VOLUME 76 □ NUMBER 2 □ FEBRUARY 1990

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.

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The Activities of Japanese Banks in the United Kingdom and in the United States, 1980–88

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In recent years banks headquartered in Japan have grown extremely rapidly relative to banks headquartered in other countries. While most of this growth occurred at their domestic offices, international assets of Japanese banks also grew substantially. Between year-end 1984 and year-end 1988, Japanese banks accounted for slightly more than one-half of the measured growth of total international banking activity. International assets of Japanese banks currently represent about two-fifths of measured international banking assets of all banks. A large portion of these international assets of Japanese banks are at their branches in the United Kingdom and their agency and branch offices in the United States.

According to a recent survey, sixteen of the world's twenty-five largest banks, including the seven largest, are headquartered in Japan.[1] When measured by total market capitalization, the figures are even more striking. The average equity market value of shares of the largest Japanese banks is in a range of $50 billion to $80 billion, while the average stock market valuation of the equity of the largest U.S. banks is about $10 billion.[2]

An earlier paper analyzed the faster worldwide growth of assets of the Japanese banks relative to U.S. banks over the longer period from 1972 through 1986.[3] The major finding of that study was that domestic currency activities in Japan accounted for a large proportion of the total growth of assets of Japanese banks in that period. In the 1984–86 period, when assets at large Japanese banks increased about 75 percent more than assets at large U.S. banks, roughly four-fifths of this growth differential appeared related to the domestic banking business of Japanese banks and only about one-fifth to their international business. Factors that influenced the rapid domestic asset growth, measured in U.S. dollars, were a fast growing domestic economy, the translation effect of an appreciating currency on the value of yen-denominated assets at domestic offices, and the ability of large Japanese banks to maintain their share of the domestic banking market during a period when the largest U.S. banks were losing domestic market share to the rapidly growing superregional banks.

The financial strength and competitive position of Japanese banks in addition to their absolute size has made them a major presence in overseas markets as well as in their domestic market. The distinction between domestic and international banking activity, however, is not always precise, particularly in a world without capital controls. In such an environment, large multinational banks are managed on a worldwide consolidated basis and have the ability to shift both assets and funding sources to markets that offer greater economic advantages or are

Note. This article is based on an earlier study by the same authors, "The U.S. and U.K. Activities of Japanese Banks: 1980–1988," International Finance Discussion Papers 361 (Board of Governors of the Federal Reserve System, Division of International Finance, September 1989).

1. Annual survey, "Top 1,000 World Banks," *The Banker*, vol. 139 (July 1989), pp. 38–145.

2. See Salomon Brothers, *International Bank Biweekly*, August 2, 1989.

3. See Robert S. Dohner and Henry S. Terrell, "The Determinants of the Growth of Multinational Banking Organizations: 1972–86," International Finance Discussion Papers 326 (Board of Governors of the Federal Reserve System, Division of International Finance, June 1988).

1. Location of assets of Japanese banks
Billions of dollars, except as noted

Year ending December	Offices in Japan[1]	Foreign branches		
		Total	United Kingdom	United States[2]
1981	791	233	134	74
1982	811	310	161	97
1983	908	350	178	108
1984	926	421	194	131
1985	1,339	600	257	151
1986	1,927	837	359	208
1987	2,854	1,090	426	252
1988	3,044	1,120	445	307
Percentage increase				
1981–88	285	381	232	315
1984–88	229	166	129	134

1. Includes assets of city, trust, and long-term credit banks in Japan.
2. Includes agencies as well as branches of Japanese banks.
SOURCES. Bank of Japan, *Economic Statistics Monthly*; Call Report Data for U.S. Agencies and Branches; and *Bank of England Quarterly*.

less regulated. To the extent that any national banking group shifts its domestic assets, including interbank trading, to offshore markets because of regulations in its domestic market, its measured participation in "international" banking assets will be increased even though the transactions have a definite domestic orientation.

Assets of all foreign branches of Japanese banks, of which those in the United States and the United Kingdom account for nearly three-fourths of the total, increased about 380 percent between December 1981 and year-end 1988, while aggregate domestic office assets increased about 285 percent (table 1). Foreign branch assets grew substantially more than domestic office assets between December 1981 and December 1984 (81 percent compared with 17 percent), in large part because of the translation effect of the decline in the value of the Japanese yen relative to the U.S. dollar on the dollar value of the yen assets of the banks' domestic offices.

By contrast, between year-end 1984 and year-end 1988, the dollar value of assets of foreign branches of Japanese banks increased 166 percent while the dollar value of domestic office assets of Japanese banks increased 229 percent, in light of an appreciation of the Japanese yen. Although less rapid than the growth of domestic offices, growth of offshore branches in this period was extremely rapid relative to the growth of international assets of other countries' banks. Part of this growth reflects the progressive liberalization of the ability of Japanese banks to acquire foreign assets.

This relatively faster growth of offshore activities of Japanese banks compared with that of other banks is shown in table 2, which presents data on the share of total international assets by nationality of bank. Between year-end 1984 and year-end 1988, international assets at Japanese banks more than tripled, and the share of Japanese banks in total international banking assets increased from less than 25 percent in 1984 to almost 40 percent by year-end 1988. International assets of Japanese banks were estimated to be more than two and one-half times as large as international assets of U.S. banks, the second largest national group. Over this four-year pe-

2. International bank assets, by nationality of bank[1]
Amounts in billions of dollars; shares in percent

Parent country of bank	December 1984		December 1986		December 1988	
	Amount	Share of total assets	Amount	Share of total assets	Amount	Share of total assets
France	200.7	8.9	276.1	8.1	384.1	8.4
Germany	143.2	6.4	270.0	7.9	358.8	7.7
Italy	90.6	4.0	145.1	4.3	201.2	4.4
Japan[2]	517.9	23.0	1,117.7	32.8	1,756.4	38.2
Switzerland	82.9	3.7	152.0	4.5	238.6	5.2
United Kingdom	168.9	7.5	211.7	6.2	238.7	5.2
United States	594.5	26.4	598.3	17.6	675.3	14.6
Other	450.7	20.1	635.4	18.6	749.8	16.3
Total	**2,249.4**	**100.0**	**3,406.3**	**100.0**	**4,597.8**	**100.0**

1. Includes claims in foreign and domestic currencies of banking offices on nonlocal customers and claims in foreign currencies on local residents.
2. These data include international assets at domestic (Japanese) offices and foreign subsidiaries in addition to assets at foreign branches of Japanese banks and are therefore larger than the totals reported in table 1 for assets at foreign branches.
SOURCES. Bank for International Settlements, *Annual Reports*, various issues.

riod, Japanese banks are estimated to have accounted for approximately one-half of the growth of total international banking activity.

In summary, in recent years Japanese banks have become the world's largest banks in absolute size. Although most of their absolute growth has occurred at their offices in Japan, Japanese banks did account for about one-half of the growth of total international banking assets in the 1984–88 period, and a large proportion of their international assets are concentrated at their branch offices in the United States and in the United Kingdom. In both markets, Japanese banks have grown rapidly and are by far the largest foreign banks. As of December 1988, Japanese banks accounted for about one-half of the activities of foreign banks in the United States and for about two-fifths of foreign bank activity in London. This article will explore the extent to which the growth of assets of U.K. and of U.S. branches of Japanese banks are related to local market conditions or to the overall growth of Japanese international trade and investment. In addition, the article examines whether these branches are substitutes for head offices in extending commercial and industrial loans to Japan-based companies and in engaging in interbank trading activities that might have taken place in Japan had the domestic market been less regulated. It will also analyze, in the context of a statistical model, some of the factors that have affected the activities of Japanese banks in these two centers.

Activities of Japanese Banks in the Two Centers: An Overview

Activities in the United Kingdom

In considering summary data on the assets of the U.K. branches of Japanese banks, several facts stand out (see table 3). About nine-tenths of the total assets of Japanese banks are denominated in currencies other than sterling. Of that total, more than three-fourths are either claims on overseas residents or Eurocurrency claims on banks domiciled in the United Kingdom. Almost one-half of Japanese banks' total claims on overseas residents represent claims on affiliated offices in other countries. These data confirm anecdotal evidence that little of the activity of Japanese banks in the United Kingdom is oriented toward the U.K. economy. Since year-end 1984, the nonsterling claims of these branches on private U.K. firms have increased (in dollar terms) three-fold, but a large proportion of these claims are on financial affiliates of foreign companies based in the United Kingdom. Such firms include life insurance companies that conduct a multinational business in London and therefore are not closely linked to the local economy.

A roughly similar pattern regarding the business orientation of Japanese banks is apparent on the liabilities side (table 4). Virtually all the funding for the U.K. branches of Japanese banks comes from nonsterling transactions with overseas residents, Eurocurrency liabilities to local

3. Assets of U.K. branches of Japanese banks
Billions of dollars

Year ending December	Assets		Nonsterling claims					
			On overseas residents				On U.K. residents	
	Total	Denominated in currencies other than sterling[1]	Total	Unrelated banks	Related offices	Nonbanks	Monetary sector	Private sector
1980	97.6	94.8	70.4	24.8	32.7	12.9	22.4	2.5
1981	134.1	129.7	91.8	35.4	39.2	17.3	33.9	3.7
1982	160.8	155.1	106.6	47.7	37.6	21.3	44.1	4.2
1983	178.4	171.1	117.8	51.9	42.5	23.4	39.8	5.1
1984	194.1	182.9	137.0	63.0	51.3	22.7	34.6	6.1
1985	257.3	241.1	167.8	71.6	72.6	23.6	41.5	10.0
1986	358.6	336.3	247.4	93.8	125.0	28.6	44.5	14.7
1987	426.0	389.1	298.8	113.7	149.4	35.7	38.4	20.9
1988	444.6	393.8	307.2	127.0	143.2	37.0	37.5	21.5

1. Difference between total and nonsterling assets does not equal sterling assets because of a small amount of unallocated items.

SOURCE. *Bank of England Quarterly* and special tabulations provided by the Bank of England.

4. Liabilities of U.K. branches of Japanese banks
Billions of dollars

Year ending December	Liabilities		Nonsterling liabilities						
	Total	Denominated in currencies other than sterling[1]	To overseas residents					U.K. monetary sector	CDs[2]
			Total	Unrelated banks	Related offices	Nonbanks			
1980	97.6	94.8	57.8	n.a.	16.5	n.a.		27.3	9.0
1981	134.1	129.7	77.1	n.a.	23.0	n.a.		39.4	12.1
1982	160.8	155.2	91.1	60.0	24.9	6.2		48.3	19.0
1983	178.4	171.4	98.8	63.4	27.3	8.1		42.5	29.9
1984	194.1	183.7	118.2	82.6	25.8	9.8		37.6	32.5
1985	257.3	240.6	157.6	108.6	37.3	11.7		52.7	29.1
1986	358.6	335.8	225.5	141.2	67.9	16.4		59.3	45.4
1987	426.0	388.0	260.7	160.5	82.4	17.8		60.1	59.0
1988	444.6	391.6	259.3	146.4	91.4	21.5		56.0	67.4

1. Difference between total and nonsterling assets does not equal sterling assets because of a small amount of unallocated items.
2. CDs are often negotiable instruments and the issuing bank does not have information on the ultimate holder.
n.a. Not available.
SOURCE. *Bank of England Quarterly* and special tabulations provided by the Bank of England.

banks, and certificates of deposit (CDs). Liabilities to related offices abroad constitute only about one-third of total liabilities to all overseas residents. In recent years, the volume of CDs issued (mainly dollar denominated) by the London branches of Japanese banks has virtually exploded. At year-end 1988, these branches had issued more than $65 billion in Euro-CDs, about one and one-half times the value of Euro-CDs issued by branches of U.S. banks in London. Branches of Japanese banks currently account for about two-fifths of the total issuance of Euro-CDs in London.[4]

In summary, U.K. branches of Japanese banks deal mainly in foreign currencies with non-U.K. residents. These branches are large net borrowers in the interbank Eurocurrency market and are by far the largest issuers of Euro-CDs. A comparison of the data in tables 3 and 4 shows the significant role the London branches play in funding their related offices in other countries, including their head offices in Japan. As of December 1988, these offices in London held more than $50 billion net in claims on related offices.

Activities in the United States

The activities of agencies and branches of Japanese banks in the United States grew by a factor of five over the eight-year period from 1980 to 1988 (table 5). Loans, including customers' liabilities for acceptances, are by far the largest component of assets, accounting for about one-half of the total. Cash and due from banks, largely reflecting clearing and interbank transactions, accounts for about one-third of total assets, while holdings of securities increased from a negligible amount to more than $20 billion by year-end 1988.

In particular, commercial and industrial loans to borrowers with an identified U.S. residence constitute the largest and most rapidly growing component of the loan portfolios of Japanese banks in the United States (table 6). By year-end 1988, commercial and industrial loans to these U.S. borrowers amounted to about $60 billion. By comparison, similar loans to domestic customers by large domestically chartered U.S. banks amounted to about $300 billion. Loans by Japanese agencies and branches to foreign com-

5. Assets of U.S. branches and agencies of Japanese banks
Billions of dollars

Year ending December	Total	Securities	Loans	Customers' liabilities for acceptances	Cash and due from banks
1980	60.8	1.4	36.5	5.4	5.1
1981	73.7	1.6	44.2	7.2	5.9
1982	96.9	2.6	53.4	8.2	19.4
1983	108.2	3.7	54.7	10.2	26.2
1984	130.8	6.4	57.8	15.3	41.2
1985	151.2	13.1	65.1	16.6	46.3
1986	208.3	19.3	83.0	19.1	70.2
1987	252.3	23.4	103.8	24.1	83.1
1988	306.7	23.2	131.6	24.5	95.8

SOURCE. Call Report.

4. Some of these Euro-CDs are purchased by U.S. investors, including money market mutual funds.

6. Loan portfolios of U.S. agencies and branches of Japanese banks
Billions of dollars

Year ending December	Total	Commercial and industrial			To foreign governments	To financial institutions	For purchasing and carrying securities	Real estate
		Total	U.S.	Foreign				
1980	36.5	18.8	9.3	9.5	4.8	11.5	.2	*
1981	44.2	21.8	10.0	11.8	4.9	15.9	.3	.2
1982	53.4	24.1	11.5	12.7	7.0	21.4	.2	*
1983	54.7	25.0	12.2	12.8	8.3	20.0	.5	*
1984	57.8	28.2	16.3	12.0	8.1	20.6	.7	*
1985	65.1	32.5	20.1	12.4	7.7	22.3	2.0	.2
1986	83.0	43.0	30.2	12.8	7.8	26.5	3.2	1.6
1987	103.8	59.0	45.9	13.0	10.1	26.5	1.3	6.3
1988	131.6	74.8	61.4	13.4	10.8	28.5	2.5	13.8

*Less than $50 million.

SOURCE. Call Report.

mercial borrowers and to foreign governments were relatively stagnant over this period. Since December 1985, loans secured by real estate have grown rapidly at Japanese agencies and branches and exceed their loans to either foreign commercial borrowers or foreign governments.[5] Japanese banks have also been heavily involved in financing large corporate restructurings in the United States.

An analysis of the major sources of funding for U.S. offices of Japanese banks reveals that, similar to the pattern in the United Kingdom, U.S. offices of Japanese banks are extremely large net borrowers in domestic interbank markets and in recent years have been smaller (but still significant) net borrowers from banks outside the United States (table 7). Deposits from nonbank U.S. residents and nonbank foreign residents constitute a relatively small proportion of their total funding. Unlike the offices of Japanese banks in London, which were net providers of funds to their related offices in other countries, U.S. offices of Japanese banks (at least since 1984) have relied heavily on net advances from related institutions abroad.

A large proportion of activity by Japanese banks is with customers identified as U.S. residents. This geographic identification, however, does not properly account for the fact that many of these customers are affiliates of Japanese entities. As of December 1988, direct claims on Japanese residents by U.S. agencies and branches of Japanese banks were $106 billion out of a total of $307 billion. On a *risk-adjusted basis*, however, when claims are reallocated to the country of the ultimate parent obligor, the total Japanese risk of the U.S. agencies and branches amounted to $208 billion—a clear indication that U.S. offices of Japanese banks are closely associated with Japan-based customers.[6]

7. Major sources of funding to U.S. agencies and branches of Japanese banks
Billions of dollars

Year ending December	Net liabilities to banks			Deposits	
	In the United States[1]	In foreign countries[1]	Related institutions abroad	From U.S. residents	From foreign residents
1980	11.1	−3.0	3.6	10.0	.1
1981	15.8	−1.9	2.7	10.5	.1
1982	20.3	.5	−1.6	10.6	.8
1983	19.7	5.7	−.8	8.2	1.2
1984	18.0	5.8	6.9	7.2	1.8
1985	23.9	9.3	7.9	8.3	1.6
1986	23.7	15.3	12.5	15.2	3.6
1987	39.3	22.3	9.1	17.4	3.9
1988	45.9	21.1	18.4	22.8	4.8

1. Include sum of net federal funds transactions, net interbank deposits, and gross borrowings from unrelated banks minus gross loans to unrelated banks.
SOURCE. Call Report.

In summary, when compared with their U.K. counterparts, the U.S. offices of Japanese banks show some similarities and as well as certain important differences. The main similarity is that both are large net borrowers in local banking markets. The main difference is that offices of Japanese banks in London serve as an important net funding source for their related offices in other countries, while offices in the United States tend to be net takers of funds from related offices in other countries. In the United States, Japanese

5. It is not possible to determine the extent to which these real estate loans are related to the boom in property lending in Japan or to Japanese investment in U.S. real estate.

6. Figures are derived from aggregate data on the Country Exposure Report for U.S. Agencies and Branches of Foreign Banks.

banks are heavily concentrated in lending to locally based companies, including U.S. affiliates of Japanese companies, while in the United Kingdom, Japanese banks lend largely to nonlocal borrowers in nonlocal currencies.[7]

THE BANKING AND EXTERNAL ECONOMIC ENVIRONMENT IN JAPAN

The Banking Environment

Large multinational banks are managed and operated on a worldwide consolidated basis. Therefore, branches of nonlocal banks will be influenced by factors specific to their home country as well as to the local environment in which these branches are operating. In some cases, a foreign branch operating in a less regulated environment might engage in activities that otherwise would have been undertaken by the bank's home country office had it been less regulated, particularly in cases of limitations on interest rates or quantitative restraints on particular activities. In fact, Eurocurrency banking largely owes its existence to banks' seeking to avoid regulatory restraints in their domestic banking markets.

Describing the complexity of the de jure and de facto regulatory environment for banking in Japan over these eight years is beyond the scope of this article, but the general situation was summarized in 1986 by Yoshio Suzuki, formerly an Executive Director of the Bank of Japan:

> Financial innovation and deregulation of interest rates has proceeded only gradually in Japan, so that interest rates on deposits, which make up the bulk of liabilities of financial institutions, remain largely regulated; the exceptions are interest rates on foreign currency deposits and CDs, the latter of which are subject to quantity regulations.[8]

Therefore, according to Suzuki, both price and quantity limitations tended to constrain domestic activities of Japanese banks through the mid-1980s. While considerable progress on interest rate liberalization has been undertaken in Japan in recent years, including liberalization of the call money market in late 1988, currently about 40 percent of bank liabilities in Japan are subject to regulated rates.

Data describing the development of the balance sheets of Japanese city banks' offices in Japan over a period of slow interest rate deregulation are shown in table 8.[9] On the asset side, loans and discounts constitute the largest component and accounted for the largest absolute growth of the domestic office assets of Japanese banks. Loans and discounts actually increased slightly as a percentage of total assets, while acceptance financing—largely trade related and perhaps more easily transferred abroad—decreased as a fraction of total assets.

The liability structure of Japanese city banks operating in a gradually deregulated environment changed moderately over the 1980–88 period (table 9). Over the entire period, total deposits actually grew less rapidly than total liabilities did, and the share of deposits in total funding declined nearly 10 percentage points, despite the rapid increase since 1986 in deposits with unregulated interest rates. In fact, all deposit growth since year-end 1986 at domestic offices of Japanese city banks has come from time deposits with liberalized interest rates. Negotiable CDs, with market-determined interest rates, remain a relatively small percentage of domestic office funding because of limits on size, maturity, and until recently, total CD issuance relative to net worth. One source of funding that has been extremely elastic for Japanese city banks over the whole period has been net interoffice liabilities, which in a closed system represent borrowings from Japanese branches in overseas markets that can be used in part to finance loans to local Japanese companies.

The basic picture that emerges is that Japanese city banks, for at least much of the 1980s, were operating in an environment with low and regu-

7. In addition, in London, Japanese banks tend to be large net recipients of deposits from foreign official institutions, while their offices in the United States are large net lenders to foreign official institutions.

8. See Yoshio Suzuki, ed., *Money, Finance, and Macroeconomic Performance in Japan* (Yale University Press, 1986), p. 55.

9. City banks are the thirteen large Japanese banks that operate on a nationwide basis. Data for city banks are reported separately in the *Economic Statistics Monthly* published by the Bank of Japan.

8. Assets of Japanese city banks, total and selected categories

Year ending December	Cash and deposits with others	Call loans	Securities	Loans and discounts	Customers' liabilities for acceptances	Total, all assets[1]
	Amount (100 billion yen)					
1980	109	21	167	713	115	1,228
1981	107	36	174	788	109	1,312
1982	113	49	177	871	114	1,419
1983	132	62	192	964	112	1,557
1984	148	50	201	1,081	114	1,702
1985	155	73	221	1,235	132	1,940
1986	172	94	262	1,412	139	2,205
1987	214	87	310	1,606	158	2,510
1988	261	88	371	1,771	166	2,818
	Percent of total					
1980	8.9	1.7	13.6	58.1	9.4	100.0
1981	8.2	2.7	13.3	60.1	8.3	100.0
1982	8.0	3.5	12.5	61.4	8.0	100.0
1983	8.5	4.0	12.3	61.9	7.2	100.0
1984	8.7	2.9	11.8	63.5	6.7	100.0
1985	8.0	3.8	11.4	63.7	6.8	100.0
1986	7.8	4.3	11.9	64.0	6.3	100.0
1987	8.5	3.5	12.4	64.0	6.3	100.0
1988	9.3	3.1	13.2	62.8	5.9	100.0

1. The amounts of yen and percentages do not sum to totals because some smaller categories were omitted.

SOURCE. *Economic Statistics Monthly*, Bank of Japan.

9. Liabilities of Japanese city banks, total and selected categories

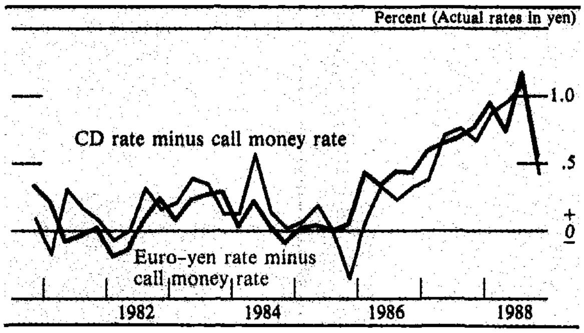
Year ending December	Deposits		Certificates of deposit	Call money	Borrowed from Bank of Japan	Interoffice	Total, all liabilities[1]
	Total	Time deposits with liberalized rates					
	Amount (100 billion yen)						
1980	854	...	11	45	18	16	1,228
1981	940	...	19	59	11	12	1,312
1982	990	...	21	68	17	15	1,419
1983	1,079	...	28	71	32	25	1,557
1984	1,148	...	46	80	24	47	1,702
1985	1,256	...	49	68	31	91	1,940
1986	1,375	110	61	110	51	142	2,205
1987	1,587	289	64	124	52	182	2,510
1988	1,728	485	95	124	55	237	2,818
	Percent of total						
1980	69.5	...	.9	3.7	1.5	1.3	100.0
1981	71.6	...	1.4	4.5	.8	.9	100.0
1982	69.8	...	1.5	4.8	1.2	1.1	100.0
1983	69.3	...	1.8	4.6	2.1	1.6	100.0
1984	67.5	...	2.7	4.7	1.4	2.8	100.0
1985	64.7	...	2.5	3.5	1.6	4.7	100.0
1986	62.4	5.0	2.8	5.0	2.3	6.4	100.0
1987	63.2	11.5	2.5	4.9	2.1	7.3	100.0
1988	61.3	17.2	3.4	4.4	2.0	8.4	100.0

1. The amounts of yen and percentages do not sum to totals because some smaller categories were omitted.

SOURCE. *Economic Statistics Monthly*, Bank of Japan.

lated domestic interest rates, on both deposits and interbank borrowings, and therefore were faced with a demand for funds above what they could raise through deposits. That excess demand has grown over time: For example, at year-end 1980 the loan–deposit ratio at Japanese city banks was 0.83; by year-end 1986 that ratio had increased to 1.03 and remained at essentially that level through year-end 1988. Limits on the call money rate in the domestic loan market, as measured by the difference between that rate and either the Euro-yen rate or the market-determined domestic rate on CDs, constrained the Japanese city banks' ability to acquire funds in the domestic interbank market for call money (see chart 1). To meet the excess demand for

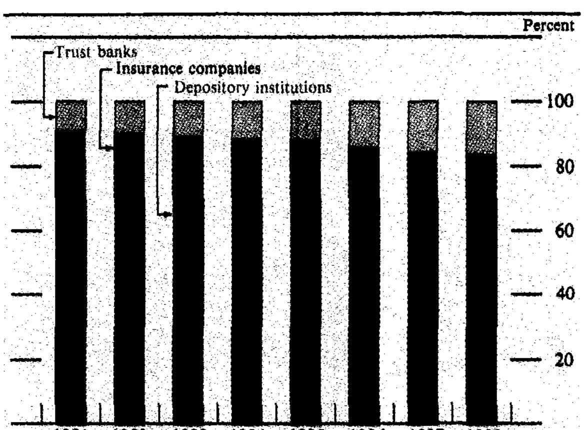
1. Differential between the call money rate and market-determined rates



loans above their ability to acquire domestic funding, Japanese city banks used net borrowings from branches in offshore markets—an unconstrained source of funds in terms of both price and quantity.

