				79,496	75,701	31,008
135 Total time deposits of less than $100,000				192,508	238	134,070
136 Time certificates of deposit of $100,000 or more	n.a.	n.a.	n.a.	196,402	115,473	40,877
137 Open-account time deposits of $100,000 or more				30,212	4,380	1,614
138 All NOW accounts (including Super NOW)				72,423	76,683	40,805
139 Total time and savings deposits				746,195	635,101	291,877
Quarterly averages						
140 Total loans				870,699	604,950	198,618
141 Obligations (other than securities) of states and political subdivisions in the United States				26,818	15,400	n.a.
142 Transaction accounts in domestic offices (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)				75,020	78,633	42,325
Nontransaction accounts in domestic offices						
143 Money market deposit accounts (MMDAs)				172,470	124,377	42,835
144 Other savings deposits				79,026	75,592	30,753
145 Time certificates of deposit of $100,000 or more				186,760	113,442	39,838
146 All other time deposits				211,392	236,651	133,374
147 Number of banks	12,966	244	n.a.	n.a.	2,522	10,200

Footnotes appear at the end of table 4.22

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of $100 Million or more or with foreign offices[1,2,6]
Consolidated Report of Condition, March 31, 1989

Millions of dollars

Item	Total	Members			Nonmembers
		Total	National	State	
1 **Total assets**[6]	**2,375,533**	**1,890,290**	**1,507,834**	**382,455**	**485,243**
2 Cash and balances due from depository institutions	182,770	151,137	121,470	29,667	31,633
3 Cash items in process of collection and unposted debits	90,277	81,412	65,800	15,611	8,866
4 Currency and coin	19,431	15,930	13,407	2,523	3,501
5 Balances due from depository institutions in the United States	31,860	20,726	16,411	4,315	11,134
6 Balances due from banks in foreign countries and foreign central banks	7,937	6,061	4,667	1,394	1,875
7 Balances due from Federal Reserve Banks	33,265	27,008	21,183	5,825	6,257
8 **Total securities, loans and lease financing receivables, (net of unearned income)**	**2,026,390**	**1,594,666**	**1,285,710**	**308,957**	**431,723**
9 Total securities, book value	394,246	292,881	227,001	65,879	101,365
10 U.S. Treasury securities	127,423	91,896	72,070	19,825	35,527
11 U.S. government agency and corporation obligations	125,713	96,069	76,620	19,449	29,644
12 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	75,026	62,931	50,211	12,720	12,094
13 All other	50,687	33,138	26,409	6,729	17,549
14 Securities issued by states and political subdivisions in the United States	83,413	65,846	48,143	17,703	17,567
15 Taxable	1,457	1,125	933	192	332
16 Tax-exempt	81,956	64,721	47,210	17,511	17,235
17 Other domestic securities	48,840	34,608	27,046	7,562	14,232
18 All holdings of private certificates of participation in pools of residential mortgages	3,408	2,579	1,574	1,005	829
19 Federal funds sold and securities purchased under agreements to resell[10]	112,633	96,598	69,471	27,127	16,035
20 Federal funds sold	34,295	22,117	19,805	2,312	12,178
21 Securities purchased under agreements to resell	3,759	2,721	2,241	480	1,038
22 Total loans and lease financing receivables, gross	1,530,520	1,213,584	996,036	217,548	316,936
23 LESS: Unearned income on loans	11,009	8,396	6,799	1,597	2,613
24 Total loans and leases (net of unearned income)	1,519,511	1,205,188	989,237	215,951	314,323
Total loans, gross, by category					
25 Loans secured by real estate	571,910	431,726	371,299	60,428	140,184
26 Construction and land development	122,645	98,380	82,938	15,443	24,265
27 Farmland	6,651	4,463	3,920	543	2,188
28 1–4 family residential properties	255,174	187,020	161,139	25,881	68,154
29 Revolving, open-end and extended under lines of credit	39,562	30,769	26,375	4,394	8,793
30 All other loans	215,612	156,251	134,764	21,487	59,361
31 Multifamily (5 or more) residential properties	17,015	13,347	11,602	1,745	3,668
32 Nonfarm nonresidential properties	170,426	128,516	111,700	16,816	41,909
33 Loans to commercial banks in the United States	25,132	21,853	16,590	5,262	3,279
34 Loans to other depository institutions in the United States	2,479	2,256	2,032	224	223
35 Loans to banks in foreign countries	3,836	3,675	1,930	1,745	161
36 Loans to finance agricultural production and other loans to farmers	11,737	9,199	8,232	967	2,538
37 Commercial and industrial loans	457,696	374,161	296,717	77,444	83,535
38 To U.S. addressees (domicile)	454,876	371,714	294,815	76,899	83,162
39 To non-U.S. addressees (domicile)	2,821	2,447	1,902	545	374
40 Acceptances of other banks[11]	2,420	1,378	1,136	242	1,042
41 Of U.S. banks	875	549	445	104	326
42 Of foreign banks	309	253	189	64	56
43 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	314,901	246,048	207,538	38,509	68,853
44 Loans to foreign governments and official institutions	1,858	1,788	1,321	467	70
45 Obligations (other than securities) of states and political subdivisions in the United States	41,939	35,235	26,089	9,146	6,704
46 Taxable	1,268	1,012	831	180	257
47 Tax-exempt	40,671	34,223	25,258	8,966	6,447
48 Other loans	66,806	60,469	41,858	18,612	6,337
49 Loans for purchasing and carrying securities	16,991	15,391	9,274	6,117	1,600
50 All other loans	49,815	45,078	32,583	12,495	4,737
51 Lease financing receivables	29,808	25,797	21,295	4,502	4,011
52 Customers' liability on acceptances outstanding	25,129	23,934	17,227	6,707	1,194
53 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	40,728	36,593	23,563	13,029	4,135
54 Remaining assets	141,244	120,552	83,428	37,124	20,693

4.21—Continued

Item	Total	Members: Total	Members: National	Members: State	Non-members
55 **Total liabilities and equity capital**	**2,375,533**	**1,890,290**	**1,507,834**	**382,455**	**485,243**
56 **Total liabilities**[4]	**2,208,482**	**1,760,159**	**1,406,741**	**353,418**	**448,323**
57 Total deposits	1,748,307	1,363,429	1,111,067	252,362	384,877
58 Individuals, partnerships, and corporations	1,593,351	1,237,930	1,012,577	225,354	355,421
59 U.S. government	3,939	3,324	2,832	492	615
60 States and political subdivisions in the United States	83,699	64,175	54,031	10,144	19,525
61 Commercial banks in the United States	34,752	30,794	22,685	8,109	3,958
62 Other depository institutions in the United States	7,378	5,925	5,035	890	1,453
63 Banks in foreign countries	8,035	7,263	4,307	2,956	772
64 Foreign governments and official institutions	1,827	1,644	1,005	638	183
65 Certified and official checks	15,325	12,376	8,595	3,780	2,950
66 Total transaction accounts	520,617	419,551	335,083	84,468	101,066
67 Individuals, partnerships, and corporations	446,887	356,124	288,374	67,750	90,763
68 U.S. government	2,712	2,204	1,759	444	508
69 States and political subdivisions in the United States	18,189	14,518	11,933	2,585	3,671
70 Commercial banks in the United States	24,282	22,416	16,663	5,753	1,866
71 Other depository institutions in the United States	4,959	4,056	3,251	805	903
72 Banks in foreign countries	7,251	6,921	4,088	2,833	330
73 Foreign governments and official institutions	1,012	937	419	517	76
74 Certified and official checks	15,325	12,376	8,595	3,780	2,950
75 Demand deposits (included in total transaction accounts)	367,011	301,413	235,430	65,982	65,599
76 Individuals, partnerships, and corporations	300,535	243,463	193,214	50,249	57,072
77 U.S. government	2,660	2,163	1,719	443	497
78 States and political subdivisions in the United States	11,020	9,109	7,507	1,602	1,911
79 Commercial banks in the United States	24,261	22,395	16,643	5,753	1,865
80 Other depository institutions in the United States	4,949	4,050	3,244	805	900
81 Banks in foreign countries	7,250	6,921	4,088	2,833	330
82 Foreign governments and official institutions	1,011	936	419	517	75
83 Certified and official checks	15,325	12,376	8,595	3,780	2,950
84 Total nontransaction accounts	1,227,690	943,878	775,984	167,894	283,811
85 Individuals, partnerships, and corporations	1,146,464	881,806	724,203	157,604	264,658
86 U.S. government	1,228	1,120	1,073	47	107
87 States and political subdivisions in the United States	65,510	49,656	42,098	7,559	15,854
88 Commercial banks in the United States	10,470	8,378	6,022	2,356	2,092
89 U.S. branches and agencies of foreign banks	792	491	303	188	301
90 Other commercial banks in the United States	9,678	7,887	5,719	2,169	1,791
91 Other depository institutions in the United States	2,419	1,869	1,784	84	550
92 Banks in foreign countries	784	342	219	123	442
93 Foreign branches of other U.S. banks	212	53	51	2	159
94 Other banks in foreign countries	572	289	168	121	283
95 Foreign governments and official institutions	815	707	586	121	108
96 Federal funds purchased and securities sold under agreements to repurchase[12]	255,238	219,846	164,140	55,706	35,392
97 Federal funds purchased	30,736	22,787	19,320	3,467	7,949
98 Securities sold under agreements to repurchase	29,664	15,401	12,415	2,986	14,263
99 Demand notes issued to the U.S. Treasury	10,014	9,072	6,994	2,078	941
100 Other borrowed money	85,906	71,335	56,667	14,668	14,571
101 Banks liability on acceptances executed and outstanding	25,723	24,528	17,763	6,766	1,194
102 Notes and debentures subordinated to deposits	2,016	1,225	1,105	119	791
103 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	14,907	12,637	10,609	2,029	2,269
104 Remaining liabilities	81,280	70,723	49,004	21,719	10,557
105 **Total equity capital**[9]	**167,050**	**130,130**	**101,093**	**29,037**	**36,920**
MEMO					
106 Holdings of commercial paper included in total loans, gross	1,915	752	614	138	1,162
107 Total individual retirement accounts (IRA) and Keogh plan accounts	83,255	64,803	53,741	11,063	18,452
108 Total brokered deposits	58,388	45,361	37,734	7,627	13,027
109 Total brokered retail deposits	21,585	14,127	11,110	3,017	7,458
110 Issued in denominations of $100,000 or less	8,488	3,880	3,510	369	4,608
111 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	13,097	10,247	7,600	2,647	2,850
Savings deposits					
112 Money market deposit accounts (MMDAs)	295,232	233,153	191,544	41,609	62,079
113 Other savings accounts	155,196	119,282	91,394	27,889	35,914
114 Total time deposits of less than $100,000	430,795	322,151	273,657	48,494	108,643
115 Time certificates of deposit of $100,000 or more	311,875	239,348	199,479	39,869	72,527
116 Open-account time deposits of $100,000 or more	34,591	29,944	19,910	10,034	4,647
117 All NOW accounts (including Super NOW accounts)	149,107	115,139	97,164	17,976	33,967
118 Total time and savings deposits	1,381,296	1,062,017	875,637	186,380	319,279
Quarterly averages					
119 Total loans	1,475,649	1,166,535	956,398	210,137	309,114
120 Obligations (other than securities) of states and political subdivisions in the United States	42,219	35,596	26,279	9,317	6,623
121 Transaction accounts (NOW accounts, ATS accounts, and telephone preauthorized transfer accounts)	153,653	118,611	98,658	19,953	35,042
Nontransaction accounts					
122 Money market deposit accounts (MMDAs)	296,847	233,287	191,140	42,147	63,560
123 Other savings deposits	154,618	118,654	91,294	27,360	35,964
124 Time certificates of deposits of $100,000 or more	300,202	227,203	188,369	38,835	72,999
125 All other time deposits	448,043	337,727	281,356	56,371	110,315
126 Number of banks	2,766	1,566	1,321	245	1,200

Footnotes appear at the end of table 4.22

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities[1,2,6]
Consolidated Report of Condition, March 31, 1989

Millions of dollars

Item	Total	Members			Nonmembers
		Total	National	State	
1 **Total assets[6]**	**2,757,037**	**2,044,592**	**1,631,887**	**412,706**	**712,445**
2 Cash and balances due from depository institutions	210,324	162,686	130,933	31,753	47,638
3 Currency and coin	22,805	17,309	14,522	2,787	5,496
4 Noninterest-bearing balances due from commercial banks	29,643	16,874	13,895	2,979	12,769
5 Other	157,875	128,503	102,516	25,986	29,373
6 **Total securities, loans, and lease financing receivables (net of unearned income)**	**2,367,373**	**1,732,093**	**1,395,946**	**336,148**	**635,279**
7 Total securities, book value	510,970	338,628	264,425	74,203	172,343
8 U.S. Treasury securities and U.S. government agency and corporation obligations	341,272	222,514	176,939	45,575	118,758
9 Securities issued by states and political subdivisions in the United States	102,444	73,010	53,961	19,048	29,434
10 Taxable	2,447	1,457	1,199	258	990
11 Tax-exempt	99,997	71,553	52,763	18,790	28,444
12 Other securities	58,503	39,180	30,358	8,821	19,323
13 All holdings of private certificates of participation in pools of residential mortgages	3,933	2,826	1,734	1,092	1,107
14 Federal funds sold and securities purchased under agreements to resell	135,309	106,729	77,598	29,131	28,580
15 Federal funds sold	56,661	32,091	27,835	4,257	24,570
16 Securities purchased under agreements to resell	4,069	2,878	2,339	539	1,191
17 Total loans and lease financing receivables, gross	1,734,218	1,296,035	1,061,405	234,630	438,183
18 LESS: Unearned income on loans	13,124	9,299	7,482	1,816	3,826
19 Total loans and leases (net of unearned income)	1,721,093	1,286,737	1,053,923	232,814	434,357
Total loans, gross, by category					
20 Loans secured by real estate	669,276	470,602	402,070	68,532	198,674
21 Construction and land development	129,852	101,349	85,262	16,087	28,503
22 Farmland	15,827	7,517	6,383	1,134	8,310
23 1–4 family residential properties	308,700	208,620	177,996	30,624	100,079
24 Revolving, open-end loans, and extended under lines of credit	41,928	31,818	27,181	4,637	10,110
25 All other loans	266,772	176,802	150,816	25,987	89,970
26 Multifamily (5 or more) residential properties	18,910	14,041	12,163	1,878	4,869
27 Nonfarm nonresidential properties	195,986	139,074	120,265	18,809	56,913
28 Loans to depository institutions	32,024	28,092	20,798	7,294	3,932
29 Loans to finance agricultural production and other loans to farmers	28,389	15,105	12,954	2,151	13,284
30 Commercial and industrial loans	499,769	392,270	310,900	81,370	107,499
31 Acceptances of other banks	4,320	2,141	1,801	341	2,179
32 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	355,578	262,816	220,965	41,852	92,762
33 Obligations (other than securities) of states and political subdivisions in the United States	43,803	35,922	26,663	9,259	7,881
34 Nonrated industrial development obligations	1,345	1,042	859	183	303
35 Other obligations (excluding securities)	42,458	34,880	25,804	9,076	7,578
36 All other loans	70,704	63,108	43,821	19,287	7,596
37 Lease financing receivables	30,354	25,979	21,434	4,545	4,375
38 Customers' liability on acceptances outstanding	25,149	23,947	17,239	6,708	1,202
39 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	40,728	36,593	23,563	13,029	4,135
40 Remaining assets	154,192	125,866	87,769	38,098	28,326
41 **Total liabilities and equity capital**	**2,757,037**	**2,044,592**	**1,631,887**	**412,706**	**712,445**
42 **Total liabilities[4]**	**2,555,990**	**1,901,025**	**1,520,169**	**380,856**	**654,965**
43 Total deposits	2,087,487	1,500,698	1,221,735	278,963	586,789
44 Individuals, partnerships, and corporations	1,903,324	1,363,686	1,113,896	249,790	539,638
45 U.S. government	4,463	3,532	2,998	534	931
46 States and political subdivisions in the United States	107,679	73,118	61,400	11,717	34,561
47 Commercial banks in the United States	36,294	31,709	23,335	8,374	4,585
48 Other depository institutions in the United States	8,261	6,336	5,372	964	1,925
49 Certified and official checks	17,554	13,390	9,401	3,989	4,164
50 All other	9,912	8,928	5,333	3,596	984
51 Total transaction accounts	610,213	456,694	365,291	91,403	153,519
52 Individuals, partnerships, and corporations	526,666	389,185	315,334	73,851	137,481
53 U.S. government	3,131	2,369	1,894	475	762
54 States and political subdivisions in the United States	24,279	16,717	13,753	2,964	7,562
55 Commercial banks in the United States	25,062	22,975	17,028	5,947	2,087
56 Other depository institutions in the United States	5,247	4,197	3,372	825	1,050
57 Certified and official checks	17,554	13,390	9,401	3,989	4,164
58 All other	8,274	7,861	4,509	3,352	413
59 Demand deposits (included in total transaction accounts)	414,314	321,736	251,835	69,900	92,578
60 Individuals, partnerships, and corporations	342,143	261,170	207,581	53,589	80,972
61 U.S. government	3,062	2,326	1,852	474	736
62 States and political subdivisions in the United States	13,016	9,847	8,121	1,725	3,170
63 Commercial banks in the United States	25,036	22,955	17,007	5,947	2,081
64 Other depository institutions in the United States	5,231	4,188	3,363	825	1,043
65 Certified and official checks	17,554	13,390	9,401	3,989	4,164
66 All other	8,271	7,860	4,509	3,351	412
67 Total nontransaction accounts	1,477,274	1,044,003	856,444	187,559	433,270
68 Individuals, partnerships, and corporations	1,376,658	974,501	798,562	175,939	402,157
69 U.S. government	1,332	1,163	1,104	59	169
70 States and political subdivisions in the United States	83,400	56,400	47,647	8,753	27,000
71 Commercial banks in the United States	11,232	8,734	6,307	2,426	2,498
72 Other depository institutions in the United States	3,014	2,138	2,000	138	875
73 All other	1,638	1,067	823	244	571

4.22—Continued

Item	Total	Members			Non-members
		Total	National	State	
74 Federal funds purchased and securities sold under agreements to repurchase[12]	257,977	221,332	165,219	56,113	36,645
75 Federal funds purchased	31,888	23,490	19,800	3,690	8,398
76 Securities sold under agreements to repurchase	31,251	16,184	13,014	3,170	15,067
77 *Demand notes issued to the U.S. Treasury*	10,382	9,234	7,124	2,109	1,149
78 Other borrowed money	86,907	71,673	56,913	14,760	15,234
79 Banks liability on acceptances executed and outstanding	25,743	24,541	17,775	6,766	1,202
80 Notes and debentures subordinated to deposits	2,175	1,273	1,147	126	901
81 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	14,907	12,637	10,609	2,029	2,269
82 *Remaining liabilities*	*85,320*	*72,274*	*50,256*	*22,019*	*13,045*
83 Total equity capital[9]	**201,047**	**143,567**	**111,717**	**31,850**	**57,480**
MEMO					
84 Assets held in trading accounts[13]	25,600	25,104	13,793	11,310	496
85 U.S. Treasury securities	15,438	15,328	6,989	8,339	110
86 U.S. government agency corporation obligations	3,804	3,798	2,667	1,131	6
87 Securities issued by states and political subdivisions in the United States	963	947	790	158	16
88 *Other bonds, notes, and debentures*	373	363	177	186	11
89 Certificates of deposit	818	818	414	404	0
90 Commercial paper	55	54	54	0	1
91 Bankers acceptances	1,356	1,336	895	441	20
92 Other	2,305	2,287	1,636	651	18
93 Total individual retirement accounts (IRA) and Keogh plan accounts	99,777	71,191	58,929	12,262	28,586
94 Total brokered deposits	59,345	45,688	38,005	7,684	13,656
95 Total brokered retail deposits	22,390	14,400	11,330	3,069	7,991
96 Issued in denominations of $100,000 or less	9,219	4,139	3,721	417	5,080
97 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	13,172	10,261	7,609	2,652	2,911
Savings deposits					
98 Money market deposit accounts (MMDAs)	337,247	251,322	206,204	45,118	85,926
99 Other savings deposits	186,204	131,811	101,326	30,485	54,393
100 Total time deposits of less than $100,000	564,864	373,280	314,661	58,618	191,585
101 Time certificates of deposit of $100,000 or more	352,752	257,143	213,932	43,211	95,609
102 Open-account time deposits of $100,000 or more	36,205	30,448	20,321	10,127	5,757
103 All NOW accounts (including Super NOW)	189,911	131,487	110,603	20,884	58,424
104 Total time and savings deposits	1,673,173	1,178,962	969,900	209,062	494,211
Quarterly averages					
105 *Total loans*	1,674,267	1,246,948	1,020,348	226,600	427,318
106 Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	195,978	135,416	112,409	23,007	60,562
Nontransaction accounts					
107 Money market deposit accounts (MMDAs)	339,682	251,759	206,069	45,690	87,923
108 Other savings deposits	185,371	131,074	101,156	29,918	54,297
109 Time certificates of deposit of $100,000 or more	340,041	244,577	202,557	42,020	95,464
110 All other time deposits	581,416	388,357	321,977	66,380	193,059
111 Number of banks	12,966	5,336	4,290	1,046	7,630

1. Effective Mar. 31, 1984, the report of condition was substantially revised for commercial banks. Some of the changes are as follows: (1) Previously, banks with international banking facilities (IBFs) that had no other foreign offices were considered domestic reporters. Beginning with the Mar. 31, 1984 call report these banks are considered foreign and domestic reporters and must file the foreign and domestic report of condition; (2) banks with assets greater than $1 billion have *additional items reported; (3) the domestic office detail for banks with foreign* offices has been reduced considerably; and (4) banks with assets under $25 million have been excused from reporting certain detail items.

2. The "n.a." for some of the items is used to indicate the lesser detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices and/or the absence of detail on a fully consolidated basis for banks with foreign offices.

3. All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to." All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Since these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively, of the domestic and foreign offices.

4. Foreign offices include branches in foreign countries, Puerto Rico, and in U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge act and agreement corporations wherever located and IBFs.

5. The 'over 100' column refers to those respondents whose assets, as of June 30 of the previous calendar year, were equal to or exceeded $100 million. (These respondents file the FFIEC 032 or FFIEC 033 call report.) The 'under 100' column refers to those respondents whose assets, as of June 30 of the previous calendar year, were less than $100 million. (These respondents filed the FFIEC 034 call report.)

6. Since the domestic portion of allowances for loan and lease losses and allocated transfer risk reserve are not reported for banks with foreign offices, the components of total assets (domestic) will not add to the actual total (domestic).

7. *Since the foreign portion of demand notes issued to the U.S. Treasury is not* reported for banks with foreign offices, the components of total liabilities (foreign) will not add to the actual total (foreign).

8. The definition of 'all other' varies by report form and therefore by column in this table. See the instructions for more detail.

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

10. Only the domestic portion of federal funds sold and securities purchased under agreements to resell are reported here, therefore, the components will not add to totals for this item.

11. "Acceptances of other banks" is not reported by domestic respondents less than $300 million in total assets, therefore the components will not add to totals for this item.

12. Only the domestic portion of federal funds purchased and securities sold are reported here, therefore the components *will* not add to totals for this item.

13. Components of assets held in trading accounts are only reported for banks with total assets of $1 billion or more; therefore the components will not add to the totals for this item.

Federal Reserve Board of Governors

ALAN GREENSPAN, *Chairman*
MANUEL H. JOHNSON, *Vice Chairman*
MARTHA R. SEGER
WAYNE D. ANGELL

OFFICE OF BOARD MEMBERS

JOSEPH R. COYNE, *Assistant to the Board*
DONALD J. WINN, *Assistant to the Board*
BOB STAHLY MOORE, *Special Assistant to the Board*

LEGAL DIVISION

J. VIRGIL MATTINGLY, JR., *General Counsel*
RICHARD M. ASHTON, *Associate General Counsel*
OLIVER IRELAND, *Associate General Counsel*
RICKI R. TIGERT, *Associate General Counsel*
SCOTT G. ALVAREZ, *Assistant General Counsel*
MARYELLEN A. BROWN, *Assistant to the General Counsel*

OFFICE OF THE SECRETARY

WILLIAM W. WILES, *Secretary*
JENNIFER J. JOHNSON, *Associate Secretary*
BARBARA R. LOWREY, *Associate Secretary*

DIVISION OF CONSUMER AND COMMUNITY AFFAIRS

GRIFFITH L. GARWOOD, *Director*
GLENN E. LONEY, *Assistant Director*
ELLEN MALAND, *Assistant Director*
DOLORES S. SMITH, *Assistant Director*

DIVISION OF BANKING SUPERVISION AND REGULATION

WILLIAM TAYLOR, *Staff Director*
DON E. KLINE, *Associate Director*
FREDERICK M. STRUBLE, *Associate Director*
WILLIAM A. RYBACK, *Deputy Associate Director*
STEPHEN C. SCHEMERING, *Deputy Associate Director*
RICHARD SPILLENKOTHEN, *Deputy Associate Director*
HERBERT A. BIERN, *Assistant Director*
JOE M. CLEAVER, *Assistant Director*
ROGER T. COLE, *Assistant Director*
JAMES I. GARNER, *Assistant Director*
JAMES D. GOETZINGER, *Assistant Director*
MICHAEL G. MARTINSON, *Assistant Director*
ROBERT S. PLOTKIN, *Assistant Director*
SIDNEY M. SUSSAN, *Assistant Director*
LAURA M. HOMER, *Securities Credit Officer*

DIVISION OF INTERNATIONAL FINANCE

EDWIN M. TRUMAN, *Staff Director*
LARRY J. PROMISEL, *Senior Associate Director*
CHARLES J. SIEGMAN, *Senior Associate Director*
DAVID H. HOWARD, *Deputy Associate Director*
ROBERT F. GEMMILL, *Staff Adviser*
DONALD B. ADAMS, *Assistant Director*
PETER HOOPER III, *Assistant Director*
KAREN H. JOHNSON, *Assistant Director*
RALPH W. SMITH, JR., *Assistant Director*

DIVISION OF RESEARCH AND STATISTICS

MICHAEL J. PRELL, *Director*
EDWARD C. ETTIN, *Deputy Director*
THOMAS D. SIMPSON, *Associate Director*
LAWRENCE SLIFMAN, *Associate Director*
DAVID J. STOCKTON, *Associate Director*
MARTHA BETHEA, *Deputy Associate Director*
PETER A. TINSLEY, *Deputy Associate Director*
MYRON L. KWAST, *Assistant Director*
PATRICK M. PARKINSON, *Assistant Director*
MARTHA S. SCANLON, *Assistant Director*
JOYCE K. ZICKLER, *Assistant Director*
LEVON H. GARABEDIAN, *Assistant Director (Administration)*

DIVISION OF MONETARY AFFAIRS

DONALD L. KOHN, *Director*
DAVID E. LINDSEY, *Deputy Director*
BRIAN F. MADIGAN, *Assistant Director*
RICHARD D. PORTER, *Assistant Director*
NORMAND R.V. BERNARD, *Special Assistant to the Board*

OFFICE OF THE INSPECTOR GENERAL

BRENT L. BOWEN, *Inspector General*
BARRY R. SNYDER, *Assistant Inspector General*

and Official Staff

EDWARD W. KELLEY, JR.
JOHN P. LAWARE

OFFICE OF STAFF DIRECTOR FOR MANAGEMENT

S. DAVID FROST, *Staff Director*
EDWARD T. MULRENIN, *Assistant Staff Director*
PORTIA W. THOMPSON, *Equal Employment Opportunity Programs Officer*

DIVISION OF HUMAN RESOURCES MANAGEMENT

DAVID L. SHANNON, *Director*
JOHN R. WEIS, *Associate Director*
ANTHONY V. DIGIOIA, *Assistant Director*
JOSEPH H. HAYES, JR., *Assistant Director*
FRED HOROWITZ, *Assistant Director*

OFFICE OF THE CONTROLLER

GEORGE E. LIVINGSTON, *Controller*
STEPHEN J. CLARK, *Assistant Controller (Programs and Budgets)*
DARRELL R. PAULEY, *Assistant Controller (Finance)*

DIVISION OF SUPPORT SERVICES

ROBERT E. FRAZIER, *Director*
GEORGE M. LOPEZ, *Assistant Director*
DAVID L. WILLIAMS, *Assistant Director*

OFFICE OF THE EXECUTIVE DIRECTOR FOR INFORMATION RESOURCES MANAGEMENT

ALLEN E. BEUTEL, *Executive Director*
STEPHEN R. MALPHRUS, *Deputy Executive Director*

DIVISION OF HARDWARE AND SOFTWARE SYSTEMS

BRUCE M. BEARDSLEY, *Director*
DAY W. RADEBAUGH, JR., *Assistant Director*
ELIZABETH B. RIGGS, *Assistant Director*

DIVISION OF APPLICATIONS DEVELOPMENT AND STATISTICAL SERVICES

WILLIAM R. JONES, *Director*
RICHARD C. STEVENS, *Assistant Director*
PATRICIA A. WELCH, *Assistant Director*
ROBERT J. ZEMEL, *Assistant Director*

OFFICE OF STAFF DIRECTOR FOR FEDERAL RESERVE BANK ACTIVITIES

THEODORE E. ALLISON, *Staff Director*

DIVISION OF FEDERAL RESERVE BANK OPERATIONS

CLYDE H. FARNSWORTH, JR., *Director*
DAVID L. ROBINSON, *Associate Director*
C. WILLIAM SCHLEICHER, JR., *Associate Director*
BRUCE J. SUMMERS, *Associate Director*
CHARLES W. BENNETT, *Assistant Director*
JACK DENNIS, JR., *Assistant Director*
EARL G. HAMILTON, *Assistant Director*
JOHN H. PARRISH, *Assistant Director*
LOUISE L. ROSEMAN, *Assistant Director*
FLORENCE M. YOUNG, *Assistant Director*

Federal Open Market Committee

FEDERAL OPEN MARKET COMMITTEE

MEMBERS

ALAN GREENSPAN, *Chairman*

E. GERALD CORRIGAN, *Vice Chairman*

WAYNE D. ANGELL
ROGER GUFFEY
MANUEL H. JOHNSON
SILAS KEEHN
EDWARD W. KELLEY, JR.
JOHN P. LAWARE
THOMAS C. MELZER
MARTHA R. SEGER
RICHARD F. SYRON