The regulation of interest rates in Japan also impeded the growth of domestic offices of Japanese banks relative to other financial intermediaries whose liabilities and assets have been less constrained. While other factors, such as rising income and an aging population mix, have affected the choice of financial instruments in Japan, as well as in other industrial countries, the decline in Japanese banks' share in total financial assets in Japan since 1981 has been much more rapid than could be reasonably explained by growing wealth or demographic changes (chart 2). The *World Economic Outlook* published by

2. Shares of private Japanese financial institutions in total assets



the International Monetary Fund interprets these data by noting the following:

> In Japan, the shift of asset composition toward nonbank institutional investors is also related to the relatively high interest rates they offer to savers under the current regulated interest rate structure. With interest rate deregulation proceeding rapidly, however, that factor will be less important in the future.[10]

Banks in Japan, therefore, because of their regulated status, have been losing ground to other financial institutions as well as facing an excess demand for loans.

The Japanese External Economic Environment

Since the beginning of the 1980s, Japan has run a current account surplus (table 10). From 1983 through 1987, the current account surplus rose steadily, and between 1986 and 1988 averaged about $85 billion a year. During this period, net long-term capital outflows exceeded the current account surplus in every year from 1981 through 1988 (except for 1983); from 1986 through 1988, the cumulative long-term capital outflow was approximately $150 billion greater than the cumulative current account surplus. A large proportion of the Japanese demand for long-term assets has reflected the acquisition of foreign securities by nonbank investors such as insurance companies and pension funds.

The large portfolio investments by Japanese nonbank financial firms in foreign securities results in part from regulatory changes in Japan, beginning in the late 1970s, that allowed nonbank institutions to diversify and to seek higher rates of return abroad as restrictions on holding assets denominated in foreign currencies were gradually lifted. In 1979, pension trusts were permitted to hold foreign-currency assets of up to 10 percent of their total assets in accounts at trust banks. In 1986, this proportion was raised to 25 percent and then to 30 percent. This liberalization permitted a substantial increase in holdings of foreign securities in pension trusts in 1986 and 1987. The proportion of assets denominated in

10. See International Monetary Fund, *World Economic Outlook* (IMF, 1989), p. 89.

10. Japanese external accounts

Billions of dollars

Year ending December	Current account	Net change: Long-term assets: Total	Net change: Long-term assets: Portfolio	Net change: Long-term assets: Lending	Net change: Short-term assets: Nonbanks	Net change: Short-term assets: Banks
1980	10.7	2.3	9.4	−2.8	.0	13.1
1981	4.8	−9.7	4.4	−5.3	2.8	6.4
1982	6.9	−15.0	2.1	−7.3	3.1	.0
1983	20.8	−17.7	−1.9	−8.5	2.1	−3.6
1984	35.0	−49.7	−23.6	−12.0	−.6	17.6
1985	49.2	−64.5	−43.0	−10.5	3.1	10.8
1986	85.8	−131.5	−101.4	−9.3	.8	58.8
1987	87.0	−136.5	−93.8	−16.3	20.0	71.8
1988	79.5	−130.3	−66.8	−15.0	21.9	44.5

SOURCE. International Monetary Fund, *World Economic Outlook* (April 1989), p. 85.

foreign currencies that was permitted for many types of insurance companies was also raised in 1986, from 10 percent of total assets to 25 percent and then to 30 percent. Finally, in 1987, a similar limit on assets denominated in foreign currencies held by the Postal Life Insurance Fund was raised from 10 percent to 20 percent. The net effect of these and other liberalizing measures was a substantial increase in the holdings of assets denominated in foreign currencies by Japanese institutional investors.

While net long-term capital outflows have been very large, net short-term capital inflows have been positive during this period. Short-term inflows through the banking system became noticeable in 1984 and 1985 and grew to a substantial amount in 1986 and 1987 when other financial intermediaries were actively investing abroad (table 10). As noted earlier, these short-term inflows were largely net borrowings by Japanese banks from their overseas branches, particularly their branches in London. Because of its position as a short-term borrower and long-term net lender, Japan is playing a role of international financial intermediary as well as serving as a net source of world savings.

In summary, it appears that the activities of Japanese banks abroad from 1980 to 1988 were linked to the financial regulatory climate in Japan. The deregulation of nonbank intermediaries and of foreign activities of Japanese banks, compared with the slower de facto deregulation of deposits at banks in Japan, rendered Japanese banks relatively less competitive in seeking domestic sources of funds and relatively more dependent on their overseas branches to fund their domestic lending.

THE EMPIRICAL MODEL

The previous sections have described the U.K. and U.S. activities of Japanese banks and the financial and regulatory environment in which they operate in Japan. The authors have estimated some preliminary statistical relationships to see which factors appear related to growth of assets of the branches of Japanese banks in these two overseas markets.[11]

The explanatory variables included factors in the overseas markets that may be influencing the growth of assets of these branches as well as factors specific to the Japanese domestic economy. The variables included cyclical factors, in both home and foreign markets, as measured by capacity utilization, the value of Japanese merchandise exports plus imports because of the importance of foreign branches in financing trade, and seasonal dummies to capture possible seasonal "window dressing." Also, two measures of the degree of financial restraint in Japan were used: (1) the difference between the unregulated domestic rate on CDs and the rate on call money in the interbank market, and (2) the difference between loans and deposits at city

11. See Terrell, Dohner, and Lowrey, "The U.S. and U.K. Activities of Japanese Banks."

banks in Japan.[12] These two variables attempted to capture the effect of both price and quantity restraints on the ability of Japanese banks in Japan to fund their loan demand directly from local sources or to trade in interbank markets at market-clearing prices. The empirical model did not include specific variables for the cost of funding or capital for Japanese banks relative to the costs for banks headquartered in other countries. While these factors may be important over time, they were not included for two reasons. First, deriving satisfactory measures of the cost of funds for different national banking groups operating in worldwide markets is notoriously difficult and beyond the scope of this article. Second, factors affecting global funding costs are unlikely to explain growth in the U.K. and U.S. markets as satisfactorily as local market factors.

In examining the determinants of the activities of Japanese banks in the United Kingdom, the focus was on the value of total nonsterling assets of Japanese branches because these assets are the primary component of total assets. This focus on nonsterling assets suggested that cyclical effects from the U.K. economy would be largely irrelevant and that the size of the local market could best be measured by the Eurocurrency lending of all banks in London rather than by GNP or some other demand variable in the United Kingdom. The results of the model indicated that important determinants of nonsterling assets of Japanese branches are (1) the size of the total Eurocurrency banking market in London, excluding assets of Japanese banks, (2) the value of Japanese total trade, (3) the level of capacity utilization in Japan (where higher degrees of capacity utilization cause Japanese banks to focus on lending in Japan rather than abroad), (4) seasonal window dressing, and (5) the effect of financial restraint in Japan as measured by the difference between loans and deposits.

For the activities of Japanese banks in the United States, similar equations were estimated. Besides considering the determinants of total assets, the determinants of commercial and industrial (C & I) loans and interbank claims were analyzed to see if they differed. For these three separate measures, the activities of Japanese banks in the United States were assumed to be influenced by U.S. GNP and by the total amount of Japanese trade, which is largely financed by Japanese banking offices in the United States. Besides the cyclical variable for capacity utilization in Japan, a cyclical variable for the United States was also used because a large proportion of Japanese lending in the United States appears related to the U.S. economy. Seasonal dummies were included, as were the two different measures of financial restraint in Japan.

For total assets of Japanese banks in the United States, all of the explanatory variables, except for Japanese capacity utilization, were estimated to be statistically important determinants. The equations for C & I loans and for interbank claims showed similar results for seasonal influences and for the effect of capacity utilization in both the United States and Japan, as well as the effect of financial restraint in Japan. However, significant differences were apparent in terms of the effect of U.S. GNP and Japanese trade on these two categories of banking activity. Japanese trade was a significant determinant for C & I loans, which underscores the importance of U.S. offices in financing Japanese trade, while this variable was not statistically significant for claims on banks. On the other hand, U.S. GNP was found to be a significant determinant of interbank claims but not of C & I loans. This lack of a statistical relationship was somewhat surprising given how actively Japanese banks compete for domestic business lending opportunities in the United States, including purchasing loans from U.S. banks. The lack of a relationship may result from a strong correlation between U.S. GNP and other variables in the model.

In summary, U.S. activities of Japanese banks during this period appeared strongly related to Japanese domestic financial variables as well as to conditions in the U.S. market. Commercial and industrial loans at these offices responded both to expansions in Japanese trade and to restraints on domestic Japanese interest rates,

12. As shown in chart 1, this differential between the unregulated rate on domestic CDs and the rate on call money in the interbank market showed a pattern similar to that of the difference between the Euroyen rate and the call rate. The difference between loans and deposits was calculated from data shown in tables 8 and 9.

while interbank trading at U.S. offices of Japanese banks responded to both price and quantity restraints on domestic Japanese banking activity.

SUMMARY AND CONCLUSIONS

Japanese banks have become active competitors in major international markets. Their competitive success appears to result from a variety of factors, including the expansion of Japan as a trading nation and the ability of Japanese banks to fund their activities at very attractive rates in some markets. Japanese bank expansion in the U.K. and U.S. markets is also influenced by local market opportunities. Besides these factors, activities in both markets appear in part directed toward operating in less regulated environments, particularly with respect to funding. In response to domestic restrictions on prices and on the volume of certain activities during most of the 1980–88 period, Japanese banks appear to have shifted some of their commercial lending, as well as some of their interbank trading, to the United States. The U.K. branches appear to have been used as a flexible net source of funding for loans by the home offices.

The implications of these findings are twofold. First, to the extent that Japanese bank activities in these two centers have represented a response to domestic Japanese restraints, the concern in other countries about local market penetration based on percentages of loans or assets in these two markets may have been overstated. Second, the continued deregulation of banking in Japan, such as the removal of the restraints on interest rates in the interbank market for call money in late 1988, should lead to some repatriation of what is currently counted as international banking business back to the domestic banking market in Japan. If such a repatriation occurs, it could lead to a slowing or possible reversal of the trend toward an increase in the share of Japanese banks in measured international banking aggregates.

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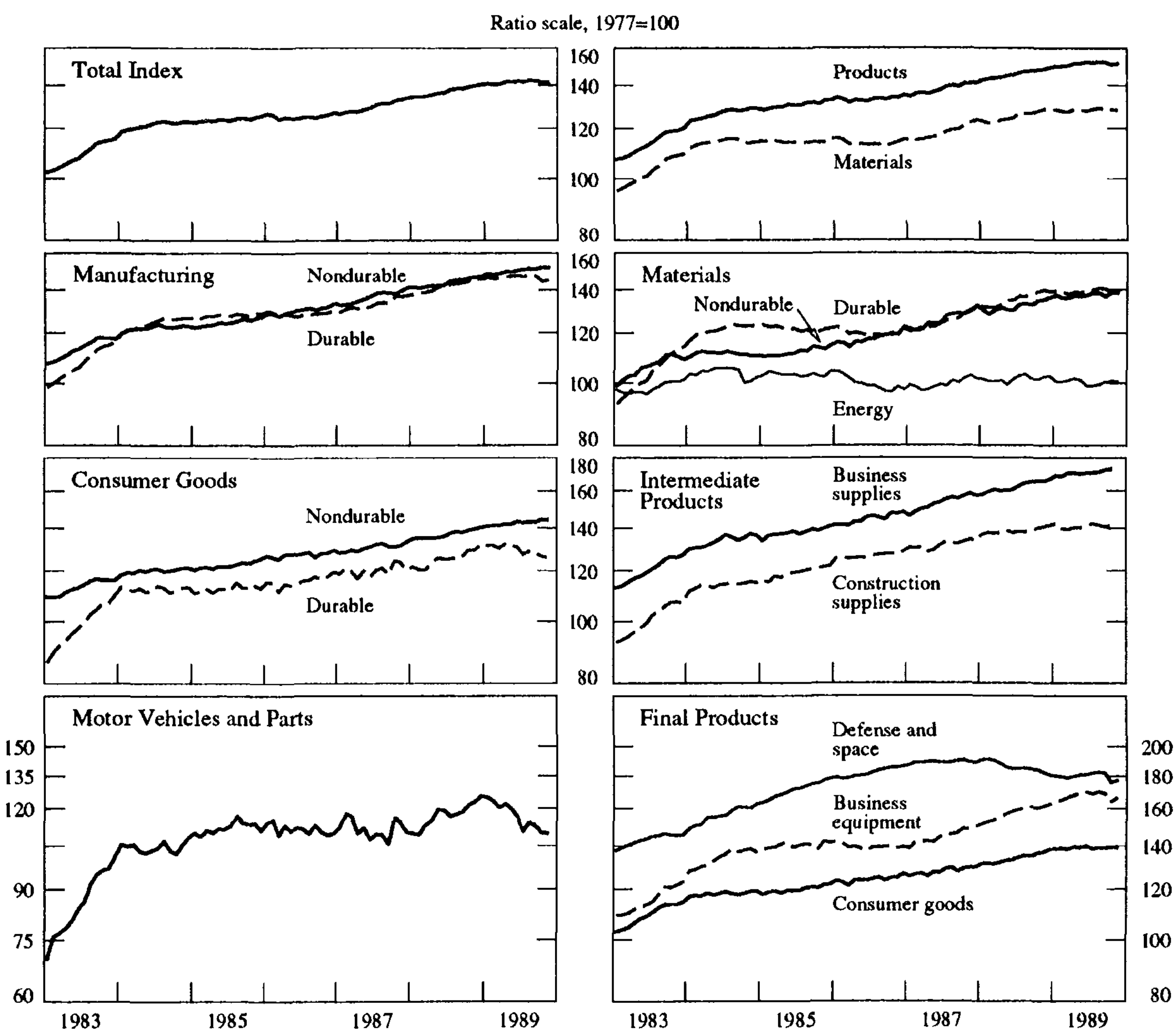
Industrial Production

Released for publication December 15

Industrial production edged up in November following revised declines of 0.6 percent in October and 0.3 percent in September. The estimate for November includes a rebound in the output of computers and related parts, industries in which production apparently had been disrupted in October by the California earthquake. Additionally, the settlement in late November of the strike at a major aircraft producer also contributed to higher production last month. Excluding the impact of these events, the total index would have been little changed in both October and November. At 141.5 percent of the 1977 annual average, industrial production in November was 1.2 percent higher than it was a year earlier. Manufacturing output also posted a small rise in November, and



All series are seasonally adjusted. Latest series: November.

Group	1977 = 100		Percentage change from preceding month					Percentage change, Nov. 1988 to Nov. 1989
	1989		1989					
	Oct.	Nov.	July	Aug.	Sept.	Oct.	Nov.	
	Major market groups							
Total industrial production	**141.3**	**141.5**	**−.1**	**.4**	**−.3**	**−.6**	**.1**	**1.2**
Products, total	150.9	151.5	−.4	.5	−.3	−.8	.4	2.1
Final products	148.8	149.4	−.7	.6	−.4	−1.2	.4	1.8
Consumer goods	139.5	139.2	−.9	.4	−.2	.4	−.2	1.7
Durable	126.4	125.7	−2.7	1.1	−.8	−1.0	−.5	−2.7
Nondurable	144.3	144.2	−.3	.2	−.1	.9	−.1	3.2
Business equipment	164.1	166.2	−.6	.8	−.7	−2.7	1.3	3.1
Defense and space	175.7	177.1	.5	.4	−.3	−3.5	.8	−2.8
Intermediate products	158.4	158.5	.4	.0	.1	.4	.1	2.8
Construction supplies	141.4	142.0	.7	−.5	−.6	.5	.4	.9
Materials	128.2	128.0	.4	.4	−.3	−.2	−.2	−.3
	Major industry groups							
Manufacturing	147.5	147.8	−.1	.5	−.4	−.8	.2	1.4
Durable	144.3	145.1	−.4	.7	−.7	−1.8	.5	−.1
Nondurable	152.0	151.7	.2	.2	.1	.5	−.2	3.4
Mining	103.6	103.7	.6	.3	.7	.4	.1	−.9
Utilities	115.1	114.8	−.3	−.5	.9	.7	−.2	1.0

NOTE. Indexes are seasonally adjusted.

factory capacity utilization slipped further to 82.7 percent. 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 remained sluggish in November, owing mainly to continued weakness in durables. Auto assemblies dropped to an annual rate of 6.2 million units from the rate of 6.7 million units in October; however, output of light trucks rose sharply, offsetting the decline in autos. Production of home goods declined further as the output of appliances was curtailed again. Output of nondurable consumer goods was about unchanged after having posted a large rise in October. Production of business equipment in November regained about one-half of the sharp drop in October, reflecting the rebounds in computers and aircraft. Output of most major components of business equipment has changed little, on balance, since June.

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
Aug.	142.4	142.5	.4	.4
Sept.	142.4	142.1	.0	−.3
Oct.	141.4	141.3	−.7	−.6
Nov.	...	141.5	...	.1

Output of construction supplies is estimated to have increased moderately in both October and November, continuing the upward trend that began last summer. Production of materials declined again in November, mainly because of further cutbacks in parts for consumer durables, basic metals, and textiles.

In industry groups, the small gain in manufacturing production in November resulted from the rebound in computing equipment and aircraft, which more than offset sharp declines in primary metals, textiles, and apparel; output of motor vehicles and parts decreased slightly. Since midyear, most durable industries have weakened, with particularly large cutbacks in motor vehicles and related industries. Among nondurables, output in most industries, especially paper and printing, has continued to increase, on balance, since June. However, production of apparel and textiles has weakened significantly. Outside of manufacturing, output of mining edged up in November as oil and gas extraction rose, but coal mining was about unchanged; production at utilities was down slightly.

Announcements

Statement by Chairman Greenspan on Nomination of David Mullins

Chairman Alan Greenspan of the Federal Reserve Board issued the following statement on December 8, 1989:

"I have had the pleasure of working closely with David Mullins over the past year. He is extraordinarily capable and will make a superb governor. I trust the Senate will move expeditiously on his nomination."

Regulation B: Amendments

The Federal Reserve Board issued on December 4, 1989, amendments to its Regulation B (Equal Credit Opportunity). The amendments implement requirements established by the Women's Business Ownership Act of 1988 that creditors provide written notices about credit denials and keep records of loan applications from businesses. These rules become effective April 1, 1990.

The revisions to the regulation will require creditors to give written notice of the right to obtain reasons for a credit denial when the business applicant has gross revenues of $1 million or less. The changes will also require the retention of records on business credit applications for twelve months.

The rules correspond closely to the rules that govern consumer credit applications. A creditor that follows the provisions for consumer credit would be in full compliance with the act and with the regulation.

For business applicants with revenues of more than $1 million, the modified rules still apply. Lenders also have the option of following the rules applicable to businesses with revenues of $1 million or less in all cases.

Regulation C: Amendments

The Federal Reserve Board revised on December 12, 1989, its Regulation C (Home Mortgage Disclosure) to implement amendments that were contained in the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA). The amendments are effective January 1, 1990.

The amendments to the regulation accomplish the following:

- Expand the coverage to include mortgage lenders that are not affiliated with depository institutions or holding companies.
- Require institutions to report data regarding applications for mortgage and home improvement loans in addition to data about loan originations and purchases.
- Require most institutions to report the race, sex, and income of loan applicants.

The Board has also adopted a new register format for Home Mortgage Disclosure Act reporting. The new loan-application register form that institutions are required to fill out will log loan applications, loans actually made, and loans purchased. The first set of reports in this new format will be due March 1, 1991.

Decrease in Reservable Transaction Accounts

The Federal Reserve Board announced on December 7, 1989, a decrease from $41.5 million to $40.4 million in the net transaction accounts to which a 3 percent reserve requirement will apply in 1990.

The Board also left the amount of reservable liabilities that are exempt from reserves at $3.4 million of total reservable liabilities.

Additionally, the Board increased the deposit cutoff level, which separates weekly reporting institutions from quarterly reporters, from $42.1

million to $43.4 million. Institutions with total reservable liabilities below the exemption level of $3.4 million are excused from reporting, even on a quarterly basis, if their deposits can be estimated from other sources.

These adjustments took effect beginning December 19, 1989.

PROPOSED ACTIONS

The Federal Reserve Board issued for public comment on December 4, 1989, proposed revisions to its staff commentary to Regulation B (Equal Credit Opportunity). Comment is requested by February 7, 1990.

The Federal Reserve Board issued for public comment on December 8, 1989, proposed amendments to Regulation CC (Availability of Funds and Collection of Checks), which implements the Expedited Funds Availability Act. The proposed amendments would shorten the time requirement for sending a notice of nonpayment to a depository bank and would make other technical and clarifying amendments to Regulation CC.

The Board also issued for public comment proposed modifications to the Federal Reserve's notice of nonpayment service, which would take effect only if the Board ultimately adopts an amendment to Regulation CC that shortens the time requirement for providing notice of nonpayment.

Comment on the amendments to Regulation CC and modifications to the notice of nonpayment service is requested by February 16, 1990.

Additionally, the Board has issued for public comment a proposed preemption determination regarding California's funds availability law. Comment on the preemption determination is requested by January 16, 1990.

The Federal Reserve Board issued for public comment on December 12, 1989, a proposal to revoke current exemptions from compliance with Regulation C (Home Mortgage Disclosure) for state-chartered institutions in Massachusetts, Connecticut, and New Jersey. The Board had issued exemptions for institutions in these states because they were subject to state laws that were substantially similar to the old requirements. Comment is requested by January 15, 1990.

The Federal Reserve Board requested on December 29, 1989, public comment on proposed transition capital standards for state member banks and bank holding companies through the end of 1990. The proposed guidelines also set forth the Board's preliminary views on the appropriate leverage standard to be applied to banking organizations in conjunction with the risk-based capital framework after year-end 1990. Comments should be received by the Board on this matter no later than March 9, 1990.

The Board had announced its proposed transition capital standards, on November 22, 1989, and had indicated that it would seek public comment on the standards by year-end.

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON NOVEMBER 14, 1989

Domestic Policy Directive

The information reviewed at this meeting suggested that the economy had continued to expand, though unevenly and at a somewhat slower pace than earlier in the year. While the service-producing sector appeared to be growing moderately, manufacturing had been weak, owing to sluggish demand and to strikes and other disruptions to production. Price increases had been smaller since midyear, but there had been no abatement of wage inflation.

Total nonfarm payroll employment increased appreciably in October, but its growth had been more moderate on balance over the past several months, especially in the private sector. Widespread job gains were apparent in the service-producing sector, but manufacturing payrolls declined further as a result of continued weakness in motor vehicles and other durable goods industries. In the public sector, hiring by state and local governments was robust in October and had contributed substantially to total employment growth over the past three months. The civilian unemployment rate remained within the narrow range around 5¼ percent that had prevailed since early 1989.

After three months of modest increases on balance, industrial production was depressed noticeably in October by strike activity and other disruptions; adjusted for these temporary influences, production was about unchanged. Output of consumer goods declined as the production of appliances and motor vehicles, particularly light trucks, fell sharply. Production of business equipment dropped substantially, reflecting the strike at a major aircraft manufacturer and the earthquake in northern California. Total industrial capacity utilization dropped in October, mostly because of the effects of temporary disruptions to production.

Retail sales fell appreciably in October from upward revised levels for August and September, as purchases of motor vehicles dropped sharply. Housing starts fell further in September, and the multifamily component registered its lowest level since mid-1982. For the third quarter as a whole, starts were about unchanged from their reduced second-quarter average.

Indicators of business capital spending continued to suggest that growth had moderated from its rapid pace in the first half of the year, primarily as a result of slower growth in outlays for information-processing equipment. Shipments of nondefense capital goods edged lower in September, and orders data suggested that equipment outlays would remain sluggish in coming months. Nonresidential construction activity also fell, largely owing to a decline in commercial structures other than office buildings, and construction permits continued the downtrend evident over the past few months. The sparse data available on business inventories for September indicated that manufacturers' stocks had declined somewhat in that month after a sizable gain on balance over the previous two months. At the wholesale level, inventories fell for a second straight month.

The nominal U.S. merchandise trade deficit increased in August to its highest level thus far this year, as the value of non-oil imports surged. For July and August combined, the value of imports—especially of consumer goods and machinery—was somewhat above the second-quarter level. The quantity of imports rose even more strongly over that two-month period as import prices declined on average. The value of exports in the July–August period was somewhat below the level in the second quarter; the quantity of exports rose appreciably, but the prices received fell. In most foreign industrial countries, indicators of economic activity suggested that the slower pace of the second quarter had continued in the third quarter. In Germany, however, industrial production had rebounded strongly from its second-quarter decline.

Producer prices for finished goods rose further in October, boosted by sizable jumps in the prices of a variety of food products. Excluding food and energy items, prices for finished goods were little changed. Consumer prices rose slightly in September after registering little change over the previous two months. Energy prices fell further, while a sharp increase in apparel prices contributed to a rebound in the prices of consumer goods. The latest data on labor compensation suggested no easing of labor cost pressures. Average hourly earnings jumped in October, although the year-over-year change remained within the range of recent experience. In the broader-based employment cost index, growth of wages and salaries continued to show a persistent updrift through the third quarter on a year-over-year basis in most industry and occupational groupings; growth of benefits had slowed but remained at a high rate mainly because of rising health insurance costs.

At its meeting on October 3, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that provided for giving particular weight to developments that might require some slight easing during the intermeeting period. The Committee agreed that slightly greater reserve restraint might be acceptable, or slightly lesser reserve restraint would be acceptable, in the intermeeting period 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 contemplated reserve conditions were expected to be consistent with growth of M2 and M3 over the period from September through December at annual rates of about 6½ percent and 4½ percent respectively.

After the Committee meeting, open market operations were directed initially toward maintaining the existing degree of pressure on reserve positions. For a few days after the steep drop in stock prices on October 13, while financial markets remained highly sensitive and volatile, the Manager for Domestic Operations followed an accommodative approach in supplying reserves. Around the same time, a decision was made under the provisions of the October 3 directive to implement a slight easing of reserve conditions on a more permanent basis; a further slight easing was effectuated during the first part of November. These decisions were made in light of information that suggested some increase in the risk of a pronounced weakening in the growth of business activity. To reflect a decline in seasonal borrowing, several technical reductions also were made during the period in the assumed level of adjustment plus seasonal borrowing used in constructing the target paths for the provision of reserves, and actual borrowing fell from about $635 million in the first full maintenance period after the early October meeting to around $200 million in the week prior to this meeting. The federal funds rate declined from slightly above 9 percent at the time of the October meeting to around 8½ percent more recently.

Most short- and intermediate-term interest rates fell by amounts comparable to the decline in the federal funds rate, though Treasury bill rates dropped by less as a result of disruptions and supply pressures associated in part with delays in debt-ceiling legislation. Yields on most bonds and fixed-rate mortgages also fell somewhat less than the federal funds rate. Rates on lower-quality bonds rose appreciably, and stock prices were considerably lower on balance in this period. In the days following the October 13 break in stock prices, the Committee held a number of telephone conferences to assess developments in financial markets. At these and a subsequent consultation, the Committee also discussed the decisions to ease reserve conditions during the intermeeting period.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined slightly further on balance over the intermeeting period. During the first part of the period, the dollar had appreciated somewhat despite substantial intervention sales of dollars by central banks and increases in official interest rates in a number of major industrial countries. Following the drop in stock prices in mid-October, the dollar moved lower. Expectations of further increases in interest rates abroad and of lower rates in the United States apparently contributed to the dollar's decline.

Expansion of the monetary aggregates picked up in October. A surge in demand deposits in early October contributed to considerable strength in M1. The effects of this acceleration were offset to an extent by slower expansion of the retail-type components of M2, possibly reflecting the waning effects of earlier declines in market interest rates on the opportunity costs of holding liquid savings-type deposits included in M2. The faster growth of M3, while remaining well below that of M2, reflected an accelerated issuance of large-denomination CDs by banks to help finance substantially stronger expansion of bank credit. Runoffs of assets at capital-deficient thrift institutions and associated declines in RPs and large-denomination CDs continued to restrain growth of M3. For the period from the fourth quarter of 1988 through October, growth of M2 was within the lower half of the Committee's annual range, while expansion of M3 was near the lower end of its range.

The staff projection prepared for this meeting suggested that the economy was likely to grow at a slower pace over the next several quarters. The outlook for the near term was clouded by uncertainties associated with the effects of a major hurricane, a severe earthquake, and a strike at a large manufacturer of aircraft. On balance, those developments were projected to curb overall growth somewhat in the current quarter but to provide a temporary boost in the first quarter of next year. The projection assumed that the budget deficit would decline moderately and that net exports would make little contribution to domestic growth in 1990. Consumer demand was expected to buoy the near-term expansion of the economy, reflecting the strong growth of the real income of consumers in recent months and indications of a continued high level of consumer confidence. Over the rest of the projection period, however, steadily mounting slack in labor markets was expected to exert a restraining effect on consumer demand. The projection continued to indicate substantial slackening in the expansion of business capital spending from the pace in the first half of this year. With pressures on labor and other production resources expected to ease only marginally, little improvement was anticipated in the underlying trend of inflation over the next several quarters.

In the Committee's discussion of the economic situation and outlook, members commented that broad economic indicators and local conditions in different parts of the country pointed on balance to a sustained expansion in business activity, though at a somewhat slower pace than in recent quarters. Views differed to some extent regarding the risks of a different outcome, reflecting uncertainties concerning developments in such key sectors of the economy as business investment and net exports and in the demand for housing and consumer durables, notably motor vehicles. While some members regarded those risks as about evenly balanced in both directions, a number stressed that a period of minimal growth or even a downturn in activity could not be ruled out; others saw greater odds that the rate of economic growth and levels of resource utilization might be closer to the economy's potential. With regard to the outlook for inflation, several members observed that the prospects for significant progress were limited for the next several quarters, especially in light of the tendency for increases in labor costs to remain in a relatively high range. Other members expressed greater confidence that appreciable progress would be made, partly in the context of reduced growth in economic activity.

In their discussion of specific developments relating to the outlook for overall business activity, members noted that economic conditions had softened in some parts of the country, with manufacturing tending to weaken more generally, particularly in the automotive and automotive-related sectors. Many business contacts appeared to be less optimistic about prospects for sales and more cautious about investment decisions. Real estate markets and nonresidential construction ranged from quite weak to moderately strong in different sections of the country. On balance, local business conditions were characterized by steady activity or slow growth in many regions to continued fairly vigorous expansion in some others.

With regard to broad indicators of economic performance, members cited the continuing weakness, but absence of further deterioration, in new orders. Order backlogs, while below earlier highs, appeared consistent with sustained production. From a different perspective, it was noted that commodity prices remained high and did not suggest a slowdown in economic activity. Business investment was an area of major uncertainty in the economic outlook. Developments that could have adverse implications for investment included a squeeze on profit margins from rising costs, both interest and labor expenses, on the one hand and from competitive pressures that restrained price increases on the other. On the foreign side, the earlier appreciation of the dollar had arrested the improvement in the nation's trade balance, but further gains still might be forthcoming at current dollar levels, given expectations of relatively strong growth in business activity in foreign industrial countries. Such a development would have favorable implications for the manufacturing sector and for the domestic expansion more generally.

Views on the outlook for inflation differed to some extent, depending in part on somewhat varying expectations with regard to the level of business activity and associated pressures on production resources. Several members continued to expect that, in light of the behavior of labor costs, little or no progress would be made in reducing inflation over the quarters ahead, even assuming relatively slow growth in business activity. Labor markets might be softening in some areas, but data on labor compensation showed no changes from earlier trends, and some members remained concerned that underlying demand conditions would be associated with persisting upward pressures on labor costs. Other members were more optimistic. They noted that the behavior of prices had been better than might have been anticipated in recent quarters, apparently reflecting a variety of factors that were tending to arrest the momentum of inflation, including ongoing efforts to hold down costs in the context of strong competition in international and domestic markets.

In the Committee's discussion of policy for the weeks immediately ahead, nearly all of the members supported a proposal to maintain unchanged conditions of reserve availability. A majority favored and the others could accept a related suggestion to retain the current asymmetry toward ease that had been incorporated in recent directives. While current indicators of economic activity suggested a somewhat weaker expansion, most of the members agreed that a steady policy course was desirable at this point, especially in light of the stimulus provided by recent easing actions, whose effects on the economy would be felt only with some lag. In reconciling concerns about a cumulative weakening in the economy against a desire for progress in the fight against inflation, a steady policy seemed to give reasonable prospects for achieving both sustained expansion and declining inflation. Some members commented that these objectives could be attained with less pressure in credit markets if the federal budget deficit were to turn more definitely downward.

In the course of the Committee's discussion, a number of members observed that, as a result of the pickup in M2 over the course of the past several months, growth of the monetary aggregates seemed consistent with the Committee's long-run goals, and thus money growth did not in itself suggest the need for any current adjustment in reserve conditions. According to a staff analysis prepared for this meeting, growth of M2 was likely to remain relatively brisk, assuming unchanged reserve conditions and steady interest rates. Growth of this aggregate would be buoyed by the further decline that had occurred recently in market interest rates and in the related opportunity costs of holding M2 balances, and for the year as a whole M2 was likely to expand at a rate just below the midpoint of the Committee's range for 1989. M3 was projected to continue to grow at a slower pace than M2, reflecting the ongoing though waning effects on some M3 components of the disposition of assets by undercapitalized thrift institutions and the funding made available through RTC resolutions; for the year, the growth of M3 was projected to be somewhat above the lower bound of the Committee's range.

Turning to the instruction in the directive relating to possible adjustments in the degree of reserve pressure during the intermeeting period, a majority of the members expressed a preference for retaining the existing asymmetry that would permit any adjustments to be made more readily toward easing than toward firming. In this view, current tendencies toward weakening in the economy outweighed the sources of strength, and some further easing might be needed if the incoming information on business activity suggested more softening than most members currently expected. In these circumstances, an easing would be consistent with the Committee's long-run inflation objective. Other members, who saw the risks to the expansion as more evenly balanced, indicated a preference for a symmetric instruction in the directive; however, they could accept retention of the bias toward ease contained in the October 3 directive. Some of these members nonetheless stressed the desirability of not overreacting to possible indications of slower economic growth in the period ahead for fear of creating financial conditions and stimulating monetary growth that would prove to be inconsistent with the Committee's long-run goal of price stability. In light of these considerations and in the context of the recent easing actions, the members generally endorsed or found acceptable a proposal to approach with caution any further easing in the weeks ahead.

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 existing degree of pressure on reserve positions and that provided for giving greater weight to developments that might require some slight easing during the intermeeting period. Accordingly, slightly greater reserve restraint might be acceptable during the intermeeting period, while some slight easing of reserve restraint 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 7½ percent and 4½ percent respectively over the three-month period from September to December. 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 continuing expansion in economic activity, though at a somewhat slower pace than earlier in the year. Total nonfarm payroll employment increased appreciably in October, but on balance its growth has been more moderate over the past several months, especially in the private sector. The civilian unemployment rate has remained around 5¼ percent. Strike activity and other disruptions depressed industrial production noticeably in October. Retail sales fell appreciably in October, reflecting a sharp drop in purchases of motor vehicles, but some upward revisions were made for August and September. Housing starts fell further in September and for the third quarter as a whole were about unchanged from their reduced second-quarter average. Indicators of business capital spending suggest slower growth after a substantial increase in the first half of the year. The nominal U.S. merchandise trade deficit widened in August from its July rate as non-oil imports increased markedly. Consumer prices have risen more slowly on balance since midyear, partly reflecting sharp reductions in energy prices, but the latest data on labor compensation suggest no significant change in prevailing trends.

Most interest rates have declined appreciably since the Committee meeting on October 3. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined slightly on balance over the intermeeting period.

M2 continued to grow fairly briskly in October, largely reflecting strength in its M1 and other liquid components; thus far this year M2 has expanded at a pace somewhat below the midpoint of the Committee's annual range. Growth of M3 picked up in October but has remained much more restrained than that of M2, as assets of thrift institutions and their associated funding needs apparently continued to contract; for the year to date, M3 has grown at a rate around the lower bound of the Committee's annual 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 September through December at annual rates of about 7½ and 4½ 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, Guffey, Johnson, Keehn, Kelley, LaWare, Melzer, and Syron. Vote against this action: Ms. Seger.

Ms. Seger dissented because she felt that a further easing of monetary policy was needed at this time. In her view, the persisting weakness in the manufacturing sector, most notably in motor vehicles, along with a likely softening in construction activity and capital expenditures posed a substantial risk to the economy. In these circumstances, a moderate easing of policy could help forestall a slide into recession in the months ahead without adding to inflationary pressures.

Legal Developments

AMENDMENT TO REGULATION B

The Board of Governors is amending 12 C.F.R. Part 202, its Regulation B (Equal Credit Opportunity). The amendments mandate that creditors give written notice to business applicants of the right to a written statement of reasons for a credit denial. Creditors are also required to retain records relating to business credit applications for at least one year.

The revisions to Regulation B implement the statutory amendments and define coverage based on a credit applicant's gross revenues. Creditors must provide written notices and retain records in accordance with the new law on credit applications involving businesses with gross revenues of $1 million or less. Applications from businesses with gross revenues greater than $1 million and applications for trade credit and similar types of business credit are subject to modified notice and recordkeeping rules provided in Regulation B. Business credit transactions, regardless of the revenue size of the business, remain covered by all other relevant provisions of the Equal Credit Opportunity Act and Regulation B.

Effective December 8, 1989, but mandatory compliance is not required until April 1, 1990, 12 C.F.R. Part 202 is amended as follows:

Part 202—Equal Credit Opportunity

1. The authority citation for Part 202 is revised to read as follows:

Authority: 15 U.S.C. 1691–1691f.

2. Section 202.2 is amended by revising paragraph (g) to read as follows:

Section 202.2—Definitions

* * * * *

(g) *Business credit* refers to extensions of credit primarily for business or commercial (including agricultural) purposes, but excluding extensions of credit of the types described in section 202.3(a), (b), and (d).

* * * * *

3. Section 202.3 is amended by removing paragraph (d) and redesignating paragraph (e) as paragraph (d).

4. Section 202.9 is amended by adding paragraph (a)(3). Paragraphs (a)(1) and (2) are republished to read as follows:

(1) *Notification of action taken, ECOA notice, and statement of specific reasons*—(1) *When notification is required.* A creditor shall notify an applicant of action taken within:

(i) 30 days after receiving a completed application concerning the creditor's approval of, counteroffer to, or adverse action on the application;

(ii) 30 days after taking adverse action on an incomplete application, unless notice is provided in accordance with paragraph (c) of this section;

(iii) 30 days after taking adverse action on an existing account; or

(iv) 90 days after notifying the applicant of a counteroffer if the applicant does not expressly accept or use the credit offered.

(2) *Content of notification when adverse action is taken.* A notification given to an applicant when adverse action is taken shall be in writing and shall contain: a statement of the action taken; the name and address of the creditor; a statement of the provisions of section 701(a) of the Act; the name and address of the Federal agency that administers compliance with respect to the creditor; and either:

(i) A statement of specific reasons for the action taken; or

(ii) A disclosure of the applicant's right to a statement of specific reasons within 30 days, if the statement is requested within 60 days of the creditor's notification. The disclosure shall include the name, address, and telephone number of the person or office from which the statement of reasons can be obtained. If the creditor chooses to provide the reasons orally, the creditor shall also disclose the applicant's right to have them confirmed in writing within 30 days of receiving a written request for confirmation from the applicant.

(3) *Notification to business credit applicants.* For business credit, a creditor shall comply with the requirements of this paragraph in the following manner:

(i) With regard to a business that had gross revenues of $1,000,000 or less in its preceding fiscal year (other than an extension of trade credit, credit incident to a factoring agreement, or other similar types of business credit), a creditor shall comply with paragraphs (a)(1) and (2), except that:

(A) The statement of the action taken may be given orally or in writing, when adverse action is taken;

(B) Disclosure of an applicant's right to a statement of reasons may be given at the time of application, instead of when adverse action is taken, provided the disclosure is in a form the applicant may retain and contains the information required by paragraph (a)(2)(ii) and the ECOA notice specified in paragraph (b)(1) of this section;

(C) For an application made solely by telephone, a creditor satisfies the requirements of this paragraph by an oral statement of the action taken and of the applicant's right to a statement of reasons for adverse action.

(ii) With regard to a business that had gross revenues in excess of $1,000,000 in its preceding fiscal year or an extension of trade credit, credit incident to a factoring agreement, or other similar types of business credit, a creditor shall:

(A) Notify the applicant, orally or in writing, within a reasonable time of the action taken; and

(B) Provide a written statement of the reasons for adverse action and the ECOA notice specified in paragraph (b)(1) of this section if the applicant makes a written request for the reasons within 60 days of being notified of the adverse action.

* * * * *

5. Section 202.12 is amended by revising paragraph (b)(1) introductory text and paragraphs (b)(2)-(4) and adding paragraph (b)(5) to read as follows:

Section 202.12—Record Retention

* * * * *

(b) *Preservation of records*—

(1) *Applications*. For 25 months (12 months for business credit) after the date that a creditor notifies an applicant of action taken on an application or of incompleteness, the creditor shall retain in original form or a copy thereof:

* * * * *

(2) *Existing accounts*. For 25 months (12 months for business credit) after the date that a creditor notifies an applicant of adverse action regarding an existing account, the creditor shall retain as to that account, in original form or a copy thereof:

(i) Any written or recorded information concerning the adverse action; and

(ii) Any written statement submitted by the applicant alleging a violation of the act or this regulation.

(3) *Other applications*. For 25 months (12 months for business credit) after the date that a creditor receives an application for which the creditor is not required to comply with the notification requirements of section 202.9, the creditor shall retain all written or recorded information in its possession concerning the applicant, including any notation of action taken.

(4) *Enforcement proceedings and investigations*. A creditor shall retain the information specified in this section beyond 25 months (12 months for business credit) if it has actual notice that it is under investigation or is subject to an enforcement proceeding for an alleged violation of the act or this regulation by the Attorney General of the United States or by an enforcement agency charged with monitoring that creditor's compliance with the act and this regulation, or if it has been served with notice of an action filed pursuant to section 706 of the Act and section 202.14 of this regulation. The creditor shall retain the information until final disposition of the matter, unless an earlier time is allowed by order of the agency or court.

(5) *Special rule for certain business credit applications*. With regard to a business with gross revenues in excess of $1,000,000 in its preceding fiscal year, or an extension of trade credit, credit incident to a factoring agreement or other similar types of business credit, the creditor shall retain records for at least 60 days after notifying the applicant of the action taken. If within that time period the applicant requests in writing the reasons for adverse action or that records be retained, the creditor shall retain records for 12 months.

* * * * *

5. Appendix C is amended by revising the first and last paragraph of the introduction, and by adding sample forms C-7 and C-8 to read as follows:

Appendix C—Sample Notification Forms

This appendix contains eight sample notification forms. Forms C-1 through C-4 are intended for use in notifying an applicant that adverse action has been taken on an application or account under section

202.9(a)(1) and (2)(i) of this regulation. Form C-5 is a notice of disclosure of the right to request specific reasons for adverse action under section 202.9(a)(1) and (2)(ii). Form C-6 is designed for use in notifying an applicant, under section 202.9(c)(2), that an application is incomplete. Forms C-7 and C-8 are intended for use in connection with applications for business credit under section 202.9(a)(3).

* * * * *

A creditor may design its own notification forms or use all or a portion of the forms contained in this appendix. Proper use of Forms C-1 through C-4 will satisfy the requirements of section 202.9(a)(2)(i). Proper use of Forms C-5 and C-6 constitutes full compliance with sections 202.9(a)(2)(ii) and 202.9(c)(2), respectively. Proper use of Forms C-7 and C-8 will satisfy the requirements of sections 202.9(a)(2)(i) and (ii), respectively, for applications for business credit.

AMENDMENTS TO REGULATIONS B, E, M, AND Z

The Board of Governors is amending 12 C.F.R. Parts 202, 205, 213, and 226, its Regulations B, E, M, and Z (Equal Credit Opportunity, Electronic Fund Transfers, Consumer Leasing, and Truth in Lending), to reflect the transfer of enforcement functions from the Federal Home Loan Bank Board to the Office of Thrift Supervision, pursuant to the recent Financial Institution Reform, Recovery and Enforcement Act ("FIRREA") legislation.

Effective December 29, 1989, 12 C.F.R. Parts 202, 205, 213, and 226, are amended as follows:

Part 202—Equal Credit Opportunity

1. The authority citation for Part 202 continues to read as follows:

Authority: 15 U.S.C. 1691–1691f.

Section 202.14—Enforcement, Penalties, and Liabilities

Section 202.14(a)(1) is amended by removing the reference to the Federal Home Loan Bank Board and the parenthetical information that follows, and adding the words "Office of Thrift Supervision" in its place.

APPENDIX A—FEDERAL ENFORCEMENT AGENCIES

Appendix A is amended by removing the reference to "Savings Institutions Insured by the FSLIC and Members of the FHLB System," the parenthetical information that follows, and the next full sentence, and adding the following words in place thereof:

Savings institutions insured under the Savings Association Insurance Fund of the FDIC and federally-chartered savings banks insured under the Bank Insurance Fund of the FDIC (but not including state-chartered savings banks insured under the Bank Insurance Fund).

The District Director of the Office of Thrift Supervision in the District in which the institution is located.

Part 205—Electronic Fund Transfers

1. The authority citation for Part 205 continues to read as follows:

Authority: Pub. L. 95–630, 92 Stat. 3730 (15 U.S.C. 1693b).

Section 205.13—Administrative Enforcement

Section 205.13(a)(1) is amended by removing the reference to the Federal Home Loan Bank Board and the parenthetical information that follows, and adding the words "Office of Thrift Supervision" in its place.

APPENDIX B—FEDERAL ENFORCEMENT AGENCIES

Appendix B is amended by removing the reference to "Savings Institutions Insured by the FSLIC and Members of the FHLB System," the parenthetical information that follows, and the next full sentence, and adding the following words in place thereof:

Savings Institutions insured under the Savings Association Insurance Fund of the FDIC and federally-chartered savings banks insured under the Bank Insurance Fund of the FDIC (but not including state-chartered savings banks insured under the Bank Insurance Fund).

The District Director of the Office of Thrift Supervision in the District in which the institution is located.

Part 213—Consumer Leasing

1. The authority citation for Part 213 continues to read as follows:

Authority: Sec. 105, Truth in Lending Act, as amended by sec. 605, Pub. L. 92-221, 94 Stat. 170 (15 U.S.C. 1604).

APPENDIX D—FEDERAL ENFORCEMENT AGENCIES

Appendix D is amended by removing the reference to "Savings Institutions Insured by the FSLIC and Members of the FHLB System," the parenthetical information that follows, and the next full sentence, and adding the following words in place thereof:

Savings Institutions insured under the Savings Association Insurance Fund of the FDIC and federally-chartered savings banks insured under the Bank Insurance Fund of the FDIC (but not including state-chartered savings banks insured under the Bank Insurance Fund).

The District Director of the Office of Thrift Supervision in the District in which the institution is located.