ALTERNATE MEMBERS

EDWARD G. BOEHNE
ROBERT H. BOYKIN
W. LEE HOSKINS
JAMES H. OLTMAN
GARY H. STERN

STAFF

DONALD L. KOHN, *Secretary and Economist*
NORMAND R.V. BERNARD, *Assistant Secretary*
GARY P. GILLUM, *Deputy Assistant Secretary*
J. VIRGIL MATTINGLY, JR., *General Counsel*
ERNEST T. PATRIKIS, *Deputy General Counsel*
MICHAEL J. PRELL, *Economist*
EDWIN M. TRUMAN, *Economist*
ANATOL B. BALBACH, *Associate Economist*
RICHARD G. DAVIS, *Associate Economist*
THOMAS E. DAVIS, *Associate Economist*
DAVID E. LINDSEY, *Associate Economist*
ALICIA H. MUNNELL, *Associate Economist*
LARRY J. PROMISEL, *Associate Economist*
KARL A. SCHELD, *Associate Economist*
CHARLES J. SIEGMAN, *Associate Economist*
THOMAS D. SIMPSON, *Associate Economist*
LAWRENCE SLIFMAN, *Associate Economist*

PETER D. STERNLIGHT, *Manager for Domestic Operations, System Open Market Account*
SAM Y. CROSS, *Manager for Foreign Operations, System Open Market Account*

FEDERAL ADVISORY COUNCIL

DONALD N. BRANDIN, *President*
SAMUEL A. MCCULLOUGH, *Vice President*

J. TERRENCE MURRAY, First District
WILLARD C. BUTCHER, Second District
SAMUEL A. MCCULLOUGH, Third District
THOMAS H. O'BRIEN, Fourth District
FREDERICK DEANE, JR., Fifth District
KENNETH L. ROBERTS, Sixth District
B. KENNETH WEST, Seventh District
DONALD N. BRANDIN, Eighth District
LLOYD P. JOHNSON, Ninth District
JORDAN L. HAINES, Tenth District
JAMES E. BURT III, Eleventh District
PAUL HAZEN, Twelfth District

HERBERT V. PROCHNOW, *Secretary*
WILLIAM J. KORSVIK, *Associate Secretary*

and Advisory Councils

CONSUMER ADVISORY COUNCIL

JUDITH N. BROWN, Edina, Minnesota, *Chairman*
WILLIAM E. ODOM, Dearborn, Michigan, *Vice Chairman*

NAOMI G. ALBANESE, Greensboro, North Carolina
GEORGE H. BRAASCH, Chicago, Illinois
BETTY TOM CHU, Arcadia, California
CLIFF E. COOK, Tacoma, Washington
JERRY D. CRAFT, Atlanta, Georgia
DONALD C. DAY, Boston, Massachusetts
R.B. (JOE) DEAN, JR., Columbia, South Carolina
RICHARD B. DOBY, Denver, Colorado
WILLIAM C. DUNKELBERG, Philadelphia, Pennsylvania
RICHARD H. FINK, Washington, D.C.
JAMES FLETCHER, Chicago, Illinois
STEPHEN GARDNER, Dallas, Texas
ELENA G. HANGGI, Little Rock, Arkansas
JAMES HEAD, Berkeley, California
ROBERT A. HESS, Washington, D.C.
RAMON E. JOHNSON, Salt Lake City, Utah
BARBARA KAUFMAN, San Francisco, California
A. J. (JACK) KING, Kalispell, Montana
MICHELLE S. MEIER, Washington, D.C.
RICHARD L. D. MORSE, Manhattan, Kansas
LINDA K. PAGE, Columbus, Ohio
SANDRA PHILLIPS, Pittsburgh, Pennsylvania
VINCENT P. QUAYLE, Baltimore, Maryland
CLIFFORD N. ROSENTHAL, New York, New York
ALAN M. SILBERSTEIN, New York, New York
RALPH E. SPURGIN, Columbus, Ohio
DAVID P. WARD, Peapack, New Jersey
LAWRENCE WINTHROP, Portland, Oregon

THRIFT INSTITUTIONS ADVISORY COUNCIL

GERALD M. CZARNECKI, Honolulu, Hawaii, *President*
DONALD B. SHACKELFORD, Columbus, Ohio, *Vice President*

CHARLOTTE CHAMBERLAIN, Glendale, California
ROBERT S. DUNCAN, Hattiesburg, Mississippi
ADAM A. JAHNS, Chicago, Illinois
H. C. KLEIN, Jacksonville, Arkansas
PHILIP E. LAMB, Springfield, Massachusetts
JOE C. MORRIS, Overland Park, Kansas
JOSEPH W. MOSMILLER, Baltimore, Maryland
LOUIS H. PEPPER, Seattle, Washington
MARION O. SANDLER, Oakland, California
CHARLES B. STUZIN, Miami, Florida

Federal Reserve Board Publications

For ordering assistance, write PUBLICATIONS SERVICES, MS-138, Board of Governors of the Federal Reserve System, Washington, D.C. 20551 or telephone (202) 452-3244. *When a charge is indicated, payment should accompany request and be made payable to the Board of Governors of the Federal Reserve System. Payment from foreign residents should be drawn on a U.S. bank.*

THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1984. 120 pp.
ANNUAL REPORT.
ANNUAL REPORT: BUDGET REVIEW, 1988–89.
FEDERAL RESERVE BULLETIN. Monthly. $25.00 per year or $2.50 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $35.00 per year or $3.00 each.
BANKING AND MONETARY STATISTICS. 1914-1941. (Reprint of Part I only) 1976. 682 pp. $5.00.
ANNUAL STATISTICAL DIGEST
1974–78. 1980. 305 pp. $10.00 per copy.
1981. 1982. 239 pp. $ 6.50 per copy.
1982. 1983. 266 pp. $ 7.50 per copy.
1983. 1984. 264 pp. $11.50 per copy.
1984. 1985. 254 pp. $12.50 per copy.
1985. 1986. 231 pp. $15.00 per copy.
1986. 1987. 288 pp. $15.00 per copy.
1987. 1988. 272 pp. $15.00 per copy.
1988. 1989. 256 pp. $25.00 per copy.
SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. $30.00 per year or $.70 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $35.00 per year or $.80 each.
THE FEDERAL RESERVE ACT and other statutory provisions affecting the Federal Reserve System, as amended through August 1988. 608 pp. $10.00
REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.
ANNUAL PERCENTAGE RATE TABLES (Truth in Lending—Regulation Z) *Vol. I* (Regular Transactions). 1969. 100 pp. *Vol. II* (Irregular Transactions). 1969. 116 pp. Each volume $2.25; 10 or more of same volume to one address, $2.00 each.
INTRODUCTION TO FLOW OF FUNDS. 1980. 68 pp. $1.50 each; 10 or more to one address, $1.25 each.
FEDERAL RESERVE REGULATORY SERVICE. Looseleaf; updated at least monthly. (Requests must be prepaid.)
Consumer and Community Affairs Handbook. $75.00 per year.
Monetary Policy and Reserve Requirements Handbook. $75.00 per year.
Securities Credit Transactions Handbook. $75.00 per year.
The Payment System Handbook. $75.00 per year.
Federal Reserve Regulatory Service. 3 vols. (Contains all three Handbooks plus substantial additional material.) $200.00 per year.
Rates for subscribers outside the United States are as follows and include additional air mail costs:
Federal Reserve Regulatory Service, $250.00 per year.
Each Handbook, $90.00 per year.

THE U.S. ECONOMY IN AN INTERDEPENDENT WORLD: A MULTICOUNTRY MODEL, May 1984. 590 pp. $14.50 each.
WELCOME TO THE FEDERAL RESERVE. March 1989. 14 pp.
PROCESSING AN APPLICATION THROUGH THE FEDERAL RESERVE SYSTEM. August 1985. 30 pp.
INDUSTRIAL PRODUCTION—1986 EDITION. December 1986. 440 pp. $9.00 each.
FINANCIAL FUTURES AND OPTIONS IN THE U.S. ECONOMY. December 1986. 264 pp. $10.00 each.

CONSUMER EDUCATION PAMPHLETS

Short pamphlets suitable for classroom use. Multiple copies are available without charge.

Consumer Handbook on Adjustable Rate Mortgages
Consumer Handbook to Credit Protection Laws
Federal Reserve Glossary
A Guide to Business Credit and the Equal Credit Opportunity Act
A Guide to Federal Reserve Regulations
How to File A Consumer Credit Complaint
Series on the Structure of the Federal Reserve System
The Board of Governors of the Federal Reserve System
The Federal Open Market Committee
Federal Reserve Bank Board of Directors
Federal Reserve Banks
Organization and Advisory Committees
A Consumer's Guide to Mortgage Lock-Ins
A Consumer's Guide to Mortgage Settlement Costs
A Consumer's Guide to Mortgage Refinancing
Making Deposits: When Will Your Money Be Available?
When Your Home is on the Line: What You Should Know About Home Equity Lines of Credit

PAMPHLETS FOR FINANCIAL INSTITUTIONS

Short pamphlets on regulatory compliance, primarily suitable for banks, bank holding companies, and creditors.

Limit of 50 copies

The Board of Directors' Opportunities in Community Reinvestment
The Board of Directors' Role in Consumer Law Compliance
Combined Construction/Permanent Loan Disclosure and Regulation Z
Community Development Corporations and the Federal Reserve
Construction Loan Disclosures and Regulation Z
Finance Charges Under Regulation Z
How to Determine the Credit Needs of Your Community
Regulation Z: The Right of Rescission
The Right to Financial Privacy Act
Signature Rules in Community Property States: Regulation B

Signature Rules: Regulation B
Timing Requirements for Adverse Action Notices: Regulation B
What An Adverse Action Notice Must Contain: Regulation B
Understanding Prepaid Finance Charges: Regulation Z

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 114–145 are out of print.

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.
147. REVISIONS IN THE MONETARY SERVICES (DIVISIA) INDEXES OF THE MONETARY AGGREGATES, by Helen T. Farr and Deborah Johnson. December 1985. 42 pp.
148. THE MACROECONOMIC AND SECTORAL EFFECTS OF THE ECONOMIC RECOVERY TAX ACT: SOME SIMULATION RESULTS, by Flint Brayton and Peter B. Clark. December 1985. 17 pp.
149. THE OPERATING PERFORMANCE OF ACQUIRED FIRMS IN BANKING BEFORE AND AFTER ACQUISITION, by Stephen A. Rhoades. April 1986. 32 pp.
150. STATISTICAL COST ACCOUNTING MODELS IN BANKING: A REEXAMINATION AND AN APPLICATION, by John T. Rose and John D. Wolken. May 1986. 13 pp.
151. RESPONSES TO DEREGULATION: RETAIL DEPOSIT PRICING FROM 1983 THROUGH 1985, by Patrick I. Mahoney, Alice P. White, Paul F. O'Brien, and Mary M. McLaughlin. January 1987. 30 pp.
152. DETERMINANTS OF CORPORATE MERGER ACTIVITY: A REVIEW OF THE LITERATURE, by Mark J. Warshawsky. April 1987. 18 pp.
153. STOCK MARKET VOLATILITY, by Carolyn D. Davis and Alice P. White. September 1987. 14 pp.
154. THE EFFECTS ON CONSUMERS AND CREDITORS OF PROPOSED CEILINGS ON CREDIT CARD INTEREST RATES, by Glenn B. Canner and James T. Fergus. October 1987. 26 pp.
155. THE FUNDING OF PRIVATE PENSION PLANS, by Mark J. Warshawsky. November 1987. 25 pp.
156. INTERNATIONAL TRENDS FOR U.S. BANKS AND BANKING MARKETS, by James V. Houpt. May 1988. 47 pp.
157. M2 PER UNIT OF POTENTIAL GNP AS AN ANCHOR FOR THE PRICE LEVEL, by Jeffrey J. Hallman, Richard D. Porter, and David H. Small. April 1989. 28 pp.
158. THE ADEQUACY AND CONSISTENCY OF MARGIN REQUIREMENTS IN THE MARKETS FOR STOCKS AND DERIVATIVE PRODUCTS, by Mark J. Warshawsky with the assistance of Dietrich Earnhart. September 1989. 23 pp.

REPRINTS OF BULLETIN ARTICLES

Most of the articles reprinted do not exceed 12 pages.

Limit of 10 copies

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.
A Revision of the Index of Industrial Production. 7/85.
Financial Innovation and Deregulation in Foreign Industrial Countries. 10/85.
Recent Developments in the Bankers Acceptance Market. 1/86.
The Use of Cash and Transaction Accounts by American Families. 2/86.
Financial Characteristics of High-Income Families. 3/86.
Prices, Profit Margins, and Exchange Rates. 6/86.
Agricultural Banks under Stress. 7/86.
Foreign Lending by Banks: A Guide to International and U.S. Statistics. 10/86.
Recent Developments in Corporate Finance. 11/86.
Measuring the Foreign-Exchange Value of the Dollar. 6/87.
Changes in Consumer Installment Debt: Evidence from the 1983 and 1986 Surveys of Consumer Finances. 10/87.
Home Equity Lines of Credit. 6/88.
U.S. International Transactions in 1988. 5/89.
Mutual Recognition: Integration of the Financial Sector in the European Community. 9/89

Anticipated Schedule of Release Dates for Periodic Releases—Board of Governors of the Federal Reserve System[1] *(Payment must accompany requests.)*

Weekly Releases	*Annual rate*	*Approximate release days*	*Date of period to which data refer*
☐ Aggregate Reserves of Depository Institutions and the Monetary Base. H.3 (502)	$15.00	Thursday	Week ended previous Wednesday
☐ Actions of the Board: Applications and Reports Received. H.2 (501)	$35.00	Friday	Week ended previous Saturday
☐ Assets and Liabilities of Insured Domestically Chartered and Foreign Related Banking Institutions. H.8 (510) [1.25]	$15.00	Monday	Wednesday, 3 weeks earlier
☐ Factors Affecting Reserves of Depository Institutions and Condition Statement of Federal Reserve Banks. H.4.1 (503) [1.11]	$15.00	Thursday	Week ended previous Wednesday
☐ Foreign Exchange Rates. H.10 (512) [3.28]	$15.00	Monday	Week ended previous Friday
☐ Money Stock, Liquid Assets, and Debt Measures. H.6 (508) [1.21]	$35.00	Thursday	Week ended Monday of previous week
☐ Selected Borrowings in Immediately Available Funds of Large Member Banks. H.5 (507) [1.13]	$15.00	Wednesday	Week ended Thursday of previous week
☐ Selected Interest Rates. H.15 (519) [1.35]	$15.00	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]	$15.00	Friday	Wednesday, 1 week earlier

Monthly Releases			
☐ Capacity Utilization: Manufacturing, Mining, Utilities, and Industrial Materials. G.3 (402) [2.12]	$ 5.00	Midmonth	Previous month
☐ Changes in Status of Banks and Branches. G.4.5 (404)	$15.00	1st of month	Previous month
☐ Consumer Installment Credit. G.19 (421) [1.55, 1.56]	$ 5.00	5th working day of month	2nd month previous
☐ Debits and Deposit Turnover at Commercial Banks. G.6 (406) [1.22]	$ 5.00	12th of month	Previous month
☐ Finance Companies. G.20 (422) [1.51, 1.52]	$ 5.00	5th working day of month	2nd month previous
☐ Foreign Exchange Rates. G.5 (405) [3.28]	$ 5.00	1st of month	Previous month
☐ Industrial Production. G.12.3 (414) [2.13]	$15.00	Midmonth	Previous month
☐ Loans and Securities at all Commercial Banks. G.7 (407) [1.23]	$ 5.00	3rd week of month	Previous month
☐ Major Nondeposit Funds of Commercial Banks. G.10 (411) [1.24]	$ 5.00	3rd week of month	Previous month
☐ Monthly Report of Assets and Liabilities of Large International Banking Facilities. G.14 (416)	$ 5.00	20th of month	Wednesday, 2 weeks earlier

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 respective BULLETIN tables that report the data are designated in brackets.