Part 226—Truth in Lending

1. The authority citation for Part 226 continues to read as follows:

Authority: Truth in Lending Act, 15 U.S.C. 1604 and sec. 2, Public Law 100-583, 102 Stat. 2960; sec. 1204(c), Competitive Equality Banking Act, Public Law 100-86, 101 Stat. 552.

APPENDIX I—FEDERAL ENFORCEMENT AGENCIES

Appendix I is amended by removing the reference to "Savings Institutions Insured by the FSLIC and Members of the FHLB System," the parenthetical information that follows, and the next full sentence, and adding the following words in place thereof:

Savings Institutions insured under the Savings Association Insurance Fund of the FDIC and federally-chartered savings banks insured under the Bank Insurance Fund of the FDIC (but not including state-chartered savings banks insured under the Bank Insurance Fund).

The District Director of the Office of Thrift Supervision in the District in which the institution is located.

FINAL RULE—REVISION TO REGULATION C

The Board of Governors is revising 12 C.F.R. Part 203, its Regulation C (Home Mortgage Disclosure). The regulation implements amendments to the Home Mortgage Disclosure Act ("HMDA"), contained in the Financial Institutions Reform, Recovery and Enforcement Act ("FIRREA"), which are effective on January 1, 1990. The FIRREA amendments expand the coverage of HMDA to include mortgage lenders that are not affiliated with depository institutions or holding companies. They require covered institutions to report data regarding applications for mortgage and home improvement loans, in addition to data regarding loan originations and purchases. Most institutions will now also report the race, sex, and income of loan applicants.

The Board has adopted a loan/application register form for HMDA reporting on which institutions will record the required information for loan applications, loans actually made, and loans purchased.

The first set of reports in the new register format will be due in early 1991. The reports covering loan data for calendar year 1989, which are due on March 31, 1990, remain subject to the existing provisions of the regulation; institutions must use the current Form HMDA-1 or HMDA-2, as appropriate, for those reports.

Effective January 1, 1990, 12 C.F.R. Part 203 is revised as follows:

Part 203—Home Mortgage Disclosure

Section 203.1—Authority, purpose, and scope
Section 203.2—Definitions
Section 203.3—Exempt institutions
Section 203.4—Compilation of loan data
Section 203.5—Disclosure and reporting
Section 203.6—Enforcement
Appendix A Form and instructions for loan/application register
Appendix B Form and instructions for data collection on race or national origin and sex

Authority: 12 U.S.C. 2801-2810

Section 203.1—Authority, purpose, and scope

(a) *Authority.* This regulation is issued by the Board of Governors of the Federal Reserve System ("Board") pursuant to the Home Mortgage Disclosure Act (12 U.S.C. 2801 *et seq.*), as amended. The information-collection requirements have been approved by the U.S. Office of Management and Budget under 44 U.S.C. 3501 *et seq.* and have been assigned OMB No. 7100–0247.

(b) *Purpose.*

(1) This regulation implements the Home Mortgage Disclosure Act, which is intended to provide the public with loan data that can be used:

(i) to help determine whether financial institutions are serving the housing needs of their communities;

(ii) to assist public officials in distributing public-sector investments so as to attract private investment to areas where it is needed; and

(iii) to assist in identifying possible discriminatory lending patterns and enforcing antidiscrimination statutes.

(2) Neither the act nor this regulation is intended to encourage unsound lending practices or the allocation of credit.

(c) *Scope.* This regulation applies to certain financial institutions, including banks, saving associations, credit unions, and other mortgage lending institutions, as defined in section 203.2(e). It requires an institution to report data to its supervisory agency about home purchase and home improvement loans it originates or purchases, or for which it receives applications; and to disclose certain data to the public.

(d) *Loan aggregation and central data depositories.* Using the loan data made available by financial institutions, the Federal Financial Institutions Examination Council will prepare disclosure statements and will produce various reports for individual institutions for each metropolitan statistical area (MSA), showing lending patterns by location, age of housing stock, income level, sex, and racial characteristics. The disclosure statements and reports will be available to the public at central data depositories located in each MSA. A listing of central data depositories can be obtained from the Federal Financial Institutions Examination Council, Washington, D.C. 20006.

Section 203.2—Definitions

In this regulation:

(a) *Act* means the Home Mortgage Disclosure Act (12 U.S.C. 2801 *et seq.*), as amended.

(b) *Application* means an oral or written request for a home purchase or home improvement loan that is made in accordance with procedures established by a financial institution for the type of credit requested.

(c) *Branch office* means:

(1) any office of a bank, savings association, or credit union that is approved as a branch by a federal or state supervisory agency, but excludes free-standing electronic terminals such as automated teller machines;

(2) any office of a mortgage lending institution (other than a bank, savings association, or credit union) that takes applications from the public for home purchase or home improvement loans. A mortgage lending institution is also deemed to have a branch office in an MSA if, in the preceding calendar year, it received applications for, originated, or purchased five or more home purchase or home improvement loans on property located in that MSA.

(d) *Dwelling* means a residential structure (whether or not it is attached to real property) located in a state of the United States of America, the District of Columbia, or the Commonwealth of Puerto Rico. The term includes an individual condominium unit, cooperative unit, or mobile or manufactured home.

(e) *Financial institution* means: (1) a bank, savings association, or credit union that originated in the preceding calendar year a home purchase loan (other than temporary financing such as a construction loan) secured by a first lien on a one-to-four family dwelling if:

(i) the institution is federally insured or regulated; or

(ii) the loan is insured, guaranteed, or supplemented by any federal agency; or

(iii) the institution intended to sell the loan to the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;

(2) a for-profit mortgage lending institution (other than a bank, savings association, or credit union) whose home purchase loan originations equaled or exceeded ten percent of its loan volume, measured in dollars, in the preceding calendar year.

(f) *Home improvement loan* means any loan that:

(1) is stated by the borrower (at the time of the loan application) to be for the purpose of repairing, rehabilitating, or remodeling a dwelling; and

(2) is classified by the financial institution as a home improvement loan.

(g) *Home purchase loan* means any loan secured by and made for the purpose of purchasing a dwelling.

(h) *Metropolitan statistical area or MSA* means a metropolitan statistical area or a primary metropolitan statistical area, as defined by the U.S. Office of Management and Budget.

Section 203.3—Exempt institutions

(a) *Exemption based on asset size or location.* A financial institution is exempt from the requirements of this regulation for a given calendar year if on the preceding December 31:

(1) the institution had neither a home office nor a branch office in an MSA; or

(2) in the case of a bank, savings association, or credit union, the institution's total assets were $10 million or less; or

(3) in the case of a for-profit mortgage lending institution (other than a bank, savings association, or credit union), the total assets of the institution combined with those of any parent corporation were $10 million or less.

(b) *Exemption based on state law.*

(1) A state-chartered or state-licensed financial institution is exempt from the requirements of this regulation if the Board determines that the institution is subject to a state disclosure law that contains requirements substantially similar to those imposed by this regulation and contains adequate provisions for enforcement.

(2) Any state, state-chartered or state-licensed financial institution, or association of such institutions may apply to the Board for an exemption under this paragraph.

(3) An institution that is exempt under this paragraph shall submit the data required by the state disclosure law to its state supervisory agency for purposes of aggregation.

(c) *Loss of exemption.*

(1) An institution losing an exemption that was based on asset size or location under paragraph (a) of this section shall comply with this regulation beginning with the calendar year in which it lost its exemption.

(2) An institution losing an exemption that was based on state law under paragraph (b) of this section shall comply with this regulation beginning with the calendar year following the year for which it last reported loan data under the state disclosure law.

Section 203.4—Compilation of loan data

(a) *Data format and itemization.* A financial institution shall collect data regarding applications for, and originations and purchases of, home purchase loans (including refinancings) and home improvement loans for each calendar year. These data shall be presented on a register in the format prescribed in Appendix A and shall include the following items:

(1) A number for the loan or loan application, and the date the application was received.

(2) The type and purpose of the loan.

(3) The owner-occupancy status of the property to which the loan relates.

(4) The amount of the loan or application.

(5) The type of action taken, and the date.

(6) The location of the property to which the loan relates, by MSA, state, county, and census tract, if the institution has a home or a branch office in that MSA.

(7) The race or national origin and sex of the applicant or borrower, and the income relied upon in processing the loan application.

(8) The type of entity purchasing a loan that the institution originates or purchases and then sells within the same calendar year.

(b) *Collection of data on race or national origin, sex, and income.*

(1) A financial institution shall collect data about the race or national origin and sex of the applicant or borrower as prescribed in Appendix B. If the applicant or borrower chooses not to provide the information, the lender shall note that data on the basis of visual observation or surname, to the extent possible.

(2) Race or national origin, sex, and income data may but need not be collected for:

(i) loans purchased by the financial institution; or

(ii) applications received or loans originated by a bank, savings association, or credit union with assets on the preceding December 31 of $30 million or less.

(c) *Optional data.* A financial institution may report the reasons it denied a loan application.

(d) *Excluded data.* A financial institution shall not report:

(1) loans originated or purchased by the financial institution acting in a fiduciary capacity (such as trustee);

(2) loans on unimproved land;

(3) temporary financing (such as bridge or construction loans);

(4) the purchase of an interest in a pool of loans (such as mortgage-participation certificates); or

(5) the purchase solely of the right to service loans.

Section 203.5—Disclosure and reporting

(a) *Reporting requirements.* By March 1 following the calendar year for which the loan data are compiled, a financial institution shall send two copies of its complete register to the agency office specified in Appendix A of this regulation, and shall retain a copy for its records for a period of not less than two years.

(b) *Disclosure to the public.* A financial institution shall make its mortgage loan disclosure statement (to be prepared by the Federal Financial Institutions Examination Council) available to the public no later than 30 calendar days after the institution receives it from its supervisory agency. The financial institution shall make the statement available to the public for a period of five years.

(c) *Availability of disclosure statement.* A financial institution shall make the disclosure statement available at its home office. If it has a physical branch office in other MSAs, it shall also make a statement available in at least one branch office in each of those MSAs; the statement at a branch office need only contain data relating to property in the MSA where that branch office is located. An institution shall make the disclosure statement available for inspection and copying during the hours the office is normally open to the public for business. It may impose a reasonable charge for photocopying services.

(d) *Notice of availability.* A financial institution shall post a general notice about the availability of its disclosure statement in the lobbies of its home office and any physical branch offices located in an MSA. Upon request, it shall promptly provide the location of the institution's offices where the statement is available. At its option, an institution may include the location in its notice.

Section 203.6—Enforcement

(a) *Administrative enforcement.* A violation of the act or this regulation is subject to administrative sanctions as provided in section 305 of the act. Compliance is enforced by the agencies listed in Appendix A of this regulation.

(b) *Bona fide errors.* An error in compiling or recording loan data is not a violation of the act or this regulation if it was unintentional and occurred despite the maintenance of procedures reasonably adapted to avoid such errors.

AMENDMENT TO REGULATION D

The Board of Governors is amending 12 C.F.R. Part 204, its Regulation D (Reserve Requirements of Depository Institutions) to decrease the amount of transaction accounts subject to a reserve requirement ratio of three percent, as required by section 19(b)(2)(C) of the Federal Reserve Act (12 U.S.C. § 461(b)(2)(C)), from $41.5 million to $40.4 million of net transaction accounts (known as the low reserve tranche adjustment). The Board has left at $3.4 million the amount of reservable liabilities of each depository institution that is subject to reserve requirements of zero percent (known as the reservable liabilities exemption adjustment), as required by section 19(b)(11)(B) of the Federal Reserve Act (12 U.S.C. § 461(b)(11)(B)). The Board has also increased from $42.1 million to $43.4 million the deposit cutoff level that is used in conjunction with the reservable liabilities exemption amount to determine the frequency of deposit reporting.

For depository institutions that report weekly, the low reserve tranche adjustment will be effective starting with the reserve computation period beginning Tuesday, December 26, 1989, and with the corresponding reserve maintenance periods beginning Thursday, December 28, 1989, for net transaction accounts, and Thursday, January 25, 1990, for other reservable liabilities. For institutions that report quarterly, the low reserve tranche adjustment will be effective with the computation period beginning Tuesday, December 19, 1989, and with the reserve maintenance period beginning Thursday, January 18, 1990. For all depository institutions, the increase in the deposit cutoff level will be used to screen institutions in the second quarter of 1990 to determine reporting frequency beginning September 1990.

Pursuant to the Board's authority under section 19 of the Federal Reserve Act, 12 U.S.C. § 461 *et seq.*, 12 C.F.R. Part 204 is amended as follows:

Part 204—Reserve Requirements of Depository Institutions

1. The authority citation for 12 C.F.R. Part 204 continues to read as follows:

Authority: Sections 11(a), 11(c), 19, 25, 25(a) of the Federal Reserve Act (12 U.S.C. §§ 248(a), 248(c), 371a, 371b, 461, 601, 611); section 7 of the International Banking Act of 1978 (12 U.S.C. § 3105); and section 411 of the Garn–St Germain Depository Institutions Act of 1982 (12 U.S.C. § 461).

2. In section 204.9, paragraph (a)(1) is revised to read as follows:

Section 204.9—Reserve requirement ratios

(a)(1) *Reserve percentages.* The following reserve ratios are prescribed for all depository institutions, Edge and Agreement Corporations, and United States branches and agencies of foreign banks:

Category	Reserve Requirement
Net transaction account[1]	
$0 to $40.4 million	3 percent of amount
Over $40.4 million	$1,212,000 plus 12 percent of amount over $40.4 million
Nonpersonal time deposits	
By original maturity (or notice period):	
Less than 1½ years	3 percent
1½ years or more	0 percent
Eurocurrency liabilities	3 percent

1. Dollar amounts do not reflect the adjustment to be made by the next paragraph.

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

Appleton City Bancshares, Inc. Appleton City, Missouri

Order Approving Formation of a Bank Holding Company

Appleton City Bancshares, Inc., Appleton City, Missouri ("Appleton"), has applied for the Board's approval pursuant to section 3(a)(1) of the Bank Holding Company Act ("Act"), (12 U.S.C. § 1841 *et seq.*), to become a bank holding company by acquiring 100 percent of the voting shares of Citizens Bank of Appleton City, Appleton City, Missouri ("Citizens Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (54 *Federal Register* 42,991 (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.

Appleton is a non-operating company formed for the purpose of acquiring Citizens Bank. Citizens Bank is one of the smaller commercial banking organizations in Missouri, controlling deposits of $15.6 million, representing less than one percent of total deposits in commercial banking organizations in the state.[1] This proposal represents a restructuring of existing ownership interests. Consummation of this proposal would not result in any significantly adverse effect on the concentration of banking resources in Missouri.

Citizens Bank competes in the Bates County, Missouri, banking market,[2] and its deposits represent approximately 9 percent of the total deposits in commercial banking organizations in the market. Principals of Appleton and Citizens Bank are not associated with any other banking organization in the market. Based on the facts of record, consummation of this proposal would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant market. Accordingly, the Board concludes that competitive considerations are consistent with approval of this application.

1. State banking data are as of December 31, 1987. Market data are as of December 31, 1988.

2. The Bates County, Missouri, banking market is approximated by Bates County, the Town of Montrose in Henry County, and the Town of Appleton City in St. Claire County, Missouri.

The financial and managerial resources and future prospects of Appleton and Citizens Bank are consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

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

By order of the Board of Governors, effective December 7, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Barnett Banks, Inc. Jacksonville, Florida

Order Approving Acquisition of a Bank

Barnett Banks, Inc., Jacksonville, Florida ("Barnett") has applied pursuant to section 3(a)(3) of the Bank Holding Company Act of 1956 ("BHC Act") (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares of Barnett Bank of Southwest Georgia, Columbus, Georgia ("Bank").[1] Bank is the successor to Barnett's existing thrift institution subsidiary, Barnett Federal Savings Bank, Columbus, Georgia.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (54 *Federal Register* 41,163 (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 BHC Act.

Barnett proposes to convert Bank from a federal savings bank to a state-chartered commercial bank. The Financial Institutions Reform, Recovery, and

1. Barnett currently controls Barnett Federal Savings Bank indirectly through two inactive intermediate tier holding company subsidiaries of Barnett: Suncoast Bancorp, Inc., Vero Beach, Florida ("Suncoast"); and its subsidiary, First City Bancorp, Inc., Marietta, Georgia ("First City"). First City is a Georgia savings bank holding company that directly controls Barnett Federal Savings Bank. Both Suncoast and First City join in this application. Barnett proposes to convert Bank from a federal savings association charter to a state savings association charter and, immediately thereafter, from a state savings association charter to a state commercial bank charter.

Enforcement Act of 1989 ("FIRREA") established a five-year moratorium on any transaction that involves the transfer of deposits from one deposit insurance fund to another with certain limited exceptions.[2] As a general matter, this moratorium prevents an institution whose deposits are insured by the Savings Association Insurance Fund ("SAIF") from converting to an institution the deposits of which are insured by the Bank Insurance Fund ("BIF").[3] A provision of FIRREA expressly provides that this moratorium does not apply to transactions in which a savings association that is a member of the SAIF converts to a commercial bank that remains a SAIF member.[4] Under this exception, the resulting bank is required to continue to pay the SAIF insurance premiums, but is not required to pay either the exit or entrance fees generally imposed by FIRREA on conversion transactions.[5] Barnett Federal Savings Bank is currently a SAIF-member, and, upon its conversion into Bank, Bank proposes to remain a SAIF-member. Accordingly, the charter conversion proposed in this case is permissible under FIRREA.

Section 3(a)(3) of the BHC Act requires that a bank holding company receive Board approval prior to taking any action to acquire a bank. Section 3(d) of the BHC Act, the Douglas Amendment, (12 U.S.C. § 1842(d)), prohibits the Board from approving an application by a bank holding company to acquire a bank located outside of the bank holding company's principal state of operations, unless the acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."[6] Barnett's principal state of operations is Florida. The Board has previously determined that Georgia's interstate banking statute expressly authorizes a Florida holding company, such as Barnett, to acquire a Georgia bank, such as Bank.[7] Moreover, the branches of Bank are in locations permissible under relevant state law for a Georgia bank to branch.[8] Accordingly, approval of Barnett's proposal to acquire Bank is not barred by the Douglas Amendment.

Barnett is the 9th largest commercial banking organization operating in Georgia, controlling approximately $837.6 million in deposits, representing approximately 1.81 percent of the total deposits in commercial banks in the state.[9] Bank is the 10th largest thrift institution in Georgia with approximately $272.7 million in thrift deposits, representing approximately 1.9 percent of the total deposits in thrift institutions in the state. Bank will operate in the Columbus, Georgia, and Meriwether County, Georgia, banking markets.[10] Because Barnett already indirectly controls Bank, this proposal will not result in the elimination of any existing competition in any relevant banking market. In light of the facts of record, consummation of this proposal would not have a significantly adverse effect on competition in any relevant banking market.

The financial and managerial resources and future prospects of Barnett and Bank are consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

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

By order of the Board of Governors, effective December 15, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

2. 12 U.S.C. § 1815(d)(2), *as amended by* Pub. L. No. 101-73, § 206, 103 Stat. 183, 197 (1989).

3. *Id.*

4. 12 U.S.C. § 1815(d)(2)(G), *as amended by* Pub. L. No. 101-73, § 206(a)(7), 103 Stat. 183, 199 (1989).

5. 12 U.S.C. § 1815(d)(2)(E), *as amended by* Pub. L. No. 101-73, § 206(a)(7), 103 Stat. 183, 198 (1989).

6. A bank holding company's principal state of operations for purposes of the Douglas Amendment is that state in which the operations of the holding company's banking subsidiaries were principally conducted on the later of July 1, 1966, or the date on which the company became a bank holding company.

7. *Barnett Banks, Inc.*, 75 *Federal Reserve Bulletin* 585 (1989). Georgia's Regional Interstate Banking Act permits an out-of-state regional bank holding company to acquire a Georgia bank that has been in existence and continuously operated for at least five years. Under the provisions of this Act, the term "bank" encompasses any federally-insured financial institution which accepts deposits and makes commercial loans. *See* Ga. Code Ann. § 7-1-620(2). Barnett Federal Savings Bank qualifies as a bank for purposes of these provisions.

8. *See* Ga. Code Ann. §§ 7-1-293(c), 7-1-550 *et seq.*

9. State deposit data as of June 30, 1989.

10. The Columbus, Georgia, banking market is approximated by Chattahoochee County and Muscogee County in Georgia, plus Russell County, Alabama, and the city of Smiths in Lee County, Alabama. The Meriwether County banking market is approximated by Meriwether County, Georgia.

Orders Issued Under Section 4 of the Bank Holding Company Act

Citicorp
New York, New York

G.W.B. Holding Company
Phoenix, Arizona

Order Approving Retention of Shares of General Insurance Agencies

Citicorp, New York, New York, and its subsidiary G.W.B. Holding Company, Phoenix, Arizona, both bank holding companies within the meaning of the Bank Holding Company Act (the "BHC Act"), have applied for the Board's approval under section 4(c)(8)(D) of the BHC Act (12 U.S.C. § 1843(c)(8)(D)) and section 225.25(b)(8)(iv) of Regulation Y (12 C.F.R. § 225.25(b)(8)(iv)) to retain the shares of two of their indirect nonbank subsidiaries, Great Western Insurance Agency, Phoenix, Arizona ("GWIA"), and United Security Corporation ("United"), Phoenix, Arizona, and to permit these subsidiaries to continue to engage in certain general insurance agency activities.

On August 25, 1986, the Board approved an application under section 3 of the BHC Act by Citicorp to acquire G.W.B. Holding Company and its subsidiary, Great Western Bank and Trust, Phoenix, Arizona ("Bank").[1] Bank has owned and conducted general insurance agency activities through GWIA, pursuant to Arizona law, since prior to December 31, 1971.[2] G.W.B. Holding Company, which became a bank holding company in 1981 through the acquisition of Bank, obtained indirect ownership and control of GWIA in conformance with and reliance on section 225.22(d)(2)(ii) of the Board's Regulation Y.[3]

On June 13, 1988, Bank acquired all of the voting shares of United in connection with the merger of United Bank of Arizona into Bank. United has conducted insurance agency activities pursuant to Arizona law since 1964. In 1969, United Bank of Arizona became a subsidiary of UB Financial Corporation, a registered bank holding company, and, since that time, United has been a wholly owned subsidiary of, first, United Bank of Arizona, and, then, of Bank, in conformance with and reliance on section 225.22(d)(2)(ii) of the Board's Regulation Y.

Citicorp's application to acquire G.W.B. Holding Company was protested by various insurance industry trade associations on the ground that the insurance activities of GWIA are prohibited under section 4(c)(8) of the BHC Act, as amended by Title VI of the Garn–St Germain Depository Institutions Act of 1982.[4] The Garn–St Germain Act amended section 4(c)(8) of the BHC Act to provide that, with seven exceptions, insurance activities are not closely related to banking and thus are not generally permissible for bank holding companies. 12 U.S.C. § 1843(c)(8); *see also* 12 C.F.R. 225.25(b)(8).

In response to the protests, Citicorp committed that, following consummation of the transaction, GWIA would cease selling insurance, other than credit-related insurance permitted under section 4(c)(8)(A) of the BHC Act, pending resolution by the Board of the legal questions raised by the insurance activities of GWIA.[5] Citicorp made a similar commitment regarding the insurance activities of United at the time Bank acquired United Bank of Arizona and United. In making these commitments, Citicorp expressly reserved its position that the BHC Act does not prohibit GWIA and United from conducting insurance agency activities,[6] and also reserved the right to apply to the Board under section 4(c)(8)(D) to retain the shares of GWIA and United even if their insurance activities were subject to section 4 of the BHC Act.

Citicorp filed the present applications claiming entitlement for GWIA and United to resume conducting certain insurance agency activities, and for Citicorp to retain indirect control of GWIA and United, pursuant to one of the seven exemptions to the insurance prohibition of the Garn–St Germain Act, Exemption D, 12 U.S.C. § 1843(c)(8)(D). Exemption D provides an exception to the general insurance prohibition of the Garn–St Germain Act for any insurance agency activity that was conducted by a bank holding com-

1. 72 *Federal Reserve Bulletin* 715 (1986).

2. Applicant states that the insurance activities of GWIA are permissible under Arizona law, which provides that an Arizona bank may "directly or through a bank subsidiary engage in any lawful activity which is reasonably related or incidental to banking. All activities in which any bank was lawfully engaged directly or through a subsidiary on December 31, 1971, are declared to be incidental and related to banking for purposes of this paragraph." Arizona Revised Statutes § 6-184(3).

3. Section 225.22(d)(2)(ii) permits a state bank owned by a bank holding company to acquire and retain, without obtaining specific Board approval, all of the voting shares of a company that engages solely in activities that the parent state bank may conduct directly, subject to the same limitations applicable to the bank. 12 C.F.R. 225.22(d)(2)(ii). The Board currently has this regulation under review. 53 *Federal Register* 48,915 (December 5, 1988).

4. Pub. L. 97-320, Title VI, 96 Stat. 1469, 1536-1538 (1982).

5. Citicorp also made certain commitments regarding the insurance underwriting activities of another subsidiary of Bank, Great Western Insurance Company, which is not the subject of this application. This application also does not address Citicorp's request for relief to conduct general insurance agency activities directly within Bank.

6. As noted below, the Board is not required to address those questions in order to approve the present applications.

pany or any of its subsidiaries on May 1, 1982, subject to certain geographic and functional limitations.[7]

Notice of these applications, affording interested persons an opportunity to submit comments regarding these applications, has been published (53 *Federal Register* 3789 (February 9, 1988); 53 *Federal Register* 51,911 (December 23, 1988)). The time for filing comments has expired, and the Board has considered the applications and all comments received, including the comments of several insurance trade associations ("Protestants"), in light of the factors set forth in section 4 of the BHC Act.[8]

Protestants argue that the Board should not approve these applications because, in Protestants' view, any grandfather privileges that GWIA, United and G.W.B. Holding Company may qualify for under Exemption D terminated when these companies were acquired by Citicorp. Citicorp does not have grandfather rights under Exemption D in Arizona and is not otherwise authorized under the BHC Act to conduct the proposed non-credit-related insurance agency activities in Arizona.[9] Protestants also contend that GWIA and United are not owned in conformance with the provisions of section 225.22(d)(2) because state banks in Arizona are not authorized to sell insurance. They also contend that, in any event, section 225.22(d)(2) is inconsistent with the express provisions of section 4 of the BHC Act and that, as a result, GWIA and United were not lawfully held by G.W.B. Holding Company and UB Financial Corporation, respectively, on the May 1, 1982 grandfather date in Exemption D. Thus, in Protestants' view, GWIA and United do not qualify to continue to sell insurance under Exemption D.

Compliance with Regulation Y

In *Sovran Financial Corporation*, Protestants raised similar claims concerning the compliance by the company to be acquired with section 225.22(d)(2).[10] Without reaching the question raised by Protestants regarding section 225.22(d)(2), the Board determined in that case that a nonbank subsidiary of a holding company bank that conducted insurance agency activities on May 1, 1982, in conformance with section 225.22(d)(2) would qualify for grandfather privileges under Exemption D and could continue to conduct the specific insurance agency activities it conducted on May 1, 1982. The Board stated in that case that because section 225.22(d)(2) was in effect on May 1, 1982, conduct of insurance agency activities in compliance with that rule on the grandfather date would satisfy the requirements of Exemption D, notwithstanding later challenges to the validity of the rule or the effect that a subsequent rulemaking proceeding might have on the rule.

The Board also determined in that case that a nonbank subsidiary of a holding company bank that had conducted insurance agency activities for many years prior to May 1, 1982, in reliance on the regulation, with the knowledge of the Board and state regulatory agencies and without a determination by these agencies that the activities were not in accordance with applicable statutes and regulations, qualified for grandfather privileges under Exemption D. This was so even though the Board found that the company did not comply with the requirements of section 225.22(d)(2) of Regulation Y because the company conducted activities that could not be conducted by the company's parent state bank.

In this case, GWIA and United are each held by Bank in compliance with the provisions of section 225.22(d)(2) of the Board's Regulation Y and were wholly owned subsidiaries of a holding company bank on May 1, 1982.[11] The Arizona Banking Commissioner

7. Exemption D restricts grandfathered insurance agency activities to the state in which the grandfathered bank holding company has its principal place of business, any state immediately adjacent to that state, and any state or states in which insurance activities were conducted by the bank holding company or any of its subsidiaries on or before May 1, 1982. Exemption D also restricts these activities to insurance agency activities that were conducted by the grandfathered company on May 1, 1982, and sales of insurance coverages that become available after that date so long as those coverages insure against the same type of risks as coverages sold before that date, or are otherwise functionally equivalent to those coverages. 12 U.S.C. § 1843(c)(8)(D); 12 C.F.R. 225.25(b)(8)(iv).

8. The Board has received comments opposing Board approval of these applications from the Independent Insurance Agents of America, Inc., the National Association of Casualty and Surety Agents, National Association of Life Underwriters, National Association of Professional Insurance Agents, National Association of Surety Bond Producers, the New York State Association of Life Underwriters, Professional Insurance Agents of New York, Inc., and Independent Insurance Agents of New York, Inc.

9. Protestants also argue that these applications filed by Citicorp are not complete and formal applications under section 4(c)(8) of the BHC Act, and that protestants have not received adequate notice of the Citicorp proposal. Both of these contentions are without merit. Citicorp filed its applications by letter, rather than on the usual Form FRY-4, but submitted all of the financial, managerial, and descriptive information required by the Board. Notice of these filings and of Citicorp's amendment to include retention of United was published in the *Federal Register*, and protestants were given actual notice that these applications were filed. Protestants have also been provided all of the public portions of the applications, and have submitted substantial written comments regarding these applications.

10. *See Sovran Financial Corporation*, 73 *Federal Reserve Bulletin* 672 (1987), *aff'd sub nom., National Association of Casualty and Surety Agents v. Board of Governors*, 856 F.2d 282 (D.C. Cir. 1988), *rehearing denied* December 2, 1988, *cert. denied*, __ U.S. __ (May 30, 1989).

11. Protestants argue that GWIA was not lawfully conducting insurance activities on May 1, 1982, because the predecessor of G.W.B. Holding Company was subject to a Board order to divest GWIA by December, 1980, and did not obtain Board approval to retain GWIA as a subsidiary of Bank after that date. The Board's order is clear, however, that G.W.B. Holding Company and its predecessor were permitted to retain GWIA as a subsidiary of Bank

has determined that, insofar as Arizona law is concerned, Bank may sell insurance directly or through a subsidiary. The Arizona Commissioner has also determined that GWIA may conduct insurance agency activities under Arizona law, and GWIA has been engaged in these activities since prior to December 1971, which is well before the relevant date in Exemption D. As noted above, the provisions of Arizona law permit certain state banks to sell insurance directly as well as through subsidiaries.[12] United has conducted its insurance agency activities since 1964 in reliance on the same provisions of Arizona law, with the knowledge of the relevant state regulatory authorities and without objection from those state authorities. Accordingly, GWIA and United are held in conformance with the requirements of section 225.22(d)(2) of the Board's Regulation Y, and, under the terms of section 4(c)(8)(D) of the BHC Act and section 225.22(b)(8)(iv) of the Board's regulations, GWIA and United qualify for the privileges of Exemption D.

In addition, the Board believes that the same equitable principles outlined in the *Sovran* case also require a determination that GWIA and United qualify for the privileges in Exemption D in this case. In particular, the Board believes that, notwithstanding current challenges to the validity of the provisions of section 225.22(d)(2) of the Board's Regulation Y, it would be inequitable to deny GWIA and United grandfather privileges under Exemption D in view of the fact that GWIA and United have been operated openly as subsidiaries of a holding company bank for many years, and in full compliance with a previously unchallenged Board regulation and with the full knowledge of the Board and the Arizona Banking Commissioner.[13]

The Board has solicited public comment regarding the validity of section 225.22(d)(2) in a proposed rulemaking regarding that regulation.[14] The Board believes that Protestants' claim regarding that regulation must be considered in the context of that rulemaking. Moreover, the Board does not believe that its determination regarding the validity of section 225.22(d)(2) in that rulemaking should affect the Exemption D rights of GWIA or United. Even if section 225.22(d)(2) is modified or rescinded as a result of the current rulemaking, the fact remains that on May 1, 1982, GWIA and United were operated in compliance with that rule, and on that date no question had been raised regarding the validity of the rule. The regulation was adopted by the Board after notice and public comment and companies were justified in relying on that regulation at the time. Accordingly, because GWIA and United were validly held in reliance on this rule on May 1, 1982, prior to enactment of the provisions in Title VI of the Garn–St Germain Act that have called into question the Board's discretion to promulgate this rule with respect to insurance powers, the Board believes that, if a determination is made that the rule is inconsistent with section 4, that determination should not be applied retroactively to deprive GWIA or United of grandfather rights under Exemption D.

Acquisition of Exempt Company

The Board has also previously rejected Protestants' claim that a company that qualifies for Exemption D privileges loses those privileges upon its indirect acquisition by another bank holding company. In *Sovran*, the Board determined that Exemption D permits a bank holding company that did not control a company conducting insurance activities on the grandfather date to acquire a bank holding company and its subsidiaries that qualify for grandfather privileges under Exemption D, provided that the grandfathered entity retains its separate corporate structure and its insurance activities are conducted only by the companies that were actually engaged in insurance activities on the grandfather date and not by other companies within the acquiring banking organization. On September 9, 1988, the U.S. Court of Appeals upheld this Board determination, and on May 30, 1989, the U.S. Supreme Court refused to consider a further appeal of this case, thereby upholding the Board's decision.[15]

The Board notes that GWIA and United will be retained as separate nonbank subsidiaries of Bank and will conduct the insurance agency activities that are the subject of this application. In this regard, Applicant's other subsidiaries will not conduct insurance agency activities on the basis of the grandfather privileges of GWIA or United. On this basis, and for the reasons stated in its prior decisions and court proceedings, the Board concludes that G.W.B. Holding Company, GWIA and United may retain their Exemption

provided the subsidiary met the requirements of section 225.22(d)(2) of Regulation Y (formerly section 225.4(e)). *Patagonia Corporation*, 59 *Federal Reserve Bulletin* 539, 541 (1973). As noted above, that rule expressly permits ownership of certain companies without Board approval, and the Board's divestiture order in 1973 did not impose any independent approval requirement for retention of GWIA under that section. *Id.*

12. Arizona Revised Statutes § 6–184(3).

13. *See Sovran Financial Corporation, supra.*

14. 53 *Federal Register* 48,915 (December 5, 1988).

15. *National Association of Casualty and Surety Agents v. Board of Governors, supra.* Subsequent to its *Sovran* decision, the Board, in reliance on that decision, approved acquisitions of 8 other bank holding companies that had or controlled companies that had Exemption D grandfather rights. Each of these approvals was also upheld on judicial review.

D grandfather privileges even though they have been acquired by Citicorp.[16]

Scope of Grandfathered Activities

Protestants also contend that GWIA and United have not provided an adequate basis for determining what particular lines of insurance these companies were selling as agent on May 1, 1982. Exemption D grandfathers insurance agency activities that were "engaged in by the bank holding company or any of its subsidiaries on May 1, 1982." The Board believes that the requirement that the grandfathered company was "engaged in" insurance agency activities does not require grandfathered companies to show that they actually engaged in a sale of each particular type of insurance product on the specific grandfather date, Saturday, May 1, 1982. Instead, the Board believes that a company would meet the requirements of Exemption D for particular types of insurance if the company provides evidence that it was legally permitted to act as agent for those types of insurance on May 1, 1982, held itself out to the public as agent for the particular types of insurance for which the company seeks grandfather privileges, and had not abandoned the business prior to the grandfather date.[17] These showings may be made with a variety of types of evidence, including copies of insurance agency licenses in effect on and around May 1, 1982, copies of policies for which the company acted as agent during the 12 months prior to May 1, 1982, material advertising the types of insurance policies sold by the company, and summaries prepared by insurance underwriters of policies sold and revenues received by the agency. Other evidence, including affidavits of the company's employees, may also support a finding that a company qualifies for Exemption D grandfather rights.

In this case, the Board has considered the record regarding the types of insurance agency activities conducted by GWIA and United on May 1, 1982. The record indicates that, during 1982, GWIA had a valid Arizona life insurance license authorizing GWIA to act as agent for life and disability insurance, including the sale of annuities, and a valid Arizona non-life and/or disability license entitling GWIA to act as agent for a full line of individual and commercial casualty insurance, including casualty, disability, property, surety, vehicle and marine transportation insurance. The record also shows that, on and around May 1, 1982, GWIA in fact engaged in acting as agent for the sale of annuities and a variety of types of property and casualty insurance for individuals and commercial entities. In particular, GWIA has provided copies of agency agreements with several insurance underwriters indicating that, on and around May 1, 1982, GWIA was authorized to act as agent for these underwriters in the sale of personal lines of insurance, including automobile, homeowners, dwelling, mobile home, personal indemnity, and inland marine insurance; in the sale of commercial lines of insurance, including business, boiler and machinery, commercial automobile, commercial indemnity, farm, fidelity and surety, and workers compensation insurance; and in the sale of credit-related life and disability insurance. GWIA has also provided copies of insurance policies in effect on and around May 1, 1982, which GWIA sold as agent. These policies illustrate that GWIA acted as agent in the sale of non-credit-related homeowners, automobile, and property (both flood and dwelling) insurance; credit-related life and disability insurance; and annuities. Finally, GWIA has provided agency production records prepared by an insurance underwriter for which GWIA acted as agent illustrating that GWIA received commissions in 1981 and 1982 for the sale during those years of automobile, personal inland marine, general commercial liability and automobile, and comprehensive commercial policy insurance.

With respect to United, the record indicates that, on May 1, 1982, United held a valid Arizona life insurance license authorizing United to act as agent for a full line of life and disability insurance. United has also provided copies of agency agreements in effect during 1981 and 1982 with several insurance underwriters authorizing United to act as agent for these underwriters in the sale of various life insurance products,

16. Protestants also contend that the conduct of insurance agency activities by GWIA and United would represent an evasion of the insurance prohibitions of section 4(c)(8) of the BHC Act. *See Citicorp (American State Bank)*, 71 *Federal Reserve Bulletin* 789 (1985). The Board believes that Protestant's reliance on the Board's decision in *Citicorp (American State Bank)* is misplaced. Citicorp acquired and has operated Bank as a bank not as an insurance company, and there is no evidence that Bank will be operated primarily as an insurance company. In addition, the insurance activities of GWIA and United are small in relation to the size of the banking operations of Bank and there is no restriction imposed under state law on the banking activities of Bank. Finally, Congress has authorized bank holding companies and their subsidiaries that meet the requirements of Exemption D to continue to conduct insurance agency activities. As discussed above, the Board has determined that certain of the insurance agency activities of GWIA and United are permissible under Exemption D, within the geographic and functional limitations established under Exemption D. Accordingly, in the Board's view, the facts of this case do not indicate, as they did in *Citicorp (American State Bank)*, that the acquisition of Bank is primarily a device to permit Citicorp to engage in prohibited insurance activities. Moreover, because the insurance agency activities considered in this application are permissible under an express provision of the BHC Act, the Board does not believe that Citicorp's proposal to continue to conduct insurance agency activities through GWIA and United pursuant to Exemption D would represent an evasion of the BHC Act.

17. In an analogous context, the Board has stated that to be "engaged in" an activity on a specific grandfather date, a company must demonstrate that it had a program in place to provide a particular product or service to a customer and that it was in fact offering the product or service to customers as of the grandfather date. 12 C.F.R. 222.145(c)(6).

including whole life, term-life and limited life insurance. In addition, United has provided copies of several non-credit-related life insurance policies and medical insurance policies that were sold by United as agent and that were in force on May 1, 1982, or were offered by United within the 12 preceding months.

Based on these and the other facts of record in this case, the Board believes that GWIA has demonstrated that, on May 1, 1982, GWIA was engaged in acting as agent in the sale of non-credit-related homeowners, automobile, property (flood and dwelling), personal inland marine, general commercial liability and automobile, and comprehensive commercial policy insurance, as well as annuities and credit-related life and disability insurance. Based on the record, the Board also believes that United has demonstrated that, on May 1, 1982, United was engaged in acting as agent in the sale of non-credit-related life insurance and medical insurance.[18] Under the terms of Exemption D, GWIA and United may each continue to conduct these insurance agency activities that the company conducted on May 1, 1982.[19] Under Exemption D, the insurance agency activities of GWIA and United may be conducted only in Arizona, states adjacent thereto, or states in which the company lawfully engaged in insurance activities on May 1, 1982. 12 U.S.C. § 1843(c)(8)(D).

The Board notes that the 100th Congress had under active consideration legislation that would have applied the insurance prohibitions of the Garn–St Germain Act to the activities of holding company banks except where the bank was located in the same state as the bank holding company, the insurance activities were permissible under state law, and sales were limited to within the state. While this legislation was passed by the U.S. Senate and favorably reported by committees of the U.S. House of Representatives,[20] no legislation was enacted into law. The Board calls to Applicant's attention, however, that subsequent Congressional action may require modification of the Board's order approving this application. The Board retains jurisdiction over the application to act to carry out the requirements of any legislation adopted by Congress that would affect the conduct of insurance activities by GWIA or United under the BHC Act.

Under section 4(c)(8) of the Act, the Board must also determine that the conduct of these activities by GWIA and United is a proper incident to banking for purposes of that section. In making this determination, the Board must consider whether the performance of the activity can reasonably be expected to produce benefits to the public that outweigh possible adverse effects.

The Board believes that approval of these applications would permit GWIA and United to be viable competitors and permit consumers in areas served by GWIA and United to benefit from resumed access to these companies as a source of insurance products and services. This proposal would also serve to increase competition in the provision of insurance agency services in the areas served by these companies, and avoid disrupting established relationships between these companies and their customers by permitting GWIA and United to resume selling new policies to these customers. In addition, the Board finds that the record does not indicate that approval of these applications would result in undue concentration of resources, unfair or decreased competition, conflicts of interest, unsound banking practices or other adverse effects.[21] Accordingly, the Board believes that the balance of public interest factors in this case weighs in favor of approval of these applications.[22]

18. The Board has also considered Citicorp's argument that GWIA and United were engaged in "a general insurance agency business" and should be permitted to continue to act as agent for all types of insurance as a general insurance agency. The Board believes that this broad categorization is not supportable under the terms of Exemption D, which permits a grandfathered company to conduct "any insurance agency activity which was engaged in by the bank holding company . . . on May 1, 1982, . . . including . . . sales of insurance coverages which may become available after May 1, 1982, so long as those coverages ensure against the same types of risk as, or are otherwise functionally equivalent to, coverages sold on May 1, 1982 . . ." 12 U.S.C. § 1843(c)(8)(D). In the Board's view, this specific reference to new types of coverages, with its reference to same types of risk, would not be necessary if Exemption D were intended broadly to authorize "general insurance agency business." Rather, the limitations in Exemption D indicate that it was intended to permit grandfathered companies to act as agent only for the specific types of insurance these companies provided on May 1, 1982, and certain types of related coverages developed after that date.

19. The record also suggests that, at various times, GWIA and United may have acted as agent for a variety of other types of insurance. The Board's determination at this time does not prevent GWIA or United from providing additional evidence that it acted as agent for any or all of these other types of insurance on May 1, 1982. Upon such a showing, GWIA or United would be permitted under Exemption D to continue to act as agent for these types of insurance.

20. *See* S. Rep. No. 305, 100th Cong., 2d Sess., 109–110 (1988); H.R. Rep. No. 822 (Part 1), 100th Cong., 2d Sess. 168 (1988); H.R. Rep. No. 822 (Part 2), 100th Cong., 2d Sess. 126–27 (1988).

21. Protestants raise a concern that the conduct of insurance agency activities by GWIA and United will involve "subtle coercion" of customers of Bank to obtain insurance products from these companies. Protestants have presented no evidence that any illegal tying or coercion has in fact occurred or is likely to occur in the provision of insurance products in this case, and the historical penetration rate data provided by Citicorp does not indicate that these practices have occurred. Moreover, Citicorp, and its subsidiaries, including GWIA, United and Bank, are prohibited by statute from tying the provision of credit to the insurance or other services provided by these companies, and have established corporate policies designed to prevent this practice. 12 U.S.C. § 1972.

22. Protestants have asserted that a public hearing is necessary in this case. Under section 4, a protestant is not entitled to a hearing on every application, but only when there are issues of material fact in dispute. *See Connecticut Bankers Association v. Board of Governors*, 627 F.2d 245, 251 (D.C. Cir. 1980). After review of the record in this case, the Board believes that there are no material issues of fact in

Based on the foregoing and all the facts of record, the Board has determined that these applications should be, and hereby are, approved. This determination is subject to the conditions that the insurance activities be conducted solely by GWIA and United, which must remain independent subsidiaries of Applicant,[23] that each company limit its insurance activities to the insurance agency activities that the Board has found in this order were conducted by the company on May 1, 1982, and that GWIA and United conduct these activities only in Arizona, adjacent states, and states in which the company lawfully engaged in the activity on May 1, 1982, as well as to all of the conditions set forth in Regulation Y. It is also subject to the Board's authority to require such modifications or termination of activities of the bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective December 15, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

The Dai-Ichi Kangyo Bank, Limited Tokyo, Japan

Order Approving Acquisition of Nonbank Company

The Dai-Ichi Kangyo Bank, Limited, Tokyo, Japan ("Dai-Ichi"), 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(a) of the Board's Regulation Y (12 C.F.R. 225.23(a)) to acquire at least 60 percent of the voting shares of The CIT Group Holdings, Inc., New York, New York ("CIT"). All of the shares of CIT are currently owned by Manufacturers Hanover Corporation, New York, New York ("MHC"). Dai-Ichi seeks to engage through CIT in commercial finance, leasing, factoring, sales finance, credit servicing, community development, the sale of credit-related life, accident and health and disability insurance, and credit-related property and casualty insurance.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (54 *Federal Register* 47,570 (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 4 of the BHC Act.

Dai-Ichi, with approximately $389.8 billion in consolidated total assets as of March 31, 1989, is the largest banking organization in the world. Dai-Ichi owns The Dai-Ichi Kangyo Bank of California, Los Angeles, California, which held total assets of $487.4 million as of September 30, 1989. In addition, Dai-Ichi operates branches in New York, Los Angeles, and Chicago, and agencies in Atlanta and San Francisco.

CIT, with total assets of $10.1 billion as of September 30, 1989, is one of the larger diversified finance companies in the United States, operating 30 subsidiaries with offices in 25 states and two foreign countries. The Board has previously determined that the activities conducted by CIT are closely related to banking and are permissible for bank holding companies.[2]

In acting on an application under section 4(c)(8) of the BHC Act, the Board must consider whether an applicant's performance of the proposed activities "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 interest, or unsound banking practices." This consideration also requires an evaluation of the financial and managerial aspects associated with the proposal. 12 C.F.R. 225.24.

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the

dispute, and the general allegations and issues raised by protestants relate principally to interpretations of statutory provisions and conclusions of law and fact that must be made by the Board. In light of this, and the fact that protestants have had an opportunity to comment and have submitted extensive written comments, the Board does not believe that a public hearing regarding this matter would be useful or appropriate in this case.

23. This condition is not intended to preclude Citicorp from seeking Board approval to merge GWIA and United and continue to engage through the resulting company in insurance agency activities under Exemption D if the merger is for legitimate business purposes and otherwise conforms with the limitations in this order and the requirements of the Board's regulations. *See* 12 C.F.R. 225.25(b)(8)(iv), footnote 10.

1. Dai-Ichi and MHC have also entered into a Stock Purchase Agreement pursuant to which Dai-Ichi will acquire 4.9 percent of the voting shares of MHC.

2. *Manufacturers Hanover Corporation*, 70 *Federal Reserve Bulletin* 452 (1984); 12 C.F.R. 225.25(b)(1), (5), (6), and (8).

effect of the transaction on these resources.[3] In accordance with the principles of national treatment and competitive equity, the Board has stated that it expects a foreign bank to meet the same general standards of financial strength as domestic bank holding companies and to be able to serve as a source of strength to its United States banking operations.[4] In considering applications of foreign banking organizations, the Board has noted that foreign banks operate outside the United States in accordance with different regulatory and supervisory requirements, accounting principles, asset quality standards, and banking practices and traditions, and that these differences have made it difficult to compare the capital positions of domestic and foreign banks. The Board, however, recently adopted a proposal to supplement its consideration of capital adequacy with a risk-based system that is simultaneously being proposed by the member countries of the Basle Committee on Banking Regulations and Supervisory Practices and the other domestic federal banking agencies.[5] The Japanese Ministry of Finance in April of last year acted to implement for Japanese banking organizations the risk-based capital framework developed by the Basle Committee. The Board considers the Basle Committee proposal an important step toward a more consistent and equitable international standard for assessing capital adequacy.