Monthly Releases—Continued	*Annual rate*	*Approximate release days*	*Date or period to which data refer*
☐ Research Library—Recent Acquisitions. G.15 (417)	Free of charge	1st of month	Previous month
☐ Selected Interest Rates. G.13 (415) [1.35]	$ 5.00	3rd working day of month	Previous month
Quarterly Releases			
☐ Agricultural Finance Databook. E.15 (125)	$ 5.00	End of March, June, September, and December	January, April, July, and October
☐ Country Exposure Lending Survey. E.16 (126)	$ 5.00	January, April, July, and October	Previous 3 months
☐ Flow of Funds: Seasonally Adjusted and Unadjusted. Z.1 (780) [1.58, 1.59]	$15.00	23rd of February, May, August, and November	Previous quarter
☐ Flow of Funds Summary Statistics Z.7 (788) [1.57, 1.58]	$ 5.00	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)	$ 5.00	15th of March, June, September, and December	Previous quarter
☐ Survey of Terms of Bank Lending. E.2 (111) [1.34]	$ 5.00	Midmonth of March, June, September, and December	February, May, August, and November
☐ List of OTC Margin Stocks. E.7 (117)	$ 5.00	January, April, July, and October	February, May, August, and November
Semiannual Releases			
☐ Balance Sheets of the U.S. Economy. C.9 (108)	$ 5.00	October and April	Previous year
Annual Releases			
☐ Aggregate Summaries of Annual Surveys of Securities Credit Extension. C.2 (101)	$ 5.00	February	End of previous June

Index to Statistical Tables

References are to pages A3–A77 although the prefix "A" is omitted in this index

ACCEPTANCES, bankers (*See* Bankers acceptances)
Agricultural loans, commercial banks, 19, 20
Assets and liabilities (*See also* Foreigners)
  Banks, by classes, 18–20, 72–77
  Domestic finance companies, 36
  Federal Reserve Banks, 10
  Financial institutions, 26
  Foreign banks, U.S. branches and agencies, 21
Automobiles
  Consumer installment credit, 39, 40
  Production, 49, 50

BANKERS acceptances, 9, 23, 24
Bankers balances, 18–20, 72, 74, 76. (*See also* Foreigners)
Bonds (*See also* U.S. government securities)
  New issues, 34
  Rates, 24
Branch banks, 21, 57
Business activity, nonfinancial, 46
Business expenditures on new plant and equipment, 35
Business loans (*See* Commercial and industrial loans)

CAPACITY utilization, 48
Capital accounts
  Banks, by classes, 18, 73, 75, 77
  Federal Reserve Banks, 10
Central banks, discount rates, 69
Certificates of deposit, 24
Commercial and industrial loans
  Commercial banks, 16, 19, 72, 74, 76
  Weekly reporting banks, 19–21
Commercial banks
  Assets and liabilities, 18–20
  Commercial and industrial loans, 16, 18, 19, 20, 21, 72, 74, 76
  Consumer loans held, by type and terms, 39, 40
  Loans sold outright, 19
  Nondeposit funds, 17
  Number by classes, 73, 75, 77
  Real estate mortgages held, by holder and property, 38
  Time and savings deposits, 3
Commercial paper, 23, 24, 36
Condition statements (*See* Assets and liabilities)
Construction, 46, 51
Consumer installment credit, 39, 40
Consumer prices, 46, 48
Consumption expenditures, 53, 54
Corporations
  Nonfinancial, assets and liabilities, 35
  Profits and their distribution, 35
  Security issues, 34, 67
Cost of living (*See* Consumer prices)
Credit unions, 26, 39. (*See also* Thrift institutions)
Currency and coin, 18, 72, 74, 76
Currency in circulation, 4, 13
Customer credit, stock market, 25

DEBITS to deposit accounts, 15
Debt (*See specific types of debt or securities*)
Demand deposits
  Banks, by classes, 18–21, 73, 75, 77

Demand Deposits—Continued
  Ownership by individuals, partnerships, and corporations, 22
  Turnover, 15
Depository institutions
  Reserve requirements, 8
  Reserves and related items, 3, 4, 5, 12
Deposits (*See also specific types*)
  Banks, by classes, 3, 18–20, 21, 73, 75, 77
  Federal Reserve Banks, 4, 10
  Turnover, 15
Discount rates at Reserve Banks and at foreign central banks and foreign countries (*See* Interest rates)
Discounts and advances by Reserve Banks (*See* Loans)
Dividends, corporate, 35

EMPLOYMENT, 47
Eurodollars, 24

FARM mortgage loans, 38
Federal agency obligations, 4, 9, 10, 11, 31, 32
Federal credit agencies, 33
Federal finance
  Debt subject to statutory limitation, and types and ownership of gross debt, 30
  Receipts and outlays, 28, 29
  Treasury financing of surplus, or deficit, 28
  Treasury operating balance, 28
Federal Financing Bank, 28, 33
Federal funds, 6, 17, 19, 20, 21, 24, 28
Federal Home Loan Banks, 33
Federal Home Loan Mortgage Corporation, 33, 37, 38
Federal Housing Administration, 33, 37, 38
Federal Land Banks, 38
Federal National Mortgage Association, 33, 37, 38
Federal Reserve Banks
  Condition statement, 10
  Discount rates (*See* Interest rates)
  U.S. government securities held, 4, 10, 11, 30
Federal Reserve credit, 4, 5, 10, 11
Federal Reserve notes, 10
Federal Savings and Loan Insurance Corporation insured institutions, 26
Federally sponsored credit agencies, 33
Finance companies
  Assets and liabilities, 36
  Business credit, 36
  Loans, 39, 40
  Paper, 23, 24
Financial institutions
  Loans to, 19, 20, 21
  Selected assets and liabilities, 26
Float, 4
Flow of funds, 41, 43, 44, 45
Foreign banks, assets and liabilities of U.S. branches and agencies, 21
Foreign currency operations, 10
Foreign deposits in U.S. banks, 4, 10, 19, 20
Foreign exchange rates, 70
Foreign trade, 56
Foreigners
  Claims on, 57, 59, 62, 63, 64, 66
  Liabilities to, 20, 56, 57, 59, 60, 65, 67, 68

GOLD
Certificate account, 10
Stock, 4, 56
Government National Mortgage Association, 33, 37, 38
Gross national product, 53

HOUSING, new and existing units, 51

INCOME, personal and national, 46, 53, 54
Industrial production, 46, 49
Installment loans, 39, 40
Insurance companies, 26, 30, 38
Interest rates
Bonds, 24
Consumer installment credit, 40
Federal Reserve Banks, 7
Foreign central banks and foreign countries, 69
Money and capital markets, 24
Mortgages, 37
Prime rate, 23
International capital transactions of United States, 55–69
International organizations, 59, 60, 62, 65, 66
Inventories, 53
Investment companies, issues and assets, 35
Investments (*See also specific types*)
Banks, by classes, 18, 19, 20, 21, 26
Commercial banks, 3, 16, 18–20, 38, 72
Federal Reserve Banks, 10, 11
Financial institutions, 26, 38

LABOR force, 47
Life insurance companies (*See* Insurance companies)
Loans (*See also specific types*)
Banks, by classes, 18–20
Commercial banks, 3, 16, 18–20, 72, 74, 76
Federal Reserve Banks, 4, 5, 7, 10, 11
Financial institutions, 26, 38
Insured or guaranteed by United States, 37, 38

MANUFACTURING
Capacity utilization, 48
Production, 48, 50
Margin requirements, 25
Member banks (*See also* Depository institutions)
Federal funds and repurchase agreements, 6
Reserve requirements, 8
Mining production, 50
Mobile homes shipped, 51
Monetary and credit aggregates, 3, 12
Money and capital market rates, 24
Money stock measures and components, 3, 13
Mortgages (*See* Real estate loans)
Mutual funds, 35
Mutual savings banks (*See* Thrift institutions)

NATIONAL defense outlays, 29
National income, 53

OPEN market transactions, 9

PERSONAL income, 54
Prices
Consumer and producer, 46, 52
Stock market, 25
Prime rate, 23
Producer prices, 46, 52
Production, 46, 49
Profits, corporate, 35

REAL estate loans
Banks, by classes, 16, 19, 20, 38, 74
Financial institutions, 26
Terms, yields, and activity, 37
Type of holder and property mortgaged, 38
Repurchase agreements, 6, 17, 19, 20, 21
Reserve requirements, 8
Reserves
Commercial banks, 18, 73
Depository institutions, 3, 4, 5, 12
Federal Reserve Banks, 10
U.S. reserve assets, 56
Residential mortgage loans, 37
Retail credit and retail sales, 39, 40, 46

SAVING
Flow of funds, 41, 43, 44, 45
National income accounts, 53
Savings and loan associations, 26, 38, 39, 41. (*See also* Thrift institutions)
Savings banks, 26, 38, 39
Savings deposits (*See* Time and savings deposits)
Securities (*See also specific types*)
Federal and federally sponsored credit agencies, 33
Foreign transactions, 67
New issues, 34
Prices, 25
Special drawing rights, 4, 10, 55, 56
State and local governments
Deposits, 19, 20
Holdings of U.S. government securities, 30
New security issues, 34
Ownership of securities issued by, 19, 20, 26
Rates on securities, 24
Stock market, selected statistics, 25
Stocks (*See also* Securities)
New issues, 34
Prices, 25
Student Loan Marketing Association, 33

TAX receipts, federal, 29
Thrift institutions, 3. (*See also* Credit unions *and* Savings and loan associations)
Time and savings deposits, 3, 13, 17, 18, 19, 20, 21, 73, 75, 77
Trade, foreign, 56
Treasury cash, Treasury currency, 4
Treasury deposits, 4, 10, 28
Treasury operating balance, 28

UNEMPLOYMENT, 47
U.S. government balances
Commercial bank holdings, 18, 19, 20
Treasury deposits at Reserve Banks, 4, 10, 28
U.S. government securities
Bank holdings, 18–20, 21, 30, 72, 74, 76
Dealer transactions, positions, and financing, 32
Federal Reserve Bank holdings, 4, 10, 11, 30
Foreign and international holdings and transactions, 10, 30, 68
Open market transactions, 9
Outstanding, by type and holder, 26, 30
Rates, 24
U.S. international transactions, 55–69
Utilities, production, 50

VETERANS Administration, 37, 38

WEEKLY reporting banks, 19–21
Wholesale (producer) prices, 46, 52

YIELDS (*See* Interest rates)

Index to Volume 75

GUIDE TO PAGE REFERENCES IN MONTHLY ISSUES

Issue	Text	"A" Pages	Index to tables	Issue	Text	"A" pages	Index to tables
January	1-52	1-88	89-90	July	461-526	1-77	78-79
February	53-106	1-78	79-80	August	527-590	1-93	94-95
March	107-226	1-78	79-80	September	591-658	1-79	80-81
April	227-320	1-84	85-86	October	659-726	1-77	78-79
May	321-422	1-82	83-84	November	727-770	1-87	88-89
June	423-460	1-102	103-04	December	771-844	1-85	86-87

The "A" pages consist of statistical tables and reference information.

Statistical tables are indexed separately (see p. A86 of this issue).

AGRICULTURE
Drought and the economy, article 1
Loans
Recent developments 466
Recent experience of farm lenders 9
Aldrich-Vreeland Act 424
Allocated Transfer Risk Reserve 137
Alvarez, Scott G., Assistant General Counsel,
Legal Division, appointment 152
Amel, Dean F., article 120
American Bankers Association, basic banking data 555
American Depository Receipts, international
securities markets 560
American Enterprise Institute 53
Angell, Wayne D., Federal Reserve System's
budget, statement 677
Annual Statistical Digest, 1988, publication 820
Articles
Asset securitization: a supervisory perspective 659
Drought, agriculture, and the economy 1
Establishment and evolution of the Federal
Reserve Board: 1913-23 227
Formation of private business capital: trends, recent
developments, and measurement issues 771
Home equity lending 333
International gold standard and U.S. monetary
policy from World War I to the New Deal 423
Monetary policy in an era of change 53
Monetary policy reports to the Congress 107, 527
Mutual recognition: integration of the financial
sector in the European Community 591
Priced services, 1988 and 1989 540
Recent developments in the profitability and
lending practices of commercial banks 461
Transfer risk in U.S. banks 255
Treasury and Federal Reserve foreign exchange
operations 58, 259, 485, 670
Trends in banking structure since the mid-1970s 120
U.S. international transactions in 1988 321
U.S. policy on the problems of international debt 727
Understanding the behavior of M2 and V2 244
Asset-backed securities, article 659

Automated clearinghouses
Credit and debit transactions, revised proposal 352
Transactions, proposed action, announcement 288

BANK failures, number, 1987-89, statement 808
Bank for International Settlements 591
Bank Holding Company Act of 1956
Orders issued under
1867 Western Financial Corporation 45
1st AmBanc, Inc. 839
1st United Bancorp 403
Abbott Bank Group, Inc. 723
Abess Properties, Ltd. 220
Adam Bank Group, Inc. 317
Adrian Bancshares, Inc. 44
Advance Banc Shares, Inc. 220
AFC Acquisition Corporation 224
Alabama National Bancorporation 402
Alexis Bancorp, Inc. 839
Algemene Bank Nederland, N.V., Amsterdam,
The Netherlands, ... 653, 842
Allegiant Bancorp, Inc. 765
Allied Irish Banks, PLC, Dublin, Ireland 524
Alpine Banks of Colorado 522
Amboy Bancorp, Inc. 765
Amarillo Delaware Bancorp, Inc. 839
American Bancorp of Ponca City, Inc. 723
American Bancorporation, Inc. 102
American Bankshares, Inc. 44
American Chartered Bancorp, Inc. 100
American Community Bank Group, Inc. 220
American National Corporation 522
American State Corporation 100
ANB Bankcorp, Inc. 100
Annapolis Bancshares, Inc. 402
ARSEBECO, Inc. 701
Artemisia Holdings, Inc. 585
Atcorp, Inc. 44
Athens Bancorp, Inc. 220
B.H.C., Inc. 44
B.M.J. Financial Corp. 705
B/W Bancshares, Inc. 220