In this case, the primary capital ratio of Dai-Ichi, as publicly reported, is below the minimum level specified in the Board's Capital Adequacy Guidelines. After making adjustments to reflect Japanese banking and accounting practices, however, including consideration of a portion of the unrealized appreciation in Dai-Ichi's portfolio of equity securities consistent with the principles in the Basle capital framework, Dai-Ichi's capital ratio meets United States standards. In addition, the Board notes that Dai-Ichi is in the process of raising additional equity capital.

The Board also has considered additional factors that mitigate its concern in this case. The Board notes that Dai-Ichi is in compliance with the capital and other financial requirements of Japanese banking organizations. In addition, the Board notes that Dai-Ichi currently exceeds the minimum requirements established by the Basle Committee capital framework for 1992.

3. 12 C.F.R. 225.25; *The Fuji Bank Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155, 156 (1987).

4. *See, e.g.*, *Toyo Trust and Banking Co., Ltd.*, 74 *Federal Reserve Bulletin* 623 (1988); *The Mitsubishi Bank, Limited*, 70 *Federal Reserve Bulletin* 518 (1984). *See also* Policy Statement on Supervision and Regulation of Foreign-Based Holding Companies, Federal Reserve Regulatory Service ¶ 4-835 (1979).

5. 54 *Federal Register* 4186 (1989).

Based on these and other facts of record, the Board concludes that the financial considerations are consistent with approval of the application. The Board has also concluded that managerial factors are consistent with approval.

In considering this application, the Board must determine whether the proposed joint venture can reasonably be expected to produce benefits to the public that outweigh the possible adverse effects. 12 U.S.C. § 1843(c)(8). In the past, the Board has expressed concern that a joint venture could lead to a matrix of relationships between the co-venturers that could lessen competition between the co-venturers, create the possibility of conflicts of interest, or impair or give the appearance of impairing the ability of the banking organization to function effectively as an independent and impartial provider of credit.[6] In this case, neither the proposed investment nor the Stock Purchase Agreement between Dai-Ichi and MHC place any limits on the other activities of Dai-Ichi or MHC. Both Dai-Ichi and MHC are large, independent organizations, that will continue to compete in a variety of banking and nonbanking activities. In addition, because these companies are both bank holding companies whose activities conform to the requirements of the BHC Act, this proposal does not raise the same level of concern present in joint ventures between bank holding companies and commercial companies that the proposed joint venture may undermine the legally mandated separation of banking and commerce.[7] Formation of this joint venture is not expected to create any conflicts of interest or adversely influence Dai-Ichi or MHC in any creditor relationships. Moreover, 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, unsound banking practices, or other adverse effects on the public interest.

Dai-Ichi has requested the Board's authorization to retain the credit-related property and casualty insurance activities of CIT, which CIT currently conducts pursuant to exemption D of the Garn–St Germain Depository Institutions Act of 1982 (the "Garn Act").[8]

6. *See, e.g.*, *Amsterdam-Rotterdam Bank, N.V.*, 70 *Federal Reserve Bulletin* 835 (1984).

7. *The Hongkong and Shanghai Banking Corporation*, 74 *Federal Reserve Bulletin* 137 (1988).

8. 12 U.S.C. § 1843(c)(8)(D). Exemption D of the Garn Act permits a bank holding company to engage in "any insurance activity which was engaged in by the bank holding company or any of its subsidiaries on May 1, 1982." Such activities may be conducted in the grandfathered company's home state, states adjacent thereto, or any state where the company was authorized to operate an insurance business before the grandfather date. The Board has previously determined that an insurance agency which is entitled to continue to sell insurance under exemption D does not lose its grandfathered rights if the agency is acquired by another bank holding company, provided the agency

CIT will remain a separate subsidiary of Dai-Ichi and MHC, and the insurance activities of CIT will not be conducted by any of Dai-Ichi's other subsidiaries. The Board has previously determined that CIT was entitled to the privileges of exemption D after its acquisition by MHC.[9] For the reasons stated in that Order, and the reasons stated in the Board's *Sovran* decision, the Board has determined that CIT may continue to engage in insurance activities pursuant to exemption D following its acquisition by Dai-Ichi.[10]

Based on the foregoing and other facts of record, the Board has determined that the public benefits associated with this proposal can reasonably be expected to outweigh possible adverse effects, and that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) of the BHC Act is favorable. Accordingly, the Board has determined that the application should be, and hereby is, approved, subject to the conditions contained in this Order. This determination is further subject to all of the conditions set forth in the Board's Regulation Y, including those in section 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of the holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

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 San Francisco, pursuant to delegated authority.

By order of the Board of Governors, effective December 15, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

maintains its separate corporate structure and its insurance activities are not extended to other subsidiaries within the acquiror's banking organization. *Sovran Financial Corporation*, 73 *Federal Reserve Bulletin* 672 (1987). This determination has been upheld by the courts. *National Ass'n of Casualty and Surety Agents v. Board of Governors*, 856 F.2d 282, *reh'g denied en banc*, 862 F.2d 351 (D.C. Cir. 1988), *cert. denied*, — U.S. —, 109 S. Ct. 2430 (1989).

9. *Manufacturers Hanover Corporation*, 70 *Federal Reserve Bulletin* 452 (1984).

10. Pursuant to exemption D, CIT may sell insurance only in New York, the home state of MHC under the Douglas Amendment, states adjacent to New York, and states where MHC conducted insurance agency activities on May 1, 1982.

National City Corporation
Cleveland, Ohio

Order Approving Applications to Acquire a Savings Association and to Engage in Other Permissible Nonbanking Activities

National City Corporation, Cleveland, Ohio ("National City"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to acquire GEM Savings Association, Dayton, Ohio ("GEM"), a savings association, pursuant to section 225.25(b)(9) of the Board's Regulation Y (12 C.F.R. 225.25(b)(9)). National City also has applied for Board approval to acquire indirectly:

(a) GEM Mortgage Corporation of North America, Dayton, Ohio, and thereby engage in mortgage banking, pursuant to 12 C.F.R. 225.25(b)(1);

(b) GEM America Realty and Investment Corporation, Dayton, Ohio, and thereby engage in originating real estate loans, pursuant to 12 C.F.R. 225.25(b)(1), and real estate appraisal services, pursuant to 12 C.F.R. 225.25(b)(13);

(c) GEM Financial Corporation, Dayton, Ohio, and thereby engage in discount brokerage services, pursuant to 12 C.F.R. 225.25(b)(15); and

(d) Cen-Pro, Inc., Dayton, Ohio, and thereby engage in arranging commercial real estate equity financing, pursuant to 12 C.F.R. 225.25(b)(14).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (54 *Federal Register* 48,025 (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.

Section 601 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub.L. 101–73, § 601, 101 Stat. 183, 408 (as codified at 12 U.S.C. § 1843(i)) ("FIRREA"), permits the Board to approve an application by a bank holding company to acquire a savings association under section 4(c)(8) of the BHC Act. Pursuant to this authority, the Board has determined that the operation of a savings association is closely related to banking and permissible for bank holding companies. 12 C.F.R. 225.25(b)(9).[1] The

1. In making this determination, the Board required that savings associations acquired by bank holding companies conform their direct and indirect activities to those activities permissible for bank holding companies under section 4 of the BHC Act. National City proposes to conform all of the direct and indirect activities of GEM to the requirements of section 4(c)(8) of the BHC Act upon consummation

Board also has determined that mortgage banking, real estate appraisal services, arranging commercial real estate equity financing, and discount brokerage are closely related to banking. 12 C.F.R. 225.25(b)(1), (b)(13), (b)(14), and (b)(15). Applicant proposes to conduct these activities within the limits and conditions set forth in the Board's regulations.

National City, which operates 18 banking subsidiaries, has total consolidated assets of $21.6 billion, and is the largest commercial banking organization in Ohio, with deposits of $12.4 billion. National City also engages through several subsidiaries in permissible nonbanking activities.

GEM, with total assets of $1.6 billion, is the seventh largest savings association in Ohio.[2] GEM currently operates 24 branches in Ohio and controls several companies engaged in activities permissible for a savings association. GEM is currently operating as a mutual savings association. Prior to the acquisition, GEM will convert from mutual to stock form, with National City purchasing all of the outstanding stock of GEM.

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

The financial and managerial resources and future prospects of National City and its bank subsidiaries, and GEM are consistent with approval. In assessing the financial factors, the Board believes that bank holding companies must maintain adequate capital at savings associations they propose to acquire. In this case, National City's acquisition of GEM will result in a capital infusion of approximately $105 million into GEM. Upon consummation, National City will raise the Tier 1 capital of GEM, exclusive of all intangible assets, to at least three percent of the total assets of GEM. In addition, National City has committed that GEM will meet all present and future minimum capital ratios adopted for savings associations by the Office of Thrift Supervision or the Federal Deposit Insurance Corporation.

Upon consummation of the proposed acquisition, National City would be the largest commercial banking organization in Ohio, controlling $13.6 billion in deposits in the State, representing an approximate 10 percent share of deposits in depository institutions in Ohio. In the Board's view, consummation of this proposal would not have a significantly adverse effect upon the concentration of banking organizations in Ohio.

National City and GEM operate depository institutions in the Dayton, Ohio banking market.[3] In the Dayton market, National City is the third largest depository institution, with 11.8 percent of the deposits in the market. GEM is the fifth largest depository institution with 7.9 percent of the deposits in the market. Upon consummation of this proposal, National City would become the largest commercial depository organization with 25.6 percent of total deposits.[4] Although consummation of this proposal would eliminate some existing competition between National City and GEM in the Dayton, Ohio banking market, 36 other depository institutions would continue to compete in the market. This acquisition would result in an increase of the Herfindahl–Hirschman Index ("HHI") of 324 points to a level of 1439.[5] In view of the fact that the Dayton market would remain only moderately concentrated, the Board concludes that the acquisition would not have a substantially adverse effect on existing competition in the Dayton market.

National City also has applied, pursuant to section 4(c)(8) of the BHC Act, to acquire certain nonbanking subsidiaries of GEM. National City and GEM operate subsidiaries that engage in permissible mortgage and non-mortgage commercial banking, and discount brokerage activities. The market share controlled by each of these subsidiaries is small, and there are numerous competitors for their services. Accordingly, consummation of this proposal would have a *de minimis* effect on existing competition in each of the markets, and the Board con-

except for four activities conducted in three operating subsidiaries. The three operating subsidiaries are GEM Financial Corporation, which sells security alarm systems and services, R.E.C.O.R.P., which engages in activities similar to activities engaged in by a community development corporation, and GEM America Realty and Investment Corporation, which engages in property management for third parties, and in real estate development activities. National City has committed that the impermissible activities of these three subsidiaries will be divested within two years of consummation. *See, e.g., F.N.B. Corporation,* 71 *Federal Reserve Bulletin* 340 (1985).

2. All data are as of June 30, 1989.

3. The Dayton banking market includes: all of Greene, Miami, and Montgomery Counties, and portions of Clark and Warren Counties, all in Ohio.

4. The pre-consummation market share statistics are based on calculations in which the deposits of GEM and all other thrifts are included at 50 percent. Upon consummation of the proposal, GEM would be affiliated with a commercial banking organization, thus, on a *pro forma* basis, the deposits of GEM are included at 100 percent, while the deposits of other savings associations continue to be included at 50 percent.

5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Department is likely to challenge a merger that increases the HHI by more than 50 points. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI market is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

cludes that the proposal would not have any significantly adverse effect on the competition in the provision of these services in any relevant market.

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 National City's applications to acquire GEM and certain of its nonbanking subsidiaries. Based upon consideration of all the relevant facts, the Board concludes that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) is favorable. Accordingly, based on all facts of record, and subject to the commitments made by National City set forth in this Order, the Board has determined that the proposed applications should be, and hereby are, approved. This determination is also subject to all of the conditions set forth in the Board's Regulation Y, including sections 225.4(d) and 225.23, and to the Board's authority to require such modifications or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and Orders issued thereunder. The transaction shall be made not later than three months after the effective date of this Order, unless such Order is extended for good cause by the Board or by the Federal Reserve Bank of Cleveland, pursuant to delegated authority.

By order of the Board of Governors, effective December 19, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Norwest Corporation
Minneapolis, Minnesota

Order Approving Application to Underwrite and Deal in Certain Securities to a Limited Extent, and to Engage in Certain Related Securities Activities

Norwest Corporation, Minneapolis, Minnesota ("Norwest"), 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, Norwest Investment Services, Inc., Minneapolis, Minnesota ("Company"),[1] to:

(1) provide investment advisory and brokerage services on a combined basis to institutional and retail customers ("full-service brokerage activities");
(2) underwrite and deal in U.S. government and other bank-eligible securities;
(3) underwrite and deal in, to a limited extent, municipal revenue bonds, 1–4 family mortgage-related securities, commercial paper and consumer-receivable-related securities ("bank-ineligible securities");
(4) act as agent in the private placement of all types of securities, including providing related advisory services;
(5) purchase and sell all types of securities on the order of investors as a "riskless principal";
(6) purchase and sell silver and gold bullion and coins for the accounts of customers;
(7) lease personal and real property and act as agent, broker, or adviser in leasing such property; and
(8) engage in futures commission merchant activities and provide investment advice on futures contracts and options.

Norwest, with consolidated assets of $23.1 billion, is the 30th largest banking organization in the nation. It operates 38 subsidiary banks and engages directly and through subsidiaries in a variety of permissible nonbanking activities.[2]

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (54 *Federal Register* 33,967 (1989)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act. The Board received written comments opposing Board approval of 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.

The Board has previously determined by regulation that leasing personal and real property and acting as agent, broker, or adviser in leasing such property; underwriting and dealing in bank-eligible securities;

1. Company is currently an operating subsidiary of Norwest's lead bank, Norwest Bank Minnesota, N.A., Minneapolis, Minnesota ("Bank"). Norwest proposes to combine the operations of Company with another operating subsidiary of Bank, Norwest Brokerage Services, Inc., Minneapolis, Minnesota. Company, as the surviving entity, would then become a direct subsidiary of Norwest.

2. Data are as of June 30, 1989.

acting as a futures commission merchant; and providing investment advice on financial futures and options on futures are permissible nonbanking activities for bank holding companies under section 4(c)(8) of the BHC Act and the Board's Regulation Y. 12 C.F.R. 225.25(b)(5),(16),(18) and (19). Norwest has proposed to engage in these activities in accordance with all of the conditions set forth in Regulation Y.

The Board has previously determined by order that the purchase and sale of silver and gold bullion and coins for the accounts of customers is a permissible nonbanking activity for bank holding companies under section 4(c)(8) of the BHC Act. *United Virginia Bankshares, Inc.*, 73 *Federal Reserve Bulletin* 309 (1987). Norwest has stated that Company will engage in this activity in accordance with all of the conditions set forth in the Board's previous Order.

The Board has also previously determined by order that full-service brokerage is a permissible nonbanking activity for bank holding companies under section 4(c)(8) of the BHC Act. *PNC Financial Corp.*, 75 *Federal Reserve Bulletin* 396 (1989); *Bank of New England Corporation*, 74 *Federal Reserve Bulletin* 700 (1988). Norwest has stated that Company will engage in this activity in accordance with all of the conditions set forth in these Orders.

The ICI has objected that, to the extent that Company proposes to broker securities issued by investment companies advised by Norwest or to advise brokerage customers regarding such securities, the proposed activities are inconsistent with the Glass–Steagall Act and with the Board's interpretive rule governing investment advisory services by bank holding companies. Company proposes to act as broker for shares of investment companies that are advised by Norwest's lead bank, Norwest Bank Minnesota, N.A. ("Bank"). The Board's interpretive rule prevents a bank holding company from engaging directly or indirectly in the sale or distribution of securities of any investment company for which it acts as investment adviser. 12 C.F.R. 225.125(h).

While the Board's interpretive rule does not apply in this situation because Bank,[3] and not Norwest or one of its direct or indirect nonbank subsidiaries, is advising the investment companies in question, the practices at which the prohibition against sale or distribution of shares of investment companies being advised are directed are not present here. The main purpose of the prohibition was to assure that the holding company does not become involved in underwriting and dealing in the shares of investment companies it advises.[4] In this case, Norwest proposes to act only as agent for customers desiring to purchase or sell investment company securities, and therefore would not underwrite or deal in those securities.[5]

Moreover, Norwest has committed that Company will not provide investment advice to brokerage customers regarding shares of investment companies that are advised by Norwest or any of its affiliates, including Bank. Norwest has also committed that Company will disclose to its brokerage customers who purchase such shares that these investment companies are sponsored by third parties independent of Bank and its affiliates. The disclosure statement will also state that such shares or interests are not endorsed or guaranteed by, and do not constitute obligations of Bank or its affiliates. Finally, this statement will state that the investment company shares are not insured by the Federal Deposit Insurance Corporation.[6] Accordingly, the Board does not believe that the potential conflicts of interest which the Glass–Steagall Act and the Board's interpretive rule were intended to prevent would be present should Company broker shares of investment companies that are advised directly by Bank.

The Board notes that it issued its regulation and interpretive rule in 1972, and that subsequent developments, such as court decisions in Schwab and in other cases, suggest the need for reexamination of some of the views expressed at that time. As a result, the Board is considering seeking public comment regarding a proposed revision of the interpretive rule.

3. By its terms, the Board's interpretive rule does not apply where an investment company is advised by a subsidiary bank, rather than by a parent bank holding company or a nonbank subsidiary. The interpretive rule was issued in connection with the Board's adoption of a regulation pursuant to its authority under section 4(c)(8) of the BHC Act to approve nonbanking activities for bank holding companies and their nonbanking subsidiaries. Section 4(c)(8) does not empower the Board to authorize activities for banks. The Supreme Court has recognized that the authority of national banks and state banks to engage in investment advisory activities does not derive from the Board's regulation, and that the Board's interpretive rule applies only to the investment advisory activities of bank holding companies and their nonbank subsidiaries. *Board of Governors of Federal Reserve System v. Investment Company Institute*, 450 U.S. 46, 59 n.25 (1981). Indeed, the Office of the Comptroller of the Currency has issued an interpretive letter authorizing national banks and their subsidiaries to broker and recommend securities of investment companies for which such national banks or their subsidiaries serve as investment adviser. *See* OCC Interpretive Letter No. 403 (December 9, 1987), *reprinted in* Fed. Banking L. Rep. (CCH) para. 85,627, at 77,962.

4. *Id.* at 62, 66.

5. It is settled that buying and selling securities as a broker on the order and for the account of customers does not constitute underwriting or dealing in securities for purposes of section 20 of the Glass–Steagall Act (12 U.S.C. § 377), which regulates the activities of affiliates of member banks. *Securities Industry Association v. Board of Governors*, 468 U.S. 207, 216–21 (1984) ("*Schwab*").

6. The Board notes that Bank is required by the Office of the Comptroller of the Currency to disclose such information to brokerage customers of its operating subsidiary. *See* OCC Interpretive Letter No. 415 (February 12, 1988), *reprinted* in [Current] Fed. Banking L. Rep. (CCH) para. 85,639, at 78,000.

With regard to the proposed ineligible securities underwriting and dealing activity, the conduct of such activity has been determined by the Board to be consistent with section 20 of the Glass–Steagall Act provided the underwriting subsidiary derives no more than 10 percent of its total gross revenue from underwriting and dealing in the approved securities over any two-year period.[7] The Board also found that, subject to the prudential framework of limitations established in those cases to address the potential for conflicts of interests, unsound banking practices or other adverse effects, the proposed underwriting and dealing activities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.[8] Norwest has committed that Company will conduct its underwriting and dealing activities with respect to bank-ineligible securities subject to the 10 percent revenue test and the prudential limitations established by the Board in its *Citicorp/Morgan/Bankers Trust, Chemical,* and *Modification* Orders.

Finally, the Board has previously determined that acting as agent in the private placement of securities and purchasing and selling securities on the order of investors as a "riskless principal" do not constitute underwriting and dealing in securities for purposes of section 20 of the Glass–Steagall Act, and that revenue derived from these activities is not subject to the 10 percent revenue limitation on ineligible securities underwriting and dealing.[9] Additionally the Board found that subject to the prudential limitations established in that case to address the potential for conflicts of interests, unsound banking practices or other adverse effects, the proposed private placement and riskless principal activities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.[10] Norwest has committed that Company will conduct its private placement and riskless principal activities using the same methods and procedures, and subject to the same prudential limitations established by the Board in the *Bankers Trust* Order.[11]

Consummation of the proposal would provide added convenience to Norwest's customers. In addition, the Board expects that the *de novo* entry of Norwest into the market for some of these services would increase the level of competition among providers of these services. Under the framework established in this and prior decisions, consummation of this proposal is not likely to result in any significant undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects. Accordingly, the Board has determined that the performance of the proposed activities by Norwest can reasonably be expected to produce public benefits which would outweigh adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.[12]

Based on the above, the Board has determined to approve Norwest's application subject to all of the terms and conditions set forth in the above-noted provisions of Regulation Y that relate to these activities, and subject as well to all of the terms and conditions set forth in this Order and in the above-noted Board Orders that relate to these activities.[13]

The Board's determination is subject to all of the conditions set forth in the Board's Regulation Y,

7. *Citicorp, J.P. Morgan & Co. Incorporated and Bankers Trust New York Corporation,* 73 *Federal Reserve Bulletin* 473 (1987) (*"Citicorp/Morgan/Bankers Trust"*), *aff'd sub nom., Securities Industry Association v. Board of Governors of the Federal Reserve System,* 839 F.2d 47 (2d Cir. 1988), *cert. denied,* 108 S.Ct 2830 (1988) (*"SIA v. Board"*); and *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) (*"Chemical"*); as modified by *Order Approving Modifications to Section 20 Orders,* 75 *Federal Reserve Bulletin* 751 (1989) (*"Modification Order"*).

8. The ICI has objected to Norwest's proposal to the extent that it could be construed to seek approval for Company to underwrite, deal in, or privately place as agent securities of investment companies that are advised by Company or Norwest. As noted above, Norwest has not requested approval to underwrite, deal in, or privately place as agent such securities.

9. *Bankers Trust New York Corporation,* 75 *Federal Reserve Bulletin* 829 (1989) ("Bankers Trust").

10. The SIA argues that the fact that Norwest is 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. *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"*). The Board has fully considered and rejected this argument in *Bankers Trust,* where the Board found that the fact that a bank holding company wishes to privately place *all* types of securities in a manner similar to that used in placing high grade commercial paper, would not, by itself, change the activity into underwriting and dealing activities that would be prohibited under the Glass–Steagall Act.

11. The ICI has also objected to the proposal to the extent that it would allow Norwest to underwrite, deal in, or privately place ineligible securities issued by its affiliates or representing interests in, or secured by, obligations originated or sponsored by an affiliate of Company. For the reasons set forth in the *Modification Order,* and in *Bankers Trust,* and subject to the limitations set forth in those orders, the Board believes that Company may, consistent with the Glass–Steagall Act, underwrite, deal in, or privately place such securities. Norwest has committed that Company will comply with the limitations set forth in the above-mentioned orders with respect to this activity.

12. Company may also provide services that are necessary incidents to these approved activities. Any activity conducted as a necessary incident to the ineligible securities underwriting and dealing activity must be treated as part of the ineligible securities activity unless Company has received specific approval under section 4(c)(8) of the BHC Act to conduct the activity independently. Until such approval is obtained, any revenues from the incidental activity must be counted as ineligible revenue subject to the 10 percent gross revenue limit set forth in the *Modification Order.*

13. In light of the decision in *SIA v. Board,* Norwest will not be subject to the market share limitation with respect to its ineligible activities that was originally imposed in the *Citicorp/Morgan/Bankers Trust* and *Chemical* Orders.

including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and Orders issued thereunder.

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 Minneapolis, pursuant to delegated authority.

By order of the Board of Governors, effective December 20, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Premier Bancorp, Inc.
Baton Rouge, Louisiana

Order Approving an Application to Engage in Loan Recovery and Collection Agency Activities

Premier Bancorp, Inc., Baton Rouge, Louisiana ("Premier Bancorp"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. 225.23(a)), to establish Florida Street National Bank (In Liquidation), Baton Rouge, Louisiana ("Florida Street Bank"), and thereby engage *de novo* in loan recovery and collection activities.