Page

Bank Holding Company Act of 1956 – Continued
Orders issued under – Continued
Bainum Bancorp II 839
Bainum Bancorp 100
Baldwin Bancshares, Inc. 317
Banc One Corporation 574, 653, 842
Bancook Corporation 839
Bancorp II, Inc. 44
Bancorp of Tomah, Inc. 48
BancFirst Corp. 839
Bancpal, Inc. 723
Bank of Bermuda Limited 513
Bank of Bolivar Employee Stock Ownership Plan and Trust 586
Bank of Boston Corporation 35, 79
Bank of Ireland, Dublin, Ireland 39
Bank of Maryland Corp. 220, 723
Bank of New Mexico Holding Company 48
Bank of New York Company, Inc. 725
BankAmerica Corporation 78, 825, 827
Bankers Trust New York Corporation 192, 829
Bankers' Bancorporation of Florida, Inc. 522
Banknorth Group, Inc. 703
Banque Indosuez, Paris, France 717
Banterra Corp. 44
Barclays Bank PLC, London, England 725
Barclays PLC, London, England 725
Barnett Banks, Inc. 80, 82, 100, 190, 220, 319, 585
Baxter County Bancshares, Inc. 220
BayBanks, Inc. 223, 725
Belle Fourche Bancshares, Inc. 586
Berger Bancorp, Inc. 44
Bermuda (U.S.) Holdings Limited 513
Big Sioux Financial, Inc. 50
BJS, Inc. 522
Blairstown Bancorp, Inc. 586
Bloomfield Hills Bancorp 765
Blue Ridge Bankshares, Inc. 44
Bluestem Financial Corp. 220
Blunt Bank Holding Company 44
BMR Financial Group, Inc. 586, 651
BOC Bancshares, Inc. 651
BON, Inc. 100
Bosshard Banco, Ltd. 651
Bosshard Financial Group, Inc. 100
Boston Bank of Commerce Employee Stock Ownership Trust 839
Bradley County Financial Corp. 220
Bridge Bancorp, Inc. 402
Brooke Holdings, Inc. 104
Bryan Bancorp of Georgia, Inc. 723
BT Financial Corporation 457
BTNC Corp. 457
Buena Vista Bancorp, Inc. 44
Business Bancorp 768
C.N. Bancorp, Ltd., Taipei, Taiwan 187
Cameron Investment Company, Inc. 457
Campbell Hill Bancshares, Inc. 651
Canaan National Bancorp, Inc. 220
Capital City Bank Group, Inc. 522
Capital Holdings, Inc. 638
Carolina FirstBancShares, Inc. 522
Cascade Bancorporation, Inc. 765
Catherine Stuart Schmoker Family Partnership 317
CB&T Bancshares, Inc. 319, 381, 402, 723
CB&T Financial Corp. 514
CBS Banc-Corp 765
Central Bancompany 44
Central of Kansas V, Inc. 651
Central of Kansas, Inc. 651
Cenvest, Inc. 100
Chandlerville Bancshares, Inc. 317
Charter 95 Corporation 100

Page

Bank Holding Company Act of 1956 – Continued
Orders issued under – Continued
Chase Manhattan Corporation 192, 458, 725
Chemical Banking Corporation 97, 725
Chemical Financial Corporation 522
Chesapeake Bank Corporation 319
China Trust Capital B.V., The Netherlands 302
China Trust Holdings Corp. 302
China Trust Holdings N.V., Curacao, Netherlands Antilles 302
Chisholm Bancshares, Inc. 457
Citicorp 85, 192, 524, 716
Citizens and Southern Corporation 48, 839
Citizens and Southern Georgia Corporation 48
Citizens Bancorp 402
Citizens Bancorporation, Inc. 522
Citizens Bancshares, Inc., Bozeman, Montana 522
Citizens Bancshares, Inc., Salineville, Ohio 839
Citizens Independent Bancorp, Inc. 44
Citizens Investment Co., Inc. 317
Citizens National Bancorporation 765
Citizens National Bancshares, Inc. 220
CitNat Bancorp, Inc. 317
Citrus Financial Services Corporation 839
City Bancorp, Inc. 522
Clarke, Inc. 839
Cleveland Bancshares, Inc. 221
CMJR Investments, Inc. 402
CNB Bancorp, Inc. 44
CNB Bancshares, Inc. 317
Coal City Corporation 586
Colfax Bancshares, Inc. 766
Collins Bankcorp, Inc. 221
Colonial Bancshares, Inc. 766
Colwich Financial Corporation 402
Comerica Incorporated 224, 725
Commbanc Shares, Inc. 100
Commerce Bancorp, Inc. 44
Commerce Bancshares, Inc. 43
Commercial Bankstock, Inc. 651
Commonwealth Trust Bancorp, Inc. 586
Community Bancorp, Inc. 101
Community Financial Bancorp 457
Community Financial Corporation 101, 524
Community First South Dakota Bankshares, Inc. 769
Community Illinois Corporation, Rock Falls, Ill. 651
Compagnie Financiere de Suez, Paris, France 717
Conrad Company 402
Constellation Bancorp 522
Continental Bancorporation 586
Continental Bank and Trust Company 223
Continental Bank Corporation 304
Continental Illinois Bancorp, Inc. 304
Conway BanCorp, Inc. 221
Cordele Bancshares, Inc. 522
Cordova Bancshares, Inc. 221
Country Bank Shares, Inc. 651
County Bancorporation, Inc. 522
Credit and Commerce American Holdings, N.V., Curacao, Netherlands Antilles 302
Credit International Bancshares, Ltd. 187
Crestar Financial Corporation 382
Crosswhite Bankshares, Inc. 839
Crown National Bancorporation, Inc. 522
D & D Bancshares, Inc. 101
Dahlonega Bancorp, Inc. 651
Dassel Investment Company 101
Dearborn Bancorp, Inc. 522
Deerfield Financial Corporation 522
Dentel Bancorporation 766
Dickinson Bancorporation, Inc. 402
Dickinson Financial Corporation 45
Draper Holding Company 842

Page

Bank Holding Company Act of 1956—Continued
Orders issued under—Continued
Dresdner Bank AG, Frankfurt, Federal Republic of Germany 642
Duke Financial Group, Inc. 45
Dulaney Bancorp, Inc. 45
Dumas Bancshares, Inc. 101
Eastchester Financial Corporation 402
Eastern Bank 319
Eastern Savings Bancorp, Inc. 319
Easton Bancshares, Inc. 586
Edgeley Bancorporation, Inc. 45
Empire Bank Corp. 45
Employee Stock Ownership Trust of the People's Bank & Trust Company of Pickett County 766
Enterprise Bancorp, Inc. 402
Equimanagement, Inc. 221
Equimark Corporation 221, 707
Equity Financial Ventures, Inc. 45
Evans Bancorp, Inc. 101
Exchange Bancorp, Inc. 101
F & M National Corporation 840
F & P Bancshares, Inc. 723
F.B.H. Corp. 457
F.N.B. Corporation 46, 49
F.N.B.A. Holding Company, Inc. 711
F.W.S.F. Corporation 651
Fairfield County Bancorp, Inc. 101, 221
Family Bancorp 319
Fannin Bancshares, Inc. 586
Far West Bancorporation 839
Farmers & Merchants Bancshares, Inc. 221
Farmers Bancshares of Oberlin, Inc. 766
Farmers Bancshares, Inc. 523
Farmers Savings Bank Employee Stock Ownership Plan and Trust 523
Farmers State Bancorp 101
Farmers State Bankshares, Inc. 839
Farmington Bancorp, Inc. 586
Fayette Bancorporation 766
Fayette County Bancshares, Inc. 839
FBC Holding Company, Inc. 723
FBT Bancshares, Inc. 221
FDH Bankshares, Inc. 839
Fidelity Bankshares, Inc. 766
Fifth Third Bancorp 101, 651, 766, 843
Finacorp, Inc. 221
Financial Future Corporation 402
Financial Institutions Holding Corporation 45
Financial Partners, Inc. 27
Financial Services Corporation of the Midwest 402
FIRST SUBURBAN BANCORP CORPORATION 102
First American Corporation 576
First Banc Securities, Inc. 221
First Bancorp, Inc. 223, 523
First Bancorporation of Akron 45
First Bank System, Inc. 49, 74, 387, 654, 725
First Bankers Trustshares, Inc. 221
First Banks, Inc. 402
First Busey Corporation 101, 651
First Capital Corporation 766
First Cherokee Bancshares, Inc. 221
First Chicago Corporation 43, 838
First City Bank of Dallas 101
First Clay County Banc Corporation 586
First Clayton Bancshares, Inc. 766
First Colonial Bankshares Corporation 221
First Commerce Bancshares, Inc. 317
First Commercial Bancshares, Inc. 221
First Commercial Corporation 45
First Commercial Holding Corporation 651
First Commonwealth Financial Corporation 404
First Community Bancorp, Inc. 840

Page

Bank Holding Company Act of 1956—Continued
Orders issued under—Continued
First Community Bank 317
First Dakota Financial Corporation 101
First Eagle Bancshares, Inc. 840
First Essex Bancorp, Inc. 457
First Essex NH Bancorp, Inc. 457
First Financial Bancorp 651
First Holmes Corporation 652
First Interstate Bancorp 708
First Interstate Bank of California 708
First Interstate Corporation of Wisconsin 101, 103
First Kansas Holding Company 402
First McKinley Corporation, ... 586
First Michigan Bank Corporation 523
First National Bancorp 221, 523
First National Bancorp, Inc. 101
First National Bancshares of Winfield, Inc., ... 102, 223, 318, 402
First National Bancshares, Inc. 402
First National Bank of Blue Island Employee Stock Ownership Trust 723
First National Bank of Chicago 43
First National Bankshares of Henry County, Inc. 840
First National Bowie Bancorp 403
First National Corporation 766
First National Financial Corporation 652
First National Insurance Agency, Inc. 457
First National of Nebraska, Inc. 27
First National Security Company 766
First Oak Brook Bancshares, Inc. 221
First of America Bancorporation-Illinois, Inc. 45, 318
First of America Bank Corporation .. 45, 102, 317, 318, 836
First of America Bank Corporation-Indiana 102
First of Searcy, Inc. 318
First Paxton Bancorp, Inc. 102
First Security Corporation 766
First Shares, Inc. 46
First Southeastern Banc Group, Inc. 457
First Southern Bancorp, Inc. 46
First State Bancorp, Inc. 766
First State Bancorporation 46
First State Bancshares, Inc. 403
First State Bankshares, Inc. 523
First Tennessee National Corporation 103
First Tuttle Bancorp, Inc. 318
First Union Corporation 645
First United Bancorporation 588
First Universal Bancorporation, Inc. 766
First Wachovia Corporation 586
First Wisconsin Corporation 31, 102, 318
Firstar Corporation 651
FirstBank Holding Company of Colorado 43, 521, 585
FirsTier Financial, Inc. 188
FirstMorrill Co. 45
FirstPerryton Bancorp, Inc. 45
Firstshares of Texas, Inc. 46
FISCORP, Inc., dba First Institutional Service Corporation 523
Fleet/Norstar Financial Group, Inc., .. 49, 50, 223, 404, 654
Florida Security Holding Corporation 46
FM Bancorp, Inc. 767
FNB Bancshares, Inc. 403
FNB, Inc. 46, 523
FNC Acquisition Company 586
FNW Bancorp, Inc. 46
Ford Bank Group, Inc. 46
Foresight Financial Group, Inc. 403
Fort Wayne National Corporation 638
Fostoria Bankshares, Inc. 403
Four County Bancshares, Inc. 318
Fourth Financial Corporation 46, 723
Fourth St. Financial Corp. 767

Page

Bank Holding Company Act of 1956 – Continued
Orders issued under – Continued
Frankford Corporation 403
Franklin Bancorporation, Inc. 523
Franklin Financial Corporation 652
Franklin State Bancshares, Inc. 840
Friendship Bancorp 221
FSB Bancorp, Inc. 586
FSB of Victor, Inc. 221
Fuji Bank, Limited, Tokyo, Japan, ... 94, 577, 654
Fulton Bancshares Corporation 586
Gateway Financial Corporation 523
GNB Bancshares, Inc. 840
George Washington Banking Corporation 318
Gold Bancshares, Inc. 723
Golden Gate Bancor 457
Golden Isles Financial Holdings, Inc. 586
Golden Triangle Bancshares, Inc. 221
Gore-Bronson Bancorp, Inc. 46
Grand Bank Financial Corporation 654
GreatBanc, Inc. 524
Green Top, Inc. 840
Greene County Bancshares, Inc. 767
Greenville Financial Corporation 222
Growth Financial Corporation 840
Guaranty Bancshares Corporation 104, 652
Guaranty National Bancshares, Inc. 840
Gwinnett Bancorp, Inc. 222
Hampton Park Corporation 104
Harmonia Bancorp, Inc. 767
Harrogate Corporation 222
Hastings Financial Corporation 457
Henderson Bancorporation, Inc. 767
Heritage Bancshares Corporation 652
Heritage Bancshares, Inc. 586
Hershare Financial Corporation 586
HMC Holding Company 46
HNB Bancorp, Inc. 586
Home Interstate Bancorp 725
Hongkong and Shanghai Banking Corporation,
Hong Kong, B.C.C. 217, 224, 455, 725
Horizon Bancorp, Inc. 723
HSBC Holdings B.V., Amsterdam,
The Netherlands 217, 224, 455, 725
HTB, Inc. 767
Hub Financial Corporation 222
Huntington Bancshares Incorporated 33, 765
Huron Community Financial Services, Inc. 457
Huron National Bancorp, Inc. 767
Hutchinson Financial Corporation 652
IBT Bancorp, Inc. 102
Illinois Financial Services, Inc. 652
Illinois One Bancorp, Inc. 523
Illinois Valley Bancshares, Inc. 840
Indebancorp 767
Indecorp, Inc. 222
Independent Southern Bancshares, Inc. 587
Indian River Banking Company 457
Indiana Bancshares, Inc. 46
InterCounty Bancshares, Inc., Employee
Stock Ownership Plan 840
International Bancorporation 767
Interstate Bancshares, Inc. 767
Investors Financial Corporation 840
Iowa Financial Bancorporation 723
J.P. Morgan & Co. Incorporated 192
Jacob Schmidt Company 102
James Stuart, Jr. Family Partnership 317
Jamestown Bancorp, Inc. 46
Jason Bankshares, Inc. 318
JDOB, Incorporated 587
Jefferson Bancshares, Inc., Louisville, Ga. 523
Jefferson Bankshares, Inc., Charlottesville, Va. 652

Page

Bank Holding Company Act of 1956 – Continued
Orders issued under – Continued
Johnson Heritage Bancorp, Ltd. 318
Johnson International Bancorp, Ltd. 843
Jorgenson Holding Company 318
JSB Bancorp 767
JTNB Bancorp, Inc. 318
Kellett N.V., Curacao,
Netherlands Antilles 217, 224, 455, 725
Kermit State Bancshares, Inc. 104
Kerndt Bank Services, Inc. 524
Kersey Bancorp, Inc. 222
Key Bancshares of Wyoming Inc. 50
Key Centurion Bancshares, Inc. 523, 587
KeyCorp 50
Klossner Bancorporation, Inc. 102
Lake Crystal Bancorporation, Inc. 104
Lake Shore Bancorp., Inc. 523
Lakeland Bancorp, Inc. 102
Lakeland Bancshares, Inc. 222
Lakeside Bank Holding Company 222
Lakeside Credit Company, Inc. 457
Lanier Bankshares, Inc. 403
Lawrence L. Osborn Scholarship Trust 457
Lawton Partners Holding Company 102
Lee National Banc Corp. 767
Lexington Bancshares, Inc. 587
Liberty National Bancorp, Inc. 767
Lincoln Holding Company 840
Litchville State Bank Holding Company 723
Livingston & Company Southwest, L.P. 46, 840
Livingston Southwest Corporation 46, 840
Logansport Bancorp, Inc. 725
Long-Term Credit Bank of Japan, Limited,
Tokyo, Japan 719
Lordsburg Financial Corporation 652
Louisville Company 458
Lower Rio Grande Valley Bancshares, Inc. 318
Lubbock National Bancshares, Inc. 767
M & M Bancorp, Inc. 47
M.O. Packard Investment Company 47
M.O.I. Inc. 841
Mackinaw Valley Financial Services, Inc. 724
Madison Agency, Inc. 652
Madison Bancshares Group, Ltd. 403
Magna Group, Inc. 318, 403
Main Line Bancshares, Inc. 767
Main Street Banks Incorporated 46
Manufacturers Hanover Corporation 725
Marietta Bancshares, Inc. 50
Marine Corporation 767
Marine Midland Banks, Inc. 217, 224, 455, 725
Markesan Bancshares, Inc. 222
Marseilles Bancorporation, Inc. 840
Marshall & Ilsley Corporation 46, 318, 724
Martinius Corporation 767
MCB Acquisition Company 318
Mercantile Bancshares, Inc. 724
Mercantile Bankshares Corporation 104
Merchant Bank Corporation 724
Merchant House 724, 768
Merchants National Corporation 46, 388, 767
Meredosia Bancorporation, Inc. 47
Meridian Bancorp, Inc. 652
Metrocorp, Inc. 519
MGB Bancshares, Inc. 457
Miami Bancshares, Inc. 458
Miami Corporation 724
Michael Bancorporation, Inc. 403
Michigan National Corporation 88, 652, 721, 765
Mid Am, Inc. 403
MidAmerican Corporation 515
MidConn Bancorp, Inc. 318