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (54 *Federal Register* 34,248 (1989)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Premier Bancorp, with total consolidated assets of $4.2 billion, is the third largest commercial banking organization in Louisiana.[1] Premier Bancorp operates one bank subsidiary, Premier Bank, N.A., Baton Rouge, Louisiana ("Premier Bank"), with branches throughout Louisiana, and engages subsidiaries in a variety of nonbanking activities.

Premier Bancorp proposes to acquire approximately 4.9 percent of the voting shares and 46 percent of the total equity of Florida Street Bank.[2] Florida Street Bank, upon receiving a national bank charter,[3] will be a limited-purpose *de novo* bank in voluntary liquidation engaged solely in liquidating assets acquired from Premier Bancorp and certain of its banking subsidiaries.

The proposed activities of Florida Street Bank are encompassed within the authorization in the Board's Regulation Y for bank holding companies to make, acquire, or service loans or other extensions of credit, 12 C.F.R. 225.25(b)(1), and to operate a collection agency, 12 C.F.R. 225.25(b)(23).[4] Accordingly, Premier Bancorp's proposed activities are closely related to banking and are permissible for bank holding companies.

In order to approve this application, the Board also must find that the performance of the proposed activities 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 interest, or unsound banking practices.

In evaluating the balance of public benefits associated with this proposal, the Board has considered Premier Bank's proposal to provide partial financing to Florida Street Bank through acceptance of a subordinated note as part of the consideration for Premier Bank's transfer of assets to the liquidating bank. Premier Bank's acceptance of the note would represent retention of potential risk of loss on the collection of the assets to be sold.

As a general matter, the Board believes it is inappropriate for banks to finance the divestiture of their own low-quality assets, as proposed here. In this case, Premier Bank proposes to provide financing to Florida Street Bank in excess of the amounts permitted in section 23A of the Federal Reserve Act (12 U.S.C. § 371c) and would fail to meet the collateral requirements under that statute. The loan Premier Bank proposes to extend would be subordinated to the bond holders of Florida Street Bank and would be payable

1. All banking data are as of September 30, 1989.

2. The acquisition of 46 percent of the total equity of Florida Street Bank necessitates an application under section 4(c)(8) of the BHC Act. *See Mellon Bank Corporation*, 74 *Federal Reserve Bulletin* 773 (1988). *Cf.* 12 C.F.R. 225.143(d)(5).

3. Florida Street Bank will not accept deposits, will not grant credit to the public in the ordinary course of business, and will not be insured by the Federal Deposit Insurance Corporation. Accordingly, Florida Street Bank will not be a "bank" for the purposes of the BHC Act. 12 U.S.C. § 1841(c). *See also* Federal Reserve Regulatory Service ¶ 4-363.

4. *See also Mellon Bank Corporation*, 74 *Federal Reserve Bulletin* 773 (1988).

only from the proceeds of collections on the low-quality liquidated assets by Florida Street Bank. As a result, retention of this loan would, in the Board's view, represent retention of a low-quality asset with the potential for further losses to Premier Bank. In light of this and the other facts of record, the Board has conditioned its approval of this application on the requirement that there be no direct or indirect funding by Premier Bank of Florida Street Bank through the issuance of a subordinated note to Premier Bank or other extension of credit.[5]

Subject to the foregoing condition and based on all the facts of record, the Board has determined that there is no evidence in the record to indicate that Premier Bancorp's proposed activity would lead to undue concentration of resources, decreased or unfair competition, unsound banking practices, or other adverse effects. The establishment of Florida Street Bank is part of Premier Bancorp's reorganization, which will result in the divestiture and liquidation of low-quality assets and the issuance of new equity capital.

Based upon the foregoing and all the facts of record, the Board has determined that the balance of the public interest factors that it is required to consider under section 4(c)(8) is favorable. Accordingly, subject to the condition in this Order, the application is hereby approved. This determination is further subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b) of the Board's Regulation Y, 12 C.F.R. 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The Board's determination is also conditioned on the prior receipt by Applicant of approval from the Office of the Comptroller of the Currency to establish Florida Street Bank.

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

By order of the Board of Governors, effective December 22, 1989.

5. In connection with this proposal, Premier Bancorp requested an exemption from the requirements of section 23A of the Federal Reserve Act (12 U.S.C. § 371c) for the subordinated note transaction between Premier Bank and Florida Street Bank. In light of the condition established by the Board pursuant section 4(c)(8) of the BHC Act precluding such a transaction, it is not necessary for the Board to address the exemption request.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Concurring Statement of Governor Seger

I concur with the Board's action in this case. I agree with the Board's determination that, subject to the condition that Premier Bank not finance the proposed asset sale to Florida Street Bank, the transaction may be expected to have a favorable impact on the financial condition of Premier Bancorp. However, I would permit Premier Bank to finance temporarily the proposed asset sale, and grant Premier Bancorp a reasonable time following the transfer of assets to Florida Street Bank within which to sell the note, rather than require that the transaction be done without temporary financing by Premier Bank at any time. In my view, some period of time to finance the asset sale and dispose of the note would permit Applicant an opportunity to obtain full value for the note and would be more practical in light of simultaneous efforts by other banking organizations and the federal bank and thrift regulators to dispose of other problem assets at this time.

December 22, 1989

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

First Union Corporation
Charlotte, North Carolina

Order Approving the Acquisition of a Bank Holding Company

First Union Corporation, Charlotte, North Carolina, and First Union Corporation of Florida, Jacksonville, Florida (together "First Union"), bank holding companies within the meaning of the Bank Holding Company Act of 1956 ("BHC Act"), have applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all of the voting shares of Florida National Banks of Florida, Inc., Jacksonville, Florida ("Florida National"), and thereby to acquire Florida National Bank, Jacksonville, Florida, and Kingsley Bank, Orange Park, Florida.[1] First Union also has applied under section 4(c)(8) of the

1. First Union proposes to merge Florida National with First Union Corporation of Florida, and thereby indirectly acquire Florida National's subsidiary banks.

BHC Act (12 U.S.C. § 1843(c)(8)) to acquire Florida Investment Management Company, Jacksonville, Florida, and thereby engage in investment advisory activities, and Florida National Insurance Services, Inc., Jacksonville, Florida, and thereby engage in the reinsurance of credit-related life, accident, health and disability insurance. These activities are authorized for bank holding companies pursuant to the Board's Regulation Y, 12 C.F.R. 225.25(b)(4) and (8)(i).

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the BHC Act (54 *Federal Register* 27,062 (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 sections 3(c) and 4(c)(8) of the BHC Act.

Douglas Amendment

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 Florida Regional Reciprocal Banking Act of 1984 specifically authorizes the acquisition of Florida banks and bank holding companies by banking institutions located in North Carolina,[3] and the Board has determined previously that the acquisition of a Florida bank holding company by a North Carolina bank holding company is not barred by the Douglas Amendment.[4]

Competitive Considerations

First Union controls five banking institutions in North Carolina, Florida, Georgia, South Carolina and Tennessee. First Union is the fifth largest commercial banking organization in Florida, controlling deposits of $6.8 billion, representing approximately 6.6 percent of the total deposits in commercial banks in the state.[5] Florida National is the sixth largest commercial banking organization in Florida, with deposits of $6.0 billion, representing approximately 5.8 percent of the total deposits in commercial banks in the state. Upon consummation of the proposal and all planned divestitures, First Union would become the second largest commercial banking organization in Florida, controlling deposits of approximately $12.6 billion, representing approximately 12.4 percent of the total deposits in commercial banking organizations in Florida. Consummation of this proposal would not have a significantly adverse effect upon the concentration of commercial banking resources in Florida.

First Union and Florida National compete directly in 19 banking markets in Florida.[6] In the Jacksonville market, First Union is the third largest of nineteen commercial banking organizations, controlling $1.4 billion in deposits, representing approximately 24.1 percent of total deposits in commercial banking organizations in that market ("market deposits").[7] Florida National is the largest commercial banking organization in the Jacksonville market, controlling $1.5 billion in deposits, representing approximately 25.7 percent of market deposits. Upon consummation of this proposal, First Union would become the largest commercial banking organization in the market, controlling $2.9 billion in deposits, representing approximately 49.8 percent of market deposits.[8] The Jacksonville banking market is considered to be highly concentrated, with the four largest commercial banking organizations controlling 80.2 percent of the market deposits. The Herfindahl–Hirschman Index ("HHI") for the market is 1,955 and would increase by 1,236 points to 3,191 upon consummation of the proposal.[9]

While consummation of the proposal would result in a large increase in the HHI and the elimination of a competitor in the Jacksonville banking market, the Board believes that a number of factors mitigate the competitive effects of this proposal. In particular, the Board has considered the presence of thrift institutions in the Jacksonville banking market in its analysis of

2. 12 U.S.C. § 1842(d).
3. Fla. Stat. Ann. § 658.295 (1984).
4. *First Union Corporation*, 71 *Federal Reserve Bulletin* 971 (1985).
5. State deposit data are as of June 30, 1989.

6. These markets are Jacksonville; North Brevard County; South Brevard County; Daytona Beach; Gainesville; Indian River County; North Lake County; Miami-Fort Lauderdale; New Smyrna Beach; Orlando; East Palm Beach County; Pensacola; Pinellas County; West Polk County; Port Charlotte; North Seminole County; St. Johns County (St. Augustine area); Tampa; and West Volusia County.
7. The Jacksonville banking market is approximated by Baker, Clay, Duval and Nassau counties, as well as the Ponte Vedra Beach portion of St. Johns County.
8. Market data are as of June 30, 1988.
9. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1,800 is considered highly concentrated. In such markets, the Department is likely to challenge a merger that increases the HHI by more than 50 points. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1,800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

this proposal.[10] The record indicates that thrift institutions control approximately 26.9 percent of the combined deposits of banks and thrift institutions in the market and exert a considerable competitive influence on the market as providers of NOW accounts and consumer loans. In addition, thrift institutions in the market engage in the business of making commercial loans and are providing an alternative for such services in the Jacksonville market. Based upon the size, number, and market share of thrift institutions in the Jacksonville banking market, the Board has concluded that thrift institutions exert a competitive influence that mitigates in part the anticompetitive effects of this proposal.[11]

In order to further mitigate the anticompetitive effects that would otherwise result from consummation of this proposal, First Union has committed to divest thirteen branches in the Jacksonville banking market, controlling $210.5 million in deposits. The Board has reviewed the effect of the transaction in this market in light of the proposed divestiture. This divestiture represents approximately 4.0 percent of the deposits held by commercial banks in the market and has the potential to create a significant competitor in the Jacksonville market. Where, as in this case, a divestiture is proposed to avoid the otherwise substantial anticompetitive effects resulting from a proposed acquisition, the Board has generally required that such divestiture take place on or before the date of consummation of the acquisition.[12] The Board recognizes that special circumstances exist in this case that justify a limited exception to this policy. In particular, consummation of the proposal is expected to result in improvement in Florida National's performance and avoid certain managerial and other problems that could be associated with delay in consummation. First Union has submitted a plan of divestiture and will immediately commence the bidding process for the sale of the branches to be divested. First Union expects to complete the divestiture within six months of consummation of the proposal and has committed to complete the divestiture as soon as all regulatory approvals permitting the divestiture have been obtained. The Board believes that this divestiture proposal substantially mitigates the effects on competition of this proposal in the Jacksonville banking market.[13]

In reaching its decision, the Board has given substantial weight to the fact that eighteen commercial banking organizations and twelve thrift institutions would continue to operate in the market after consummation of the proposal, and that these remaining competitors include the largest banking organizations in Florida as well as a number of large regional bank holding companies that have recently entered this banking market. In addition, the Board notes that fifty-six credit unions operate in the market and control over twelve percent of the market's deposits. There is also a large number of national consumer and commercial finance companies, as well as offices of other nondepository providers of financial services in the Jacksonville market, that offer a broad range of competitive services. Furthermore, the Jacksonville market is a major urban area in a rapidly growing state and is attractive for entry. Three *de novo* banks have opened in Jacksonville in the last five years, and a total of six out-of-market commercial banking organizations have entered the Jacksonville market by acquisition since 1983.

In light of the facts of record, including the divestiture plan, the role of thrift institutions in the market, the number of substantial competitors remaining in the market, and other mitigating facts of record, the Board has concluded that consummation of the proposal is not likely to have a significantly adverse effect on competition in the Jacksonville banking market.

The Board has also examined the effects of this proposal in the other 18 banking markets where First Union and Florida National compete. In thirteen of these markets, the increase in the HHI upon consummation of the proposal would not exceed the limits in the revised Department of Justice Merger Guidelines. In the other five banking markets, if 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, the increase in the HHI upon consummation of the proposal would not exceed the revised Department of Justice Merger Guidelines. Moreover, with 50 percent of deposits held by thrift institutions included in the calculation of market concentration, the resulting HHI is well below 1800 in 17 of the 18 markets.[14] Accordingly, consummation of this proposal would not have a significantly

10. 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).

11. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, First Union's *pro forma* market share would be 39.9 percent and the HHI would increase by 768 points to 2283.

12. *Barnett Banks of Florida, Inc.*, 68 *Federal Reserve Bulletin* 190 (1982); *Interfirst Corporation*, 68 *Federal Reserve Bulletin* 243 (1982).

13. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, First Union's *pro forma* market share, after taking account of the planned divestitures, would be 36.4 percent and the HHI would increase by 564 points to 2079.

14. *See* Appendix.

adverse effect on existing competition in any relevant banking market.

The Board also has considered the effects of the proposal on probable future competition in the relevant banking markets. In light of the market concentration and the number of probable future entrants into those markets, the Board concludes that consummation of this proposal would not have a significantly adverse effect on probable future competition in any relevant market.

Financial Factors and Managerial Resources

In evaluating these applications, the Board has considered the financial and managerial resources of First Union and the effect on those resources of the proposed acquisition. The Board has stated and continues to believe that capital adequacy is an important factor in the analysis of bank holding company expansion proposals.[15] In this regard, the Board has 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[16] without significant reliance on intangibles, in particular goodwill. 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 these levels for the purpose of effecting major expansion proposals.[17]

In this case, First Union proposes to purchase all of the outstanding common shares of Florida National with a combination of primary capital instruments and cash. A substantial amount of the cast portion of the purchase price will be funded through secondary capital instruments. Although the proposal will result in a modest decline in the capital ratios of First Union following consummation of the proposal, First Union will remain well capitalized with capital ratios significantly above the minimum levels specified in the Board's Capital Adequacy Guidelines. In addition, the projections of First Union's operations reflect First Union's ability to restore promptly First Union's capital to pre-acquisition levels.

The Board has also reviewed the effect of this proposal in light of Florida National's financial performance. In recent years, the financial position of Florida National has deteriorated. The quality of Florida National's assets, particularly with respect to its real estate portfolio, has resulted in a significant provision for loan losses in early 1989 and has had a negative impact on earnings. The extended period of time since the announcement of the merger and the accompanying uncertainty with regard to Florida National's management has resulted in a further decline in Florida National's financial and managerial resources. The Board believes that First Union will provide the financial resources and stability to Florida National's management that is needed to strengthen Florida National and improve its performance. Thus, considerations relating to banking factors lend substantial weight toward approval of this application.

Community Reinvestment Act

In considering the convenience and needs of the communities to be served by these institutions, the Board has taken into account the record of First Union's subsidiary banks under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires that federal financial supervisory agencies encourage financial institutions to help meet the credit needs of the local communities in which they operate consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution." 12 U.S.C. § 2903. The Board is required to "take such record into account in its evaluation" of applications under section 3 of the BHC Act.[18]

15. *The Bank of New York Company, Inc.*, 74 *Federal Reserve Bulletin* 257 (1988); *Chemical New York Corporation*, 73 *Federal Reserve Bulletin* 378 (1987); *Citicorp*, 72 *Federal Reserve Bulletin* 497 (1986); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

16. Capital Adequacy Guidelines, 50 *Federal Register* 16,057 (April 24, 1985).

17. Thus, for example, the Board has generally approved proposals involving a decline in capital only where the applicants have promptly restored their capital to preacquisition 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).

18. During the public comment period, the Board received comments critical of the CRA performance of First Union's subsidiary bank in Florida from Gulfcoast Legal Services, Bradenton, Florida, on behalf of a coalition of organizations and residents of low- and moderate-income communities located in Orange, Duval, Dade, and Manatee Counties, Florida. In addition, the Board received a comment from the Charlotte Reinvestment Alliance critical of the CRA performance of First Union's subsidiary bank in North Carolina. Following discussions with First Union, these commenters have withdrawn their comments.

An individual ("Protestant") has also filed a comment critical of First Union's CRA record in Florida. Protestant alleges that First Union has misrepresented its role in participating in lending in low-income and minority areas in Florida in the CRA statement of First Union's Florida bank subsidiary, and that loans described in the

The Board has carefully reviewed the CRA performance record of First Union in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[19] The Agency CRA Statement provides guidance regarding the types of policies and procedures that the supervisory agencies believe financial institutions should have in place in order to fulfill their responsibilities under the CRA on an ongoing basis and the procedures that the supervisory agencies will use during the application process to review an institution's CRA compliance and performance.

On October 30, 1989, the Board deferred action on First Union's applications in order to permit the Board to consider information regarding the CRA performance of First Union's national bank subsidiaries that the Office of the Comptroller of the Currency ("OCC") obtained as part of a pending CRA examination of these banks. The OCC recently completed its CRA examination of First Union's national bank subsidiaries and found a number of deficiencies in the CRA performance of the subsidiaries in North Carolina, Florida, South Carolina and Tennessee. The OCC's examination concluded that First Union's North Carolina, Florida, Tennessee, and South Carolina banks did not have an established system to determine the credit needs of their communities on a regular basis. The examination found that the banks did not regularly advertise the products that were designed to assist low- and moderate-income and minority areas. In addition, the banks did not have an adequate method for reviewing the geographic distribution of their loans and deposits. Based upon its examination of these banks, the OCC concluded that a number of First Union subsidiary banks had an overall CRA rating that was less than satisfactory.

As the primary regulator of First Union's bank subsidiary in Florida, the OCC has recently reviewed an application under the Bank Merger Act by First Union to merge this national bank in Florida with Florida National's bank subsidiaries. After concluding its CRA examination of this bank, the OCC approved the proposed merger. In approving this merger, the OCC was required by the CRA to consider the CRA performance of all of First Union's national bank subsidiaries. The OCC concluded that the public benefits of First Union's proposal to provide financial and managerial resources to Florida National's bank subsidiaries and the commitments by First Union's national bank subsidiaries to implement specific programs to improve their CRA performance outweighed the past less than satisfactory CRA performance of those banks. In connection with this action, the OCC and First Union's national bank subsidiary in Florida have entered into a written agreement that outlines the steps the bank will take to improve its CRA performance. The OCC has conditioned its approval of the First Union merger proposal on compliance with that agreement.

In reviewing the CRA factor in this case, the Board believes that the results of the OCC's examination findings regarding the past CRA performance of First Union's subsidiary banks, if considered alone, would require a negative finding under the convenience and needs factor. However, the CRA performance of an institution, while a major component of the convenience and needs standard under the BHC Act, is not the only factor reviewed under that standard. The Board must also consider the other benefits of a proposal in serving or maintaining the bank's service to the needs of the community. Moreover, the convenience and needs assessment must also be balanced against the financial, managerial and other relevant standards under section 3 of the BHC Act.

In this case, the Board has considered as the overriding factor in its evaluation of the convenience and needs standard the deteriorating condition of Florida National and First Union's demonstrated ability to provide the capital, financial and managerial support necessary to enable Florida National's subsidiary banks to continue to serve their customers in numerous banking markets in Florida, including low- and moderate-income neighborhoods.

The Board has also taken into account the significant steps that First Union has taken in the past several months to address weaknesses in its CRA performance. Although commitments made in the applications process generally are not viewed as adequate to overcome a seriously deficient record, such as First Union's, the Board has stated in the Agency CRA Statement that commitments may be appropriate in addressing CRA performance in certain circumstances, including in the context of an acquisition of a troubled financial institution in order to ensure its continued service to its community.

The Board believes that First Union's plans, when fully implemented, would address the deficiencies in First Union's CRA performance, and that First

CRA statement of First Union's Florida bank subsidiary were not for the benefit of low-income and minority residents and businesses. The Board has considered this comment and believes that this comment is not supported by the record and, in view of all of the facts in this case, does not warrant denial of the applications.

19. 54 *Federal Register* 13,742 (March 21, 1989). The comments made by Protestant were directed solely to First Union's CRA record. No adverse comments have been received concerning Florida National's CRA record, and the Board notes that the primary supervisory agency for Florida National's subsidiary banks has determined that the CRA performance record of these banks is satisfactory.

Union's recent actions have demonstrated progress toward correction of those deficiencies. In particular, First Union's banks have recently implemented a detailed and comprehensive corporate plan for implementing the type of CRA program outlined in the Agency CRA Statement. This revised program includes designating CRA officers and conducting annual reviews of the CRA program by senior management of First Union, including creation of an office for a corporate Director of Community Investment. To insure an effective outreach program, First Union has committed to establish specific goals for its commercial and consumer call officers with regard to business development calls on minority businesses, minority real estate agents and various public interest groups in low- and moderate-income neighborhoods. First Union has also recently issued an enhanced CRA statement along the lines suggested by the Agency CRA Statement. In addition, the banks have begun geocoding their loan portfolio and analyzing the geographic distribution of their lending activities, have formulated specific action plans to increase lending activities in 18 key communities to address weaknesses noted in the banks' CRA performance in those communities, and have committed more than $50 million to fund lending consortiums and pools to increase lending in low- and moderate-income communities in Florida and North Carolina. Thus, although the record indicates that First Union must continue to improve its CRA performance, First Union has taken significant steps to improve its CRA performance, and has established the types of programs and corporate structures necessary to continue to strengthen that CRA performance.[20]

In light of the significant public benefits that may be expected from First Union's proposal to make its financial and managerial resources available to Florida National and the significant steps taken by First Union to improve the CRA performance of its bank subsidiaries, and based on all the other facts of record in this case, the Board believes that First Union's CRA record does not, when viewed in the context of the overall convenience and needs of the community, preclude approval of these applications. For these reasons, the Board also believes that, on balance, the convenience and needs factor the Board must consider is marginally consistent with approval of this proposal. In taking this action, the Board has relied on all of the representations made by First Union regarding the programs and policies it has recently implemented and proposes to implement. The Board conditions its action in this case on implementation by First Union of all of these programs and policies as described in the submissions made by First Union to the Board. The Board will carefully examine future applications by First Union to determine its progress in fulfilling its CRA obligations and commitments, and believes that First Union should not consider further bank expansionary proposals until it has demonstrated actual and sustained progress in improving its CRA performance. In connection with its approval of this case, the Board has directed the Federal Reserve Bank of Richmond to monitor First Union's progress in implementing the CRA programs and policies as described to the Board, and to report to the Board quarterly on First Union's progress. In this regard, as a condition of its approval, First Union and its bank subsidiaries must submit periodic reports (no less infrequently than quarterly) to the Federal Reserve Bank of Richmond that include a description of the steps First Union has taken to comply with its representations to the Board, the results of First Union's loan analysis for communities served by its banks, as well as specific steps it has implemented to improve its CRA performance.[21]

Nonbanking Acquisitions

First Union has also applied, pursuant to section 4(c)(8) of the BHC Act, to acquire the investment advisory and credit-related insurance subsidiary of Florida National. As noted above, these activities are permissible for bank holding companies under the Board's Regulation Y. First Union operates subsidiaries that compete directly with Florida National in

20. The Board has received letters from the Florida State Conference of Branches of the National Association for the Advancement of Colored People and from the Jacksonville Urban League, Inc., commending First Union's record of participation in community development activities and serving the banking needs of local communities in Florida. These comments note in particular the improvement in First Union's CRA performance in recent years and First Union's willingness to repair perceived deficiencies in its CRA performance.

21. Protestant has requested a public meeting or hearing on the applications to provide testimony on the issues presented by these applications. Although section 3(b) of the BHC Act does not require a public meeting or hearing in this instance, the Board may, in its discretion, order a public meeting or hearing. *See* 12 C.F.R. 262.3(e). In that regard, the Board's Rules of Procedure provide that a public meeting may be held to clarify factual issues related to an application or to provide an opportunity for interested persons to testify. 12 C.F.R. 262.25(d). In addition, under the provisions of the Board's Regulation Y, 12 C.F.R. 225.23(g), the Board shall order a hearing only if there are disputed issues of material fact that cannot be resolved in some other manner.