Page
Bank Holding Company Act of 1956—Continued
Orders issued under—Continued
Midlantic Corporation 652
Midmerica Bank Corporation 523
MidSouth Bancshares, Inc. 587
Midwest Financial Group 386
Midwest Guaranty Bancorp, Inc. 102
Mineral King Bancorp, Inc. 318
Mineral Wells Bancshares, Inc. 767
Minnesota State Bancshares, Inc. 222
Minonk Bancshares, Inc. 724
Mission-Valley Bancorp 403
Missouri Valley Financial Services, Inc. 403
MNC Financial, Inc. 90, 842
Monahans Bancshares, Inc. 104
Montana Bancsystem, Inc. 49
Monticello Bankshares, Inc. 102
Moody Bank Holding Company, Inc. 102
Moore Financial Group, Incorporated 222, 223, 458
Morris State Bancshares, Inc. 587
Mount Sterling National Holding Corporation 842
Mountain West Banking Corporation 652
Mountain-Valley Bancshares, Inc. 102
Multibank Financial Corp. 768
Muncy Bank Financial, Inc. 47
Napa Valley Bancorp 222
National Banc of Commerce Company 47
National City Bancshares, Inc. 102
National City Corporation 650, 754
National Penn Bancshares, Inc. 587
National Westminster Bancorp Inc. 653
National Westminster Bancorp NJ 652
National Westminster Bank PLC,
London, England 653, 725
NatWest Holdings Inc., Wilmington, Delaware 653
NatWest Holdings, Inc., New York, New York 725
NB Corporation 653
NBCC, Inc. 47
NBD Bancorp, Inc. 102, 223
NBM Bancorp, Inc. 587
NCNB Corporation 520
NEB Corporation 222
Nevada National Co. 525
New East Bancorp 458, 841
New Mexico Bank Corporation, Inc. 47
New Mexico Financial Corporation 103
New Richland Bancshares, Inc. 653
New Ross Bancorp 523
Nippon Credit Bank, Ltd., Tokyo, Japan 308
NoDak Bancorporation 523
NorCentral Bancshares, Inc. 587
North East Bancshares, Inc. 458
North Georgia National Bancshares, Inc. 653
North Linn Corporation 724
North Shore Financial Corporation 47
Northeast Bancorp, Inc. 725
Northern New York Bancorp, Inc. 403
Northern Trust Corporation 458, 523, 842
Northwest Illinois Bancorp, Inc. 768
Norton Capital Corporation 523
Norwest Corporation 43, 100, 223, 399,
524, 588, 769, 842
NSB Holdings, Inc. 768
O.A.K. Financial Corporation 222
Ocean State Bancshares 841
Oelwein Bancorporation 724
Old National Bancorp 222, 318
Omega Financial Corporation 222
OMNIBANCORP 841
ONBANCorp, Inc. 724
Orono Financial, Inc. 587
Orrstown Financial Services, Inc. 458
P.C.B. Bancorp, Inc. 47

Page
Bank Holding Company Act of 1956—Continued
Orders issued under—Continued
P.N.B. Financial Corporation 841
Panhandle Aviation, Inc. 319
Parker Bancshares, Inc. 47
PBA Bancorporation 458
People's Savings Financial Corp. 587
Peoples Bancorp Inc. 47
Peoples Bancorp of Winchester Inc. 653
Peoples Bancshares of Gambier Incorporated 458
Peoples Bancshares, Inc., Elba, Alabama 47
Peoples Bankshares, Inc., Parshall, North Dakota........ 524
Peoples Community Bancorporation, Inc. 403
Peoples Financial Corp. of Illinois, Inc. 768
Peoples First Corporation 653
Peoples Heritage Financial Group, Inc. 47, 653
Peoples Investment Corporation 319
Pine Creek Bancorp, Inc. 653
PINNACLE BANC GROUP, Inc. 724
Pioneer Acquisition Corp. 653
Pioneer Bancorp, Inc. 47
Plains Corporation 841
Plainview Bankshares, Inc. 843
Plainview Holding Company 724
PNB Bankshares, Inc. 403
PNC Financial Corp 47, 312, 396, 588
Ponte Vedra Banking Corporation 640
Port St. Lucie National Bank Holding Corp. 47
Prairie State Bancorp, Inc. 841
Premier Bancshares of Texas, Inc. 48
Princeton Agency, Inc. 524
PSB Financial Shares, Inc. 841
PTB Corporation 222
Public Bank Holding Company, Inc. 306
PWB Bancshares, Inc. 458
Raymond Acquisition Corporation 48
Raymond Bancorp, Inc. 48
Readlyn Bancshares, Inc. 768
Red River Financial Corporation 524
Redwood Empire Bancorp 48
Reelfoot Bancshares, Inc. 768
Regency Financial Shares, Inc. 524
Regent Bancshares, Corp. 458
Reliable Community Bancshares, Inc. 403
Republic Bancorp, Inc. 48
RHNB Corporation 654
River Forest Bancorp, Inc. 841
Rodgers Family Bancshares, Inc. 841
Romney Bankshares, Inc. 524
Royal Bank of Scotland Group PLC,
Edinburgh, Scotland 41
S&T Bancorp, Inc. 404
SBK Bancshares, Inc. 653
Scandinavian Bank Group PLC, London,
United Kingdom 311
Schneider Bancorporation 103
Scott Bancshares, Inc. 222
Scott Stuart Family Partnership 317
Seafirst Corporation 827
Sebastian Bankshares, Inc. 48
Security Bancorp, Inc. 768
Security Bancshares Company 524
Security Bancshares, Inc. 649
Security Exchange Bancorp., Inc. 724
Security National Corporation 222
Security Pacific Corporation 76, 192, 726, 756
Seligman Bancshares, Inc. 48
Sequoyah County Bankshares, Inc. 222
Shelby Insurance, Inc. 840
Sheldon Security Bancorporation, Inc. 768
Sheldon Security Financial Corporation 768
Sierra Petroleum Co., Inc. 48
Signet Banking Corporation 34

Page
Bank Holding Company Act of 1956—Continued
Orders issued under—Continued
Sleepy Hollow Bancorp, Inc. 404
Smoky Mountain Bancorp, Inc. 587
Societe Generale 580
Society for Savings Bancorp, Inc. 726
South Banking Company 724
South Gasconade Investment Corporation 404
South Holt Bancshares, Inc. 841
Southeast Banking Corporation 92, 459
SouthTrust Corporation 48, 77, 222, 223, 516, 524, 647, 724
Southwest Missouri Bancorporation, Inc. 48
Sovran Financial Corporation 103
Spearman Bancshares, Inc. 841
St. Croix Valley Bancshares, Inc. 575
St. Landry Bancshares, Inc. 524
State Bancshares, Inc. 103, 587
State National Bancshares, Inc. 223
State Savings Bancorp, Inc. 653
Stearns Financial Services, Inc. 841
Stone County National Bancshares, Inc. 724
Stuart Family Partnership 317
Sumitomo Bank, Limited, Osaka, Japan 582, 587
Summcorp 103
Summit Bancorporation 712, 841
SunTrust Banks, Inc. 43
Susquehanna Bancshares, Inc. 458
Sweet Water State Bancshares, Inc. 319
TB&C Bancshares, Inc. 723
TCB Bancshares, Inc. 587
Terrapin Bancorp, Inc. 48
Terre Du Lac Bancshares, Inc. 841
Teton Bancshares, Inc. 724
Texas Bancorporation, Inc. 587
Texas Peoples National Bancshares, Inc. 103
Texop Bancshares II, Inc. 404
Texop Bancshares, Inc. 404, 640
Thompson Financial, Ltd. 48
Thompson Insurance, Inc. 524
Three Forks Bancorporation 524, 525
Tokai Bank, Limited, Naka-ku, Nagoya, Japan 224
Tomball Capital Corporation 842
Tomball National BancShares, Inc. 842
Tompkins Bancorp, Inc. 404
Toronto-Dominion Bank, Toronto, Canada 525
Trenton Bancshares, Inc. 404
Trenton Trust Bancshares, Inc. 48
Tritten Bancshares, Inc. 48
Trustcorp, Inc. 104
Tulsa National Bancshares, Inc. 843
U.S. Bancorp 49, 404
U.S. Trust Corporation 654
Union Bancorporation 319
Union Planters Corporation 223, 319, 842, 843
United Bancshares of Nebraska, Inc. 319
United Community Corporation 307
United Counties Bancorporation 714
United Missouri Bancshares, Inc. 223
United Nebraska Financial Co. 842
United Saver's Bancorp, Inc. 654
United Security Bancorporation 103
ValliCorp Holdings, Inc. 843
Veedersburg Bank Corporation 458
Ventura County National Bancorp 769
Vineyard National Bancorp 49
W-CV Bancorp., Inc. 223
W.T.B. Financial Corporation 458
Wabeno Bancorporation, Inc. 768
Washington Bancorporation 29
Washington National Holdings, N.V., Netherlands Antilles 29
Wauneta Falls Bancorp, Inc. 653

Page
Bank Holding Company Act of 1956—Continued
Orders issued under—Continued
WB&T Bancshares, Inc. 842
Wellington Bancorp, Inc. 319
Wells Fargo & Company 588
Weslaco Bancshares, Inc. 49
West Jersey Bancshares, Inc. 843
West Michigan Financial Corporation 524
West-Ark Bancshares, Inc. 842
Western Bancshares, Inc. 319
Western Springs Bancorp, Inc. 49
WestOne Bancorp 587
Westpac Banking Corporation, Sydney, Australia 398
Wheeler County Bancshares 103
Whiting Bankshares, Inc. 223
Whitney Holding Corporation 458
Widmer Bancshares, Inc. 524
Wilkinson Banking Corporation 725
Williams-Augusta Acquisition Corp. 187
WIN Bancorp, Inc. 49
Winter-Park Bancshares, Inc. 103
Wisdom Holding Corporation 104
Withee Bank Shares, Inc. 725
WNB Bancshares, Inc. 103
Wood Lake Bancorporation, Inc. 319
Worthington Bancshares, Inc. 49
Wyandotte Ban Corporation 49
Bank holding companies
Capital adequacy guidelines, risk-based measure 171
Bank insurance fund, state of and adequacy of supervisory framework for banking institutions, statement 738
Bank Merger Act
Orders issued under
1st United Interim Bank 405
BancFirst 726
Bank of Mid-Jersey 405
Bank of New York 654
Bank of Romney 525
Central Florida Banc Shares, Inc. 50
Central Savings Bank 843
Chemical Bank and Trust Company 844
Citizens Bank of Virginia 405
Cole Taylor Bank/Drovers 105
Comerica Bank-Detroit 844
Crestar Bank 655
First Bank of Crestview 726
First Bank of Johnston City 224
First Bank of Stockton/Warren 588
First Bank/Dixon 588
First City Bank of Dallas 50
First Community Bank, Inc. 105, 726
First Interstate Bank of California 44
First of America Bank-Northern Michigan 588, 655
First Western Bank Custer 224
Heartland Bank 844
Indian Head Bank and Trust Company 769
Kent City State Bank 459
Liberty Bank 588
Manufacturers Hanover Trust Company 761
MNC Financial, Inc. 588
Norstar Bank 655
Pioneer Bank and Trust 588
Scottscom Bank 50
Security Bank and Trust Company 769
Sovran Bank/Central South 722
Sovran Bank/Memphis 320
State Savings Bank of South Lyon 50
Texas Bank 224
Texas Commerce Bank-Rio Grande Valley 655
Union Colony Bank 588
Victoria Bank & Trust Company 844
Banking structure trends, article 120

Page

Banking system
Condition, statement 803
Debt-servicing difficulties, statement 136
Basic Banking Services Access Act of 1989, H.R. 3181, statements 554, 786
Basle Accord 598
Basle Committee on Banking Regulations and Supervisory Practices 147, 597
Board of Governors (*See also* Federal Reserve System)
Consumer Advisory Council (*See* Consumer Advisory Council)
Establishment and evolution of the Federal Reserve Board, article 227
Federal Open Market Committee (*See* Federal Open Market Committee)
Fees (*See* Fees for Federal Reserve services to depository institutions)
Litigation (*See* Litigation)
Members
Heller, H. Robert, resignation 566
List, 1913–89 656
Policy statements (*See specific subject*)
Publications and releases (*See* Publications in 1989)
Regulations (*See* Regulations)
Rules (*See* Rules)
Staff
Changes
Johnson, Jennifer J. 65
Lepper, Susan J. 821
McAfee, James 65
Mattingly, J. Virgil, Jr. 288
Parkinson, Patrick M. 352
Snyder, Barry R. 288
Stockton, David J. 751
Stockwell, Eleanor J. 19
Summers, Bruce, J. 152
Tigert, Ricki R. 152
Welch, Patricia A. 698
List A78
Staff studies (*See* Staff studies)
Statements to the Congress (*See* Statements to Congress)
Thrift Institutions Advisory Council (*See* Thrift Institutions Advisory Council)
Boemio, Thomas R., article 659
Book-entry securities, expenses to Federal Reserve Banks 681
Bowen, Brent L., statement 684
Brady Commission, and international securities markets 561
Brady, Nicholas F.
Plan to address economic situation of heavily indebted countries 472
Proposal 563
Brotman, Daniel, reports 485
Bulletin board, statistical releases computerized, announcement 288
Business capital, private
Accumulation during the 1980s 780
Distinction between capital stock and capital input 771
Estimates for the United States 772
Growth of since World War II 775
Relation between growth of stock and investment 783

CANNER, Glenn B., article 333
Capital Adequacy Guidelines, home equity lending 343
Cassis de Dijon 593
Check clearing and collection
Expedited Funds Availability Act and Regulation CC, revision, announcement 443
New Jersey state law, preemption determination 73
Returned check services, revised prices 351
Teller's and cashier's checks, delayed disbursement, announcement 443

Page

Chicago Board of Trade's Aurora system, statement on international securities markets 560
Chicago Mercantile Exchange's GLOBEX, statement on international securities markets 560
Code of Federal Regulations, correction, amendment 73
Commercial banks, profitability and lending practices, article 461
Commodity Credit Corporation 1, 113
Community Reinvestment Act of 1980
Enforcement, statement 619
Information statement, joint revision 351
Statement on legislation 550
Compensation program and Federal Reserve System budget, statement 679
Competitive Equality Banking Act of 1987
Federal Reserve System budget, statement 678
Home equity lending 341, 342
Thrift industry recovery and reform 280, 349
Completing the Internal Market, white paper 592
Comptroller of the Currency, Office of
Asset-backed securities, article 662
Joint statement on Community Reinvestment Act 351, 551
Consumer Advisory Council
Meetings 352, 567, 820
Members, new appointments 148
Nominations sought for appointees, announcement 631
Consumer Attitudes, 1988 surveys 334
Corporate restructuring activity, statements 142, 267
Council of Economic and Finance Ministers 599
Country Exposure Lending Survey 256
Country Exposure Report 256
Crabbe, Leland, article 423
Credit
Home equity
Brochure 698
Lending 333, 341, 342, 566
Stock market (*See* Over-the-counter stocks, list of marginable)
Truth in Lending (*See* Regulations: Z)
Cross, Sam Y., reports 58, 259, 485, 670

DEALERS, primary, designations of those controlled by firms from United Kingdom and Japan, announcement 698
Depository institutions (*See specific types*)
Reserve requirements (*See* Reserve requirements *and* Regulations: D)
Deposits, brokered, use by financial institutions 495
Deregulation, effects on monetary policy 54
Developing countries, announcement regarding statement on policy on debt 350
Direct deposit, social security benefits, disclosure requirements 352
Directors, Federal Reserve Banks and Branches, list 407
Discount rate at Reserve Banks, change 287
Douglas amendment and the banking structure 122
Drought, article 1
Durkin, Thomas A., article 333
Dykes, Sayre Ellen, article 227

EARNINGS and expenses (*See* Income and expenses)
Economic financial developments (*See* Monetary policy)
Economic policy objectives, statement 282
Edwards, Gerald A., Jr., article 659
Electric Cooperative Association and CRA 622
Electronic benefits transfer 556
European Community
Implications for U.S. financial institutions of completion of internal market by 1992, statement 744
Commission 591
Program, article 591
European Financial Area 591
Exchange Stabilization Fund 61, 262, 489, 674

Page

Expedited Funds Availability Act
  Legislation and Federal Reserve System budget, statement ... 678
  Regulation CC, amendment regarding payable through checks ... 631
  Regulation CC, revisions, announcement ... 443
Expenses (*See* Income and expenses)

FAIR Credit and Charge Card Disclosure Act
  Amendment, announcement ... 443
  Proposal ... 65
Farm Credit System ... 9
Farming (*See* Agriculture)
Federal deficit, statement ... 15
Federal Deposit Insurance Corporation
  Banking structure trends ... 124
  Brokered deposits effect ... 496
  CRA policy statement ... 551
  Joint statement on Community Reinvestment Act ... 351
  Thrift industry recovery and reform ... 278, 347
Federal Emergency Management Agency, training materials, use ... 500
Federal Financial Institutions Examination Council
  Country exposure report ... 256
  A Citizen's Guide to CRA, publication ... 553
  Interagency flood insurance examination procedures, use by the Federal Reserve System ... 499
  Reporting requirements relating to asset-backed securities, article ... 664
Federal Home Loan Bank Board
  Joint statement regarding Community Reinvestment Act ... 351, 551
Federal Home Loan Bank System, thrift industry recovery and reform ... 279, 348
Federal Home Loan Banks, thrift industry recovery and reform ... 278, 347
Federal Home Loan Mortgage Corporation, mortgage-backed securities, article ... 659
Federal National Mortgage Association, mortgage-backed securities, article ... 659
Federal Open Market Committee
  Policy actions, record ... 20, 66, 290, 353, 502, 625, 689, 812
Federal Reserve Act, publication ... 444
Federal Reserve and Treasury foreign exchange operations (*See* Foreign exchange operations)
Federal Reserve Banks
  Budget, statement ... 680
  Directors, list ... 407
  Discount rates (*See* Discount rates at Reserve Banks)
  Fees (*See* Fees for Federal Reserve services to depository institutions)
  Income from operations, announcement ... 150
Federal Reserve Board (*See* Board of Governors)
Federal Reserve Reform Act of 1989, H.R. 2795, statement .. 798
Federal Reserve System (*See also* Board of Governors)
  Budget, statement ... 677, 678
  Membership, admission of state banks ... 19, 65, 152, 445, 632, 699
Federal Savings and Loan Insurance Corporation
  Monetary policy ... 615
  Thrift industry recovery and reform ... 278, 347
Fedline II ... 543
Fedwire funds transfer and book-entry securities transfer, operating schedule, proposed changes ... 820
Fees for Federal Reserve services to depository institutions
  Check clearing and collection
    Expedited Funds Availability Act and Regulation CC, revision announcement ... 443
    New Jersey state law, preemption determination ... 73
    Returned check services, revised prices ... 351
  Priced services
    Automated clearinghouse ... 543, 544
    Check collection services ... 540

Page

Fees for Federal Reserve services to depository institutions—Continued
  Priced services—Continued
    Definitive safekeeping and noncash collection ... 545
    Electronic payments ... 543
    Funds transfer service ... 544
    Treasury book-entry securities ... 545
Financial Accounting Standards Board Statement No. 77, sales treatment for financial reporting purposes, asset-backed securities, article ... 665
Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA)
  Compliance by banks in home mortgage lending ... 795
  Regulation Y, amendment under provisions of the act ... 753
Financial Institutions Regulatory and Interest Rate Control Act and Federal Reserve System budget, statement ... 678
Financing (*See specific subject*)
First Massachusetts Management Corporation, settlement of enforcement proceedings ... 632
Flood insurance enforcement by the Federal Reserve System, statement ... 498
Foreign exchange operations of the Treasury and Federal Reserve, reports ... 58, 259, 485, 670
Foreign lending by U.S. banks to developing countries, statement on policies ... 563
Friedman, Benjamin, article in *Journal of Economic Perspectives* ... 54
Full Employment and Balanced Growth Act of 1978 (*See also* Monetary policy: reports to the Congress) .. 107, 527

GARWOOD, Griffith L., statement ... 619
General Accounting Office
  Basic banking data ... 554
  Operation of Office of the Inspector General ... 686
Generalized System of Preferences ... 328
Glass–Steagall Act
  Asset-based securities, proposal to modify restriction on underwriting ... 567
  Bank-eligible securities, modifications of Section 20 ... 751
  Revenue limit, proposal to increase ... 567
Gold Standard Act of 1900 ... 423
Gold standard, international, article ... 423
Government Auditing Standards, and operation of Office of the Inspector General ... 686
Government Check Cashing Act of 1989, H.R. 3180, statements ... 554, 786
Government National Mortgage Association, mortgage-backed securities, article ... 659
Gramm–Rudman–Hollings legislation ... 140
Greenspan, Alan
  Corporate restructuring activity, statement ... 142
  Corporate restructuring and federal budget deficit, statement ... 267
  Economic policy objectives, statement ... 282
  Economic situation, statement ... 138
  Federal deficit, before the National Economic Commission, statement ... 15
  Federal Reserve Reform Act of 1989, H.R. 2795, and Zero-Inflation Resolution, H.J. Res. 409, statement ... 795
  Internationalization of securities markets, statement ... 557
  Monetary policy report to Congress, statements ... 272, 614
  Monetary policy, statement ... 272
  Thrift industry, reform and recovery, statement ... 278, 347

H.R. 176, statement regarding amendment ... 552
Hallman, Jeffrey J., staff study ... 263
Hearings
  February 3, 1989, to rescind rule regarding nonbanking activities ... 65
  Metrocorp, Inc. application, announcement ... 512

Page

Heller, H. Robert
Brokered deposits, use by financial institutions, statement . 495
Resignation as member of the Board of Governors 566
Historical Chart Book
Discontinuance of publication 821
Publication of latest edition 821
Home equity
Article 333
Lending 341, 342
Regulation Z, amendment 566
Home Equity Lines of Credit, brochure, publication 698
Home Equity Loan Consumer Protection Act of 1988, amendment to Regulation Z 566
Home mortgage disclosure, reporting requirements change ... 19
Home Mortgage Disclosure Act 19
Hooper, Peter, article 321
Houpt, James V., article 255
Humphrey-Hawkins Act (*See* Monetary policy: reports to the Congress)

INCOME and Expenses, Federal Reserve Banks
Operations, announcement 150
Statement 680
Industrial production, releases .. 13, 63, 134, 265, 345, 441, 491, 548, 612, 675, 736, 784
Inspector General Act Amendment of 1988, statement 684
Inspector General, Office of, establishment and operation, statement 684
Interagency Country Exposure Review Committee 137, 256
Interim Policy Statement on Offshore Netting and Clearing Arrangements, announcement of issuance 567
Internal Revenue Service and monetary policy 615
International Banking Act and Federal Reserve System budget, statement 678
International debt
Exposure of largest banking organizations, statement 806
Problems of developing countries, U.S. policy, article 727
International Lending Supervision Act of 1983
Debt-servicing difficulties 137
Reporting requirements 256
U.S. bank lending to developing countries, statement 564
International Monetary Fund 257, 472
International Organization of Securities Commissions, statement on international securities markets 562
International Stock Exchange, statement on international securities markets 560
International transactions in 1988, article 321
Investment Services Directive 598

JACOWSKI, Michael J., article 120
Johnson, Jennifer J., Associate Secretary, Office of the Secretary, appointment 65
Johnson, Manual H.
Condition of the U.S. banking system, statement 803
Implications for U.S. financial institutions of plans by the European Community to complete internal market by 1992, statement 744
State of bank insurance fund and adequacy of supervisory framework for banking institutions, statement 738
Treasury Department report on U.S. international economic and exchange rate policy, statement 810
U.S. banking system and debt-servicing difficulties, statement 136
Joint Policy Statement on Basic Financial Services 555

KELLEY, Edward W., Jr., Federal Reserve System's budget, statement 677
Key, Sydney J., article 591
Kohn, Donald L., article 53

Page

LABOR Statistics, Bureau of 327
Large Dollar Payment System Risk, proposed changes to policy 567
LaWare, John P.
Compliance by state member banks with federal laws prohibiting discrimination in mortgage lending, statement 790
Legislation (*See subject or specific name of act*)
Lepper, Susan J., Assistant Director, Division of Research and Statistics, resignation 821
Litigation, cases pending involving
Board of Governors 51, 105, 225, 320, 405, 459, 525, 589, 655, 726, 770, 844
Loans
Agricultural, recent developments 466
Commercial and industrial, lending practices 463
Consumer, recent developments 466
Foreign addressees, recent developments 466
Lending practices of commercial banks, article 461
Real estate, recent developments 465
Security, recent developments 466
Local Initiatives Support Corporation and CRA 622
Loney, Glenn E., Flood insurance enforcement by the Federal Reserve System, statement 498
Luckett, Charles A., article 333

M2 and V2 behavior, article 244
M2 per unit of potential GNP as an anchor for the price level, staff study 263
Margin requirements
Markets for stocks and derivative products, staff study 610
Over-the-counter stocks (*See* Over-the-counter margin stocks, list)
Martinson, Michael G., article 255
Mattingly, James V. Jr., General Counsel, appointment 288
McAfee, James, Associate Secretary, Office of the Secretary, resignation 65
McFadden Act and the banking structure 122
McLaughlin, Mary M., article 461
Meade, Ellen E., article 321
Member banks (*See* State member banks)
Metzenbaum, Senator Howard M. 551, 553
Monetary Control Act of 1980
Federal Reserve System, budget, statement 678
Income, preliminary figures, announcement 150
Priced services 540
Monetary policy
Article 53
Reports to the Congress 107, 527
Statements 272, 614
Money stock data, revision 508
Mutual recognition: integration of the financial sector in the European Community, article 591

NATIONAL Association of Purchasing Management 140
National Economic Commission, statement to, by Alan Greenspan 15
National Information Center, expenses to Federal Reserve Banks 681
National Technical Information Service 288
Neighborhood Housing Services and CRA 622
Neighborhood Reinvestment Corporation and CRA 622
New Jersey state law, preemption determination 73
New York state law, preemption determination 25, 351, 362
New York State Banking Department, basic banking services survey 555
Nondeposit funds, revision to statistical table 1.24 151

OLINER, Stephen D., article 771
Optical Counterfeit Detection System and Federal Reserve Bank budget 683

Page

Orders
Modifications to authorize bank holding company subsidiaries to underwrite and deal in bank-eligible securities consistent with Section 20 of the Glass–Steagall Act 751
Organisation for Economic Co-operation and Development
Codes of Liberalisation 609
European Community, integration, article 591
International securities markets, statement 562
National Treatment Instrument 601
Organization of Petroleum Exporting Countries and monetary policy 615
Over-the-counter stocks, list of marginable
Revisions, announcements 151, 444, 447, 631, 633, 820
Amendments regarding changes 153, 824

PARKINSON, Patrick M., Assistant Director, Division of Research and Statistics, appointment 352
Payment System Risk Reduction, announcement of issuance of policy statements 567
Payments mechanism and systems (*See* Fees for Federal Reserve services to depository institutions)
Poole, William, article in *Journal of Economic Perspectives* 54
Porter, Richard D.
Article 244
Staff study 263
Priced services, article 540
Pricing of Federal Reserve services (*See* Fees for Federal Reserve services to depository institutions)
Prime Minister Takeshita 485
Private book-entry systems, announcement on issuance of policy statement 567
Private business capital, formation of, trends, recent developments, and measurement issues, article 771
Private Sector Adjustment Factor, revision to methodology for computing 567
Production, industrial (*See* Industrial production)
Profitability of commercial banks, article 461
Publications in 1989
Annual Report, 75th edition, 1988 444
Annual Statistical Digest, 1988 820
Federal Reserve Act 444
Historical Chart Book, 1989 821
Home Equity Lines of Credit, brochure 698
List of Marginable OTC Stocks, revisions 151, 444, 631, 820

QUALIFIED thrift lender test 349

REFORM and recovery program support announcement 287
Regulations (Board of Governors, *See also* Rules)
B, Equal Credit Opportunity
New York state law, preemption determination 25, 352, 361, 362
Women's Business Ownership Act, proposal to implement provisions 631
C, Home Mortgage Disclosure Act, amendment regarding proposed revisions 820
D, Reserve Requirements of Depository Institutions
Amendment to change reserve requirements 26
E, Electronic Funds Transfer
Code of Federal Regulations, correction, amendment 73
Direct deposit, social security benefits, disclosure requirements, announcement 352
Disclosure requirement, revision to official staff commentary 362
G, Securities Credit by Persons Other than Banks, Brokers, or Dealers
Marginable OTC stocks, list, amendment regarding changes 153, 447, 633, 823

Page

Regulations (Board of Governors) – Continued
H, Membership of State Banking Institutions in the Federal Reserve System
Risk-based capital guidelines, amendment 299
Flood insurance enforcement by the Federal Reserve System 498
Investment company stock purchases by state member banks, interpretation 297, 299
State member bank public information access 287
Stock purchases by state member banks, interpretation announcement 287
K, International Banking Operations
Banking organizations, statement 137
Q, Interest on Deposits
Deregulation effects on monetary policy 54
T, Credit by Brokers and Dealers
Foreign securities, clearance of transactions and marginability at broker-dealers, proposed amendments 823
Marginable OTC stocks, list, amendment regarding changes 153, 447, 633, 823
U, Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks
Marginable OTC stocks, list, amendment regarding changes 153, 447, 633, 823
X, Borrowers of Securities Credit
Marginable OTC stocks, list, amendment regarding changes 153, 447, 633, 823
Y, Bank Holding Companies and Change in Bank Control
Bank holding companies allowed to acquire savings associations in accordance with FIRREA, amendment 751, 753
Nonbank company share acquisitions, proposal to rescind provision 150
Operations subsidiaries 19
Risk-based capital guidelines, amendment 156
Z, Truth in Lending
Fair Credit and Charge Card Disclosure Act of 1988
Implementation 443, 449
Open-end credit plans, amendment 569
Proposed action 65
Home Equity Loan Consumer Protection Act
Amendment to carry out provisions 566
Proposed action 150
Reverse mortgages, disclosure questions, announcement 352, 363
Technical error, correction 636
CC, Availability of Funds and Collection of Checks
Clarification of various provisions, amendment 370
Expedited Funds Availability Act
Revisions, amendment 443
Payable through checks, amendment 631, 636
New Jersey state law, preemption determination 73
Teller's and cashier's checks, delayed disbursement 150, 443
Wisconsin state law, preemption determination, amendment 368
Reserve requirements, increase, Dec. 20, 1988 65
Resolution Trust Corporation 280, 349
Resumption Act 423
Risk-based capital
Asset securitization provisions 667
Requirement guidelines issued 147, 156
Rollovers and Continuing Contracts to Reduce Daylight Overdraft Exposure, announcement on issuance of policy statement 567
Rosine, John, article 1
Rude, Christopher, reports 259
Rules
Procedure
Update of citations to statutory and regulatory provisions, amendment 701

Page

Rules—Continued
Regarding delegation of authority
Director interlocks granted to Federal Reserve Banks, decision ... 380

S. 909, statement regarding legislation ... 550, 551
Second Banking Directive ... 598
Second Life Insurance Directive ... 599
Second Nonlife Insurance Directive ... 599
Securities (*See also specific types*), asset-backed, article ... 659
Securities and Exchange Commission
International securities markets, statement ... 562
U.S. bank lending to developing countries, statement ... 564
Securities markets, internationalization of, statement ... 557
Seger, Martha R.
Basic Banking Services Access Act of 1989, H.R. 3181, statement ... 786
Government Check Cashing Act of 1989, H.R. 3180, statement ... 786
Legislation relating to the Community Reinvestment Act, the Government Check Cashing Act of 1989, and the Basic Banking Services Access Act of 1989, statement ... 550
Truth in Savings Act, H.R. 736, statement ... 493
Senior Loan Officer Opinion Survey of Bank Lending Practices ... 464
Single European Act ... 594
Small, David H.
Article ... 244
Staff study ... 263
Snyder, Barry R., Assistant Inspector General, Office of Inspector General, appointment ... 288
Social security benefits, direct deposit, disclosure requirements, announcement ... 352
Staff studies
Adequacy and consistency of margin requirements in the markets for stocks and derivative products ... 610
M2 per unit of potential GNP as an anchor for the price level ... 263
State member bank public information access ... 287
State member banks
Capital adequacy guidelines, risk-based measure ... 157
Compliance with federal laws prohibiting discrimination in mortgage lending, statement ... 790
Statement to National Economic Commission, federal deficit (Chairman Greenspan) ... 15
Statements to Congress (including reports and letters)
Bank supervisory policies regarding U.S. bank lending to developing countries (William Taylor, Director, Division of Banking Supervision and Regulation) ... 563
Banking system and debt-servicing difficulties (Vice Chairman Johnson) ... 136
Basic Banking Services Access Act of 1989 (Governor Seger) ... 786
Brokered deposits use by financial institutions (Governor Heller) ... 495
Community Reinvestment Act, enforcement (Griffith L. Garwood, Director, Division of Consumer and Community Affairs) ... 619
Corporate restructuring activity, recent trends (Chairman Greenspan) ... 142
Corporate restructuring and the federal budget deficit (Chairman Greenspan) ... 267
Current economic situation (Chairman Greenspan) ... 138
Economic policy objectives (Chairman Greenspan) ... 282
European Community, internal market, implications for U.S. financial institutions (Vice Chairman Johnson) ... 744
Federal Reserve Reform Act of 1989 (Chairman Greenspan) ... 796
Federal Reserve System's budget for 1989 (Governors Angell and Kelley) ... 677

Page

Statements to Congress—Continued
Flood insurance enforcement by the Federal Reserve System (Glenn E. Loney, Assistant Director, Division of Consumer and Community Affairs) ... 498
Government Check Cashing Act of 1989 (Governor Seger) ... 786
Internationalization of securities markets (Chairman Greenspan) ... 557
Legislation relating to the Community Reinvestment Act, the Government Check Cashing Act of 1989, and the Basic Banking Services Access Act of 1989 (Governor Seger) ... 550
Monetary policy (Chairman Greenspan) ... 272, 614
Mortgage lending, antidiscrimination compliance by state member banks (Governor LaWare) ... 790
Office of Inspector General, establishment and operation (Brent L. Bowen, Inspector General, Board of Governors) ... 684
State of the bank insurance fund and adequacy of the supervisory framework for banking institutions (Vice Chairman Johnson) ... 738
Thrift industry, reform and recovery (Chairman Greenspan) ... 278, 347
Treasury Department report on U.S. international economic and exchange rate policy (Vice Chairman Johnson) ... 810
Truth in Savings Act, H.R. 736 (Governor Seger) ... 493
U.S. banking system, condition (Vice Chairman Johnson) . 803
Zero-Inflation Resolution (Chairman Greenspan) ... 796
Statistical releases, available through computerized bulletin board, announcement ... 288
Stock market credit, over-the-counter stocks (*See* Over-the-counter stocks, list of marginable; and Regulations: G, T, U, and X)
Stockwell, Eleanor J., Associate Director, Division of Research and Statistics, retirement ... 19
Stockton, David J., Associate Director, Division of Research and Statistics, promotion ... 751
Summers, Bruce J., Associate Director, Division of Federal Reserve Bank Operations, appointment ... 152
Supplementary Financing Facility of the International Monetary Fund ... 489
Survey of Terms of Bank Lending ... 464

TABLES (For index to tables published monthly, *see* guide at top of page A88; for special tables published during the year, *see* list on page A71.
Tandem operations restrictions, proposed action, announcement ... 443
Tax Reform Act of 1986
Effect on securities ... 467
Home equity lending, article ... 334
Removal of federal income tax deductions for interest paid on nonmortgage consumer credit ... 334
Taylor, William, statement ... 563
Testimony (*See* Statements to the Congress)
Thrift Institutions Advisory Council, members, new appointments ... 148
Thrift institutions, reform and recovery, statements ... 278, 347
Tigert, Ricki R., Associate General Counsel, title change ... 152
Training, bank examiners, on flood insurance requirements .. 500
Transfers of funds
Fees (*See* Fees for Federal Reserve services to depository institutions)
Regulation E (*See* Regulations: E)
Treasury and Federal Reserve foreign exchange operations (*See* Foreign exchange operations)
Truman, Edwin M., article ... 727
Truth in Lending Act, Fair Credit and Charge Card Disclosure Act, amendments ... 449
Truth in Lending, Regulation Z (*See* Regulations: Z)
Truth in Savings Act, H.R. 736, statement ... 493

Page
U.S. banking system, condition, statement 803
U.S. Department of Agriculture 2
U.S. Department of Commerce
  Computerized bulletin board 288
  Drought estimates, article 1
  International transactions, computers 328
U.S. Department of Justice 123
U.S. Department of the Treasury 150, 489
  Exchange Stabilization Fund 61, 262, 489, 674
  Federal Reserve System
    Budget 677
    Foreign exchange operations 489
    Operating income 150
  Payments by the Federal Reserve System for 1988 150
  U.S. international economic and
    exchange rate policy, report 810
Uruguay Round of the General Agreement
  on Tariffs and Trade 591

Page
WALRAVEN, Nicholas, article 1
Warshawsky, Mark J., staff study *610*
Weintraub, Cathy, report 670
Welch, Patricia A., Assistant Director, Division of
  Applications Development and Statistical
  Services, resignation 698
Whitehouse, Michael A., article 227
Wisconsin state law, preemption determination 368
Wolfson, Martin H., article 461
Women's Business Ownership Act, Regulation B,
  proposal to implement provisions 631
World Bank 472

ZERO-Inflation Resolution, H.J. Res. 409, statement 797

Federal Reserve Banks, Branches, and Offices

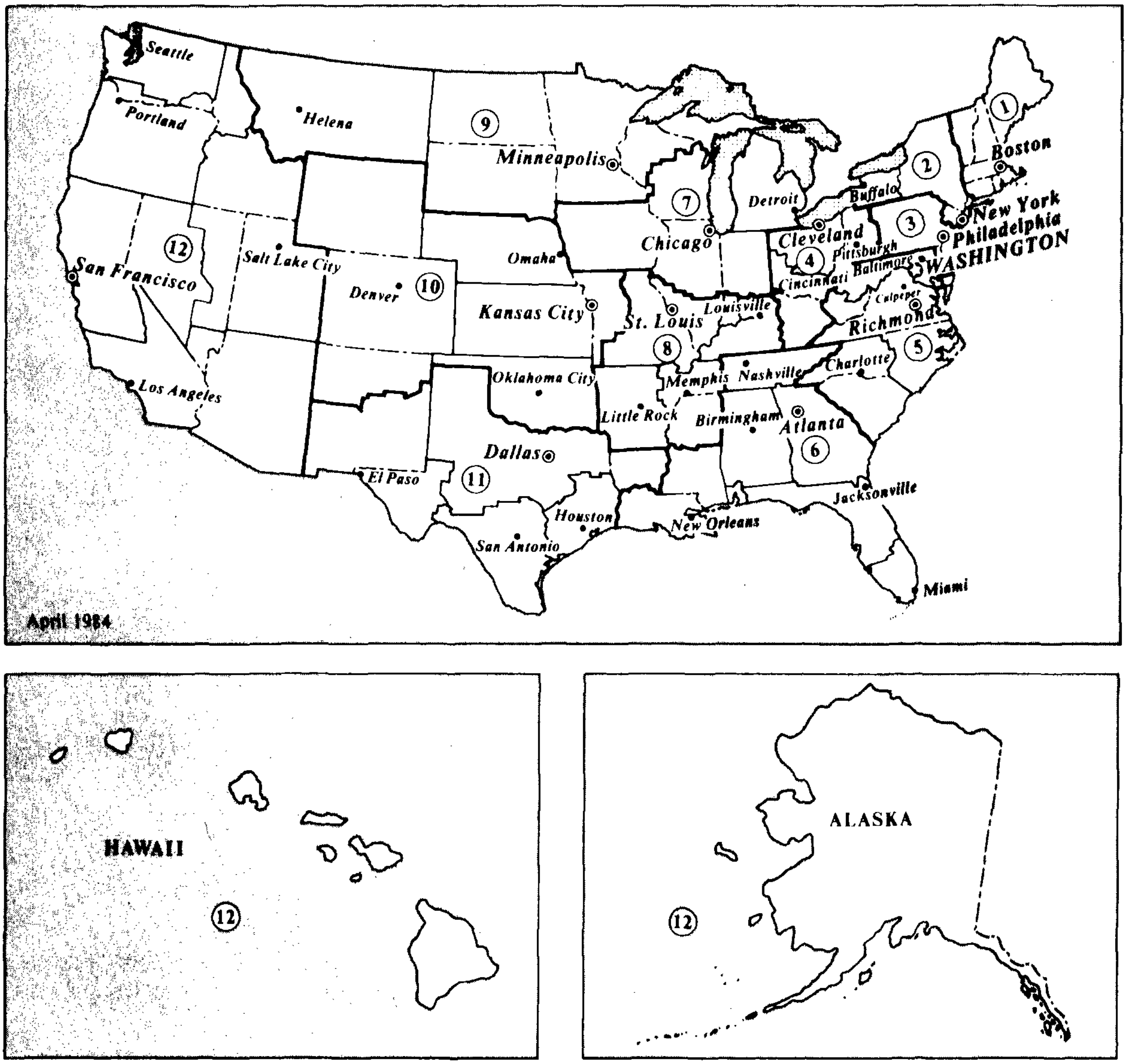
FEDERAL RESERVE BANK branch, or *facility* Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*.................... 02106	George N. Hatsopoulos Richard N. Cooper	Richard F. Syron Robert W. Eisenmenger	
NEW YORK*.............. 10045	Cyrus R. Vance Ellen V. Futter	E. Gerald Corrigan James H. Oltman	
Buffalo...................... 14240	Mary Ann Lambertsen		John T. Keane
PHILADELPHIA.......... 19105	Peter A. Benoliel Gunnar E. Sarsten	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*............. 44101	Charles W. Parry John R. Miller	W. Lee Hoskins William H. Hendricks	
Cincinnati.................. 45201	Owen B. Butler		Charles A. Cerino[1]
Pittsburgh.................. 15230	James E. Haas		Harold J. Swart[1]
RICHMOND*............... 23219	Hanne Merriman Leroy T. Canoles, Jr.	Robert P. Black Jimmie R. Monhollon	
Baltimore................... 21203	Thomas R. Shelton		Robert D. McTeer, Jr.[1]
Charlotte.................... 28230	William E. Masters		Albert D. Tinkelenberg[1]
Culpeper Communications and Records Center 22701			John G. Stoides[1]
ATLANTA................... 30303	Bradley Currey, Jr. Larry L. Prince	Robert P. Forrestal Jack Guynn	Donald E. Nelson
Birmingham............... 35283	Nelda P. Stephenson		Fred R. Herr[1]
Jacksonville............... 32231	Hugh Brown		James D. Hawkins[1]
Miami........................ 33152	Jose L. Saumat		James T. Curry III
Nashville................... 37203	Patsy R. Williams		Melvin K. Purcell
New Orleans.............. 70161	James A. Hefner		Robert J. Musso
CHICAGO*.................. 60690	Robert J. Day Marcus Alexis	Silas Keehn Daniel M. Doyle	
Detroit....................... 48231	Richard T. Lindgren		Roby L. Sloan[1]
ST. LOUIS................... 63166	Robert L. Virgil, Jr. H. Edwin Trusheim	Thomas C. Melzer James R. Bowen	
Little Rock................ 72203	L. Dickson Flake		John F. Breen[1]
Louisville.................. 40232	Thomas A. Alvey		Howard Wells
Memphis................... 38101	Seymour B. Johnson		Ray Laurence
MINNEAPOLIS............ 55480	Michael W. Wright John A. Rollwagen	Gary H. Stern Thomas E. Gainor	
Helena....................... 59601	John F. Gardner		Leonard W. Fernelius[1] (Acting)
KANSAS CITY............. 64198	Fred W. Lyons, Jr. Burton A. Dole, Jr.	Roger Guffey Henry R. Czerwinski	
Denver....................... 80217	James C. Wilson		Kent M. Scott
Oklahoma City........... 73125	Patience S. Latting		David J. France
Omaha....................... 68102	Kenneth L. Morrison		Harold L. Shewmaker
DALLAS...................... 75222	Bobby R. Inman Hugh G. Robinson	Robert H. Boykin William H. Wallace	Tony J. Salvaggio[1]
El Paso..................... 79999	Diana S. Natalicio		Sammie C. Clay
Houston.................... 77252	Andrew L. Jefferson, Jr.		Robert Smith, III[1]
San Antonio............... 78295	Lawrence E. Jenkins		Thomas H. Robertson
SAN FRANCISCO........ 94120	Robert F. Erburu Carolyn S. Chambers	Robert T. Parry Carl E. Powell	
Los Angeles............... 90051	Yvonne B. Burke		Thomas C. Warren[2]
Portland.................... 97208	Paul E. Bragdon		Angelo S. Carella[1]
Salt Lake City............ 84125	Don M. Wheeler		E. Ronald Liggett[1]
Seattle....................... 98124	Carol A. Nygren		Gerald R. Kelly[1]

*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.

1. Senior Vice President.
2. Executive Vice President.

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