The Board has carefully considered the Protestant's request for a public meeting or hearing. In the Board's view, the parties have had ample opportunity to present their arguments in writing and to respond to one another's submissions. In light of these facts, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in these applications, or otherwise warranted in this case. Accordingly, Protestant's request for a public meeting or hearing on these applications is hereby denied.

APPENDIX

*Effect on Competition in the Markets Where First Union and Florida National Compete**

Market	Existing HHI	Increase	Resulting HHI
North Brevard County	1151	93	1244
South Brevard County	884	15	899
Daytona Beach	1103	192	1295
Gainesville	1204	261	1465
Indian River County	970	267	1237
North Lake County	1133	91	1224
Miami—Fort Lauderdale	433	14	447
New Smyrna Beach	1438	81	1519
Orlando	1287	53	1340
East Palm Beach County	538	56	594
Pensacola	1110	60	1170
Pinellas County	594	20	614
West Polk County	1521	97	1618
Port Charlotte	1283	44	1327
North Seminole County	1556	37	1593
St. Johns County	3033	191	3224
Tampa	1075	22	1097
West Volusia County	1508	38	1546

(*—Thrift deposits included at 50 percent)

these activities. Each of these subsidiaries has a small market share and there are numerous competitors for these services. As a result, consummation of the proposal would have a *de minimis* effect on existing competition for these services, and the Board concludes that the proposal would not have any significantly adverse effect on existing or probable future competition in any relevant market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Accordingly, based on all the facts of record, 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 Union's application to acquire the nonbanking subsidiaries of Florida National.

Conclusion

Based on the foregoing and other facts of record, including First Union's divestiture and CRA commitments, the Board has determined that the applications under sections 3 and 4 of the BHC Act should be, and hereby are, approved. The proposal shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority. The determinations as to the 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, or prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective December 22, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

MNC Financial, Inc.
Baltimore, Maryland

Order Approving Merger of Bank Holding Companies

MNC Financial, Inc., Baltimore, Maryland ("MNC"), 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 of the BHC Act (12 U.S.C. § 1842), to merge with

Equitable Bancorporation, Baltimore, Maryland ("Equitable"), and thereby indirectly acquire Equitable Bank, N.A., Baltimore, Maryland, and Equitable Bank of Delaware, Dover, Delaware. MNC also has applied for the Board's approval under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of Equitable.[1]

MNC has also provided notice under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)) of its intent to acquire Equitable Bancorporation Overseas Finance N.V., which is a foreign corporation that engages in raising funds for its parent.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (54 *Federal Register* 40,519 (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 sections 3(c) and 4 of the BHC Act.

MNC controls commercial banking institutions in Maryland and Washington, D.C., as well as a credit card bank in Delaware. MNC is the largest commercial banking organization in Maryland, controlling deposits of $6.5 billion, representing approximately 18.7 percent of the total deposits in commercial banks in the state.[2] Equitable operates a commercial bank subsidiary in Maryland and a credit card bank in Delaware. Equitable is the fourth largest commercial banking organization in Maryland, with deposits of $3.3 billion, representing 9.4 percent of the total deposits in commercial banks in the state. Upon consummation of the proposal, MNC would remain the largest commercial banking organization in Maryland, controlling deposits of approximately $9.8 billion, representing approximately 28.1 percent of the total deposits in commercial banking organizations in Maryland. Consummation of this proposal would not have a significantly adverse effect upon the concentration of commercial banking resources in Maryland.

MNC and Equitable compete directly in the Baltimore, Maryland; Annapolis, Maryland; Sussex County, Delaware; and Washington, D.C. banking markets. In the Baltimore market,[3] MNC is the largest of 38 commercial banking organizations, controlling $4.2 billion in deposits, representing approximately 22.8 percent of total deposits in commercial banking organizations in the market ("market deposits").[4] Equitable is the second largest commercial banking organization in the Baltimore market, controlling $2.5 billion in deposits, representing approximately 13.6 percent of market deposits. Upon consummation of this proposal, MNC would control $6.7 billion in deposits, representing approximately 36.4 percent of market deposits. The Baltimore banking market is considered moderately concentrated, with the four largest commercial banking organizations controlling 61.5 percent of the market deposits. The Herfindahl–Hirschman Index ("HHI") for the market is 1210 and would increase by 620 points to 1830 upon consummation of the proposal.[5]

Although consummation of the proposal would eliminate some competition in the Baltimore banking market, thirty-seven commercial banking organizations would continue to operate in the market after consummation of this proposal. In addition, the Board has considered the presence of thrift institutions in the Baltimore banking market in its analysis of this proposal.[6] Thrift institutions control approximately 31.1 percent of the combined deposits of banks and thrift institutions in the market and exert a considerable competitive influence on the market as providers of NOW accounts and consumer loans.

1. MNC proposes to acquire E.B. Mortgage Corporation, Towson, Maryland, and thereby engage in making, acquiring, and servicing mortgage loans for its own account and the accounts of others; Internet, Inc., Reston, Virginia, and thereby engage in providing data processing switching services for automated teller machine and point of sale networks and providing and maintaining data processing software to banks and other financial institutions; Equiban Life Insurance Company, Baltimore, Maryland, and thereby engage in underwriting, as reinsurer, credit life, accident and health insurance and involuntary unemployment insurance in connection with extensions of credit by Equitable Bancorporation's subsidiaries and Fayette Insurance Corporation, Baltimore, Maryland, and thereby engage in acting as agent or broker for the sale of credit life, accident and health insurance solely in connection with extensions of credit by Equitable Bancorporation's subsidiaries.

These activities are authorized for bank holding companies pursuant to the Board's Regulation Y, 12 C.F.R. 225.25(b)(1), (7) and (8)(i).

In connection with this application, MNC has also applied to acquire common stock equal to 24.9 percent of Equitable's voting shares.

2. State banking data are as of June 30, 1989.

3. The Baltimore banking market is defined as the Baltimore, Maryland, RMA plus the remainder of Harford County, Maryland.

4. Market data are as of June 30, 1988.

5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Department is likely to challenge a merger that increases the HHI by more than 50 points. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

6. 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).

Based upon the size, number, and market share of thrift institutions in the Baltimore banking market, the Board has concluded that thrift institutions exert a competitive influence that mitigates the anticompetitive effects of this proposal in the Baltimore market.[7]

The Board has also examined the effects of this proposal in the three other banking markets where MNC and Equitable compete: Annapolis, Maryland; Sussex County, Delaware; and Washington, D.C.[8] The proposed acquisition would not substantially increase the market share of MNC in any market. Upon consummation of this proposal, the HHI would increase by less than 200 points in each of these markets, and each of these banking markets would remain moderately concentrated. In addition, numerous competitors would remain in each market.

Accordingly, based on the facts of record in this case, the Board has determined that consummation of the proposal would not have a significantly adverse effect on existing competition in any relevant banking market. The Board also has considered the effects of the proposal on probable future competition in relevant markets. In light of the market concentration and the number of probable future entrants into those markets, the Board concludes that consummation of this proposal would not have a significantly adverse effect on probable future competition in any relevant market.

MNC and Equitable operate credit card banks that provide credit card services on a nationwide basis.[9] MNC is the ninth largest provider of bank credit card loans in the United States, with outstanding receivables of $2.2 billion, representing 2.7 percent of bank credit card receivables in the United States. Equitable has outstanding credit card loans of less than $0.5 billion, representing less than ~~one~~ percent of such credit card receivables. Upon consummation of the proposal, MNC would control approximately $2.7 billion in bank credit card receivables, representing approximately 3.3 percent of such loans nationwide. Consummation of this proposal would not have a significantly adverse effect on competition in the market for credit card services.[10]

In evaluating these applications, the Board has considered the financial and managerial resources of MNC, Equitable, and their bank subsidiaries, and the effect of the proposed acquisition on the resources and future prospects of these companies. The Board has stated and continues to believe that capital adequacy is an important factor in the analysis of bank holding company expansion proposals.[11] In this regard, the Board expects banking organizations contemplating expansion proposals to maintain strong capital levels substantially above the minimum levels specified in the Board's Capital Adequacy Guidelines[12] without significant reliance on intangibles, in particular, goodwill. The Board carefully analyzes the effect of expansionary 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 these levels for the purpose of effecting major expansion proposals.[13]

MNC proposes to accomplish the merger through an exchange of shares. MNC will remain well-capitalized following consummation of the proposal, with capital ratios above the minimum levels specified in the Board's Capital Adequacy Guidelines, and its primary capital ratio will decrease only slightly. Accordingly, based on these and all of the other facts of record, the Board concludes that financial and managerial considerations are consistent with approval of this application. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.[14]

MNC also has applied, pursuant to section 4(c)(8) of the BHC Act, to acquire certain nonbanking subsid-

7. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, MNC's *pro forma* market share would be 29.7 percent and the HHI would increase by 412 points to 1,235.

8. The Annapolis, Maryland banking market is approximated by the Annapolis, Maryland, RMA. The Sussex County, Delaware banking market is approximated by Sussex County, Delaware, Wicomico County, Maryland, and the adjoining portions of Caroline, Dorchester and Worcester Counties in Maryland. The Washington, D.C. banking market is approximated by the Washington, D.C., RMA. Market data are as of June 30, 1988.

9. The Board has previously determined that the relevant market for credit card services is nationwide. *First Chicago Corporation*, 73 *Federal Reserve Bulletin* 600 (1987); *RepublicBank Corporation*, 73 *Federal Reserve Bulletin* 510 (1987); *Chemical New York Corporation*, 73 *Federal Reserve Bulletin* 378 (1987).

10. Data are as of December 31, 1987.

11. *The Bank of New York Company, Inc.*, 74 *Federal Reserve Bulletin* 257 (1988); *Chemical New York Corporation*, 73 *Federal Reserve Bulletin* 378 (1987); *Citicorp*, 72 *Federal Reserve Bulletin* 497 (1986); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

12. Capital Adequacy Guidelines, 50 *Federal Register* 16,057 (April 24, 1985).

13. 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).

14. The Board has received a comment on the proposal from the Maryland Alliance for Responsible Investment ("MARI"), which supports the proposed merger based on MNC's "good faith efforts to address its obligations under the MARI-MNB Community Reinvestment Agreement."

iaries of Equitable. MNC and Equitable operate subsidiaries that engage in permissible data processing, mortgage lending and insurance activities. The market share controlled by each of these subsidiaries is small, and there are numerous competitors for their services. Accordingly, consummation of this proposal would have a *de minimis* effect on 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 MNC's application to acquire the nonbanking subsidiaries of Equitable.

The Board has also considered MNC's notice of intent to acquire Equitable Bancorporation Overseas Finance N.V. under section 4(c)(13) of the BHC Act and has determined that disapproval of the acquisition is not warranted.

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 Richmond, acting pursuant to delegated authority. The determinations as to the nonbanking activities approved in this case 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 notification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective December 19, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

APPENDIX

Nonbanking Subsidiaries to be Acquired

Maryland National Pennsylvania Corporation, Philadelphia, Pennsylvania, and thereby engage in making loans for its own account and on behalf of others pursuant to Section 225.25(b)(1); MN Credit Corporation, Baltimore, Maryland, and thereby originate consumer loans and personal property leases for itself and bank pursuant to Section 225.25(b)(1); MN Services Corporation, Baltimore, Maryland, and thereby engage in mortgage banking and brokerage business, leasing of real or personal property, negotiating loans, and dealing with payments of mortgages, pursuant to Section 225.25(b)(1); ReCap, Inc., Wilmington, Delaware, and engage in real estate workout activities, pursuant to Section 225.25(b)(1); American Security Investment Services, Inc., Washington, D.C., and thereby engage in providing discount brokerage services pursuant to Section 225.25(b)(15); ASB Capital Management, Inc., Washington, D.C., and thereby engage in acting as an investment advisor pursuant to Section 225.25(b)(19); MNC Credit Corp., Towson, Maryland, and thereby engage in servicing commercial loans and leases for affiliated or unaffiliated individuals, partnerships, corporations or other entities, acting as advisor or broker in leasing of equipment and personal property, commercial and equipment leasing transactions; leasing of personal property, originating, making, acquiring, holding, servicing, and disposing of secured and unsecured loans, lines of credit, mortgages and charges on real or personal property, engaging in mortgage banking, brokering and servicing and in selling as agent credit life, disability and accident and health insurance in connection with extensions of credit by bank and nonbank subsidiaries of MNC Financial, Inc., commercial lending, including but not limited to financing of accounts receivable, inventories, and other types of secured and unsecured loans to commercial enterprises, pursuant to Sections 225.25(b)(1), (5) and (8); Maryland National Mortgage Corporation, Baltimore, Maryland, and thereby engage in mortgage banking, brokering and servicing and acting as advisor in mortgage loan transactions, pursuant to Section 225.25(b)(1); MNC American Corporation, Aurora, Colorado, and thereby engage in industrial banking and servicing loans pursuant to Sections 225.25(b)(1) and (2); MNC Consumer Discount Company, Coraopolis, Pennsylvania, and thereby engage in mortgage banking, brokering, and servicing, including but not limited to second mortgage financing, and in originating, buying, selling, and otherwise dealing in loans as principal or agent, pursuant to Section 225.25(b)(1); Mid-Atlantic Life Insurance

Company, Coraopolis, Pennsylvania, and thereby engage in underwriting, as reinsurer, credit life and credit accident and health insurance on loans and other extensions of credit made by subsidiaries of MNC Financial, Inc. and originated in Maryland, Ohio, Pennsylvania, New Jersey, Virginia, and by American Industrial Bank, pursuant to Section 225.25(b)(8); Landmark Financial Services, Inc., Silver Spring, Maryland, and thereby engage in making, acquiring, and servicing consumer, real estate and sales finance loans, acting as broker for credit life, health and accident insurance, reinsuring credit life, health and accident insurance sold by Landmark Financial Services, Inc., providing automobile insurance premium financing, providing data processing services related to such premium financing, pursuant to Sections 225.25(b)(1), (7), 8(ii) and 8(iii); Virginia Federal Savings Bank, Richmond, Virginia, and engage in operating and controlling a savings association, pursuant to Section 225.25(b)(9); First Service Corporation of Virginia, Richmond, Virginia, and engage in managing real property acquired in loan workouts, pursuant to Section 225.25(b)(1); Southern Condominium Service, Incorporated, Richmond, Virginia, and engage in managing real property acquired in loan workouts, pursuant to Section 225.25(b)(1); Southern Hotel Service, Incorporated, Richmond, Virginia, and engage in managing real property acquired in workouts of loans of Virginia Federal Savings Bank, pursuant to Section 225.25(b)(1); Southern Finance Corporation, Richmond, Virginia, and engage in CMO-arbitrage transactions pursuant to Section 225.25(b)(9); E.B. Mortgage Corporation, Towson, Maryland, and thereby engage in making, acquiring, and servicing mortgage loans for its own account and the accounts of others pursuant to section 225.25(b)(1); Equiban Life Insurance Company, Baltimore, Maryland, and thereby engage in underwriting, as reinsurer, credit life, accident and health insurance and involuntary employment insurance in connection with extensions of credit by Equitable Bancorporation's subsidiaries, including Equitable Bank, N.A., Equitable Bank of Delaware, and E.B. Mortgage Corporation pursuant to 225.25(b)(8); Fayette Insurance Corporation, Baltimore, Maryland, and thereby engage in acting as agent or broker for the sale of credit life, accident and health insurance solely in connection with extensions of credit by Equitable Bancorporation's subsidiaries, including Equitable Bank, N.A., Equitable Bank of Delaware, and E.B. Mortgage Corporation pursuant to section 225.25(b)(8); and Internet, Inc., Reston, Virginia, and thereby engage in providing data processing switching services for automatic teller machine and point of sale networks. Internet, Inc. also provides and maintains data processing software to banks and other financial institutions for the operation of this hardware, and maintain ATM and POS data bases for some banks and financial institutions pursuant to section 225.25(b)(7) of the Board's Regulation Y.

Provident Bancorp, Inc.
Cincinnati, Ohio

Order Approving the Merger of Bank Holding Companies

Provident Bancorp, Inc., Cincinnati, Ohio ("Provident"), has applied for the Board's approval under section 3 of the Bank Holding Company Act (the "Act") (12 U.S.C. § 1842) to merge with Northern Kentucky Trustcorp, Alexandria, Kentucky ("NKT"), and thereby acquire 100 percent of the voting shares of NKT's subsidiary bank, Northern Kentucky Bank and Trust Company, Alexandria, Kentucky ("Kentucky Bank"). Provident has also applied under section 4(c)(8) of the Act to acquire Northern Kentucky Financial Corporation, Florence, Kentucky ("Finance Company"), a nonbanking subsidiary of NKT which is engaged in consumer finance activities pursuant to section 225.25(b)(1) of the Board's Regulation Y (12 C.F.R. 225.25(b)(1)).

Notice of the applications, affording an opportunity for interested parties to submit comments, has been duly published (54 *Federal Register* 24,593 (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 sections 3(c) and 4(c) of the Act.

Section 3(d) of the 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 holding company's home state,[1] 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." 12 U.S.C. § 1842(d). The Board previously has concluded that the laws of Kentucky expressly authorize the acquisition of Kentucky banks by Ohio bank holding companies, such as Provident.[2] Accordingly, the Board's approval of these applications is not precluded by the Douglas Amendment. The Board's approval, however, is subject to Provident's obtaining approval of the merger and acquisi-

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

2. *National City Corporation*, 73 *Federal Reserve Bulletin* 581 (1987). (See Ky. Rev. State. Ann. § 287.900 (Michie/Bobbs-Merrill 1986)).

tion from the Kentucky Commissioner of Banking and Securities, as required by Kentucky law.

Provident, a one-bank holding company, is the 11th largest commercial banking organization in Ohio, controlling deposits of approximately $1.6 billion, representing approximately 1.9 percent of deposits in commercial banks in the state.[3] NKT is the 121st largest commercial banking organization in Kentucky, controlling deposits of approximately $51.1 million, representing less than one percent of deposits in commercial banks in the state. Consummation of this proposal would not have a significant adverse effect on the concentration of banking resources in Kentucky.

Provident and NKT compete in the Cincinnati banking market.[4] Provident is the fourth largest commercial banking organization in the market, controlling approximately $1.2 billion in deposits, representing approximately 10.5 percent of the total deposits in commercial banking organizations in the market. NKT is the 16th largest commercial banking organization in the market, controlling approximately $46.5 million in deposits, representing less than one percent of the total deposits in commercial banking organizations in the market. Upon consummation of this transaction, Provident would remain the fourth largest commercial banking organization in the market, controlling approximately $1.25 billion in deposits, representing approximately 10.9 percent of the total deposits in commercial banking organizations in the market. While the merger of NKT into Provident would eliminate one competitor from the market, it would produce only a minimal increase in the concentration of market deposits. The Herfindahl–Hirschman Index ("HHI") would increase from 1458 to 1467.[5] 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 Cincinnati banking market.

The financial and managerial resources and future prospects of Provident, NKT, and their respective subsidiaries are consistent with approval.

In considering the convenience and needs of the communities to be served, the Board has taken into account the record of Provident's subsidiary bank, Provident Bank, Cincinnati, Ohio ("Bank"), under the Community Reinvestment Act ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess an institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution," and to "take this record into account in its evaluation of bank holding company applications."[6]

The Board has carefully reviewed the CRA performance record of Bank[7] in light of the CRA, the Board's regulations, and the jointly issued "Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act" ("CRA Joint Statement").[8] The CRA Joint Statement provides guidance regarding the types of policies and procedures that the supervisory agencies believe financial institutions should have in place in order to fulfill their responsibilities under the CRA on an ongoing basis, and the procedures that the supervisory agencies will use during the application process to review an institution's CRA compliance and performance.

Initially, the Board notes that Bank has received satisfactory ratings from its primary regulator in the most recent examination of its CRA performance. In addition, Provident has put into place the types of programs outlined in the CRA Joint Statement as essential to an effective CRA program. Provident has established a coordinated procedure to enable it to ascertain community credit needs and to market its financial services to all segments of the community. Bank's Products Committee—comprised of members

3. State banking data are as of June 30, 1989; market data are as of June 30, 1988.

4. The Cincinnati banking market is approximated by Hamilton County, Clermont County, and portions of Butler and Warren Counties in Ohio; Dearborn County, Indiana; and Boone County, Kenton County, Campbell County, Grant County and Pendleton County, Kentucky.

5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), this market is considered moderately concentrated.

6. 12 U.S.C. § 2903.

7. In this regard, the Board notes that comments were filed by the Cincinnati Association of Real Estate Brokers ("CAREB") alleging that Bank has discriminated against blacks in its mortgage lending, business relationships, and hiring practices. Subsequently, the Black Taxpayers Association, the Black Community Forum, and the Coalition of Neighborhoods, all of Cincinnati, Ohio, forwarded separate correspondence in support of CAREB's allegations. All of these comments were received well after the expiration of the public comment period.

The Board's Rules of Procedure provide that "a commenter who fails to comment on an application within the specified comment period (or any extension) may be precluded from participating in the consideration of the application." *See* 12 C.F.R. 262.25(b)(1), 262.25(b)(2); see also "Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act," (54 *Federal Register* 13,742, 13,746–7 (1989)). In any event, the Board has carefully reviewed the CRA performance record of Provident and Bank, including its record of lending in low- and moderate-income neighborhoods and in minority neighborhoods, and, as discussed above, has determined that the record does not indicate that Bank engages in racially discriminatory lending practices, or that the CRA performance record of Bank warrants denial of this application.

8. 54 *Federal Register* 13,742 (1989).

of Bank's loan, finance, legal, community relations, and marketing divisions—meets quarterly and provides the vehicle through which decisions are made concerning community credit needs. The CRA Committee meets monthly to review current CRA-related topics. Recommendations are made by the CRA Committee to the Products Committee regarding meeting agenda subjects, statistical reports, and internal CRA activities. Bank has authorized the Products Committee to approve any new products or product modifications in furtherance of Bank's CRA performance.

Bank has sought minority mortgage loan applicants by means of a direct marketing campaign. Loan originators make calls on minority realtors and to realtors in low- and moderate-income areas. A listing of all loan originator calls conducted is compiled by the Bank's Finance Department so that a geographical file by census tract can be maintained by Bank.[9]

In addition, Provident has recently implemented various measures to improve Bank's CRA performance, particularly in areas where some deficiencies had been noted in past CRA examinations.[10] In particular, Provident has solicited product ideas from and attempted to generate business with low- and moderate-income individuals through a direct marketing campaign and by holding informal meetings between Bank officials and residents in low- and moderate-income neighborhoods. In an effort to further improve its geographic loan distribution and to attract minority customers, Provident is utilizing three minority-owned publications and one minority-owned radio station in the Cincinnati area to advertise Bank's recently-approved status as an underwriter of FHA/VA mortgage loans. Provident also has committed to establish a $2.5 million warehouse pool to fund special minority and low-income loans and loan programs administered by the City of Cincinnati. Finally, Bank has acted to improve its efforts to monitor and evaluate its CRA performance, consistent with the CRA Joint Statement, by completing a "CRA Self-Audit" in May 1989.

For the foregoing reasons, and based upon the overall CRA record of Bank, the compliance of Bank's CRA statement with applicable regulations, and other facts of record, the Board concludes that convenience and needs considerations, including the record of performance under the CRA of Bank, are consistent with approval of these applications.

Provident has also applied to acquire 100 percent of the voting shares of Finance Company. Finance Company makes, acquires, and services loans—for its own account or for the account of others—of the type that would be made by a consumer or commercial finance or factoring company. The Board previously has determined that such activities are permissible for bank holding companies under section 225.25(b)(1) of the Board's Regulation Y (12 C.F.R. 225.25(b)(1)).

In light of the facts of record, the Board concludes that Provident's acquisition of Finance Company would not significantly affect competition in any relevant market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The bank holding company merger shall not be consummated before the thirtieth calendar day following the effective date of this Order, and neither the bank holding company merger nor the nonbanking acquisition shall occur later than three months after the effective date of this Order, unless the latter period is extended for good cause by the Board or by the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority. The determination with respect to Bank's acquisition of Finance Company is subject to all of the conditions set forth in Regulation Y, including those in sections 225.4(b) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective December 13, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

9. In contrast to Protestants' claims, available evidence indicates that during the period August, 1988 to June, 1989, Bank's rate of denial of minority mortgage loan applications decreased by almost 20 percent while the proportion of such applications to the total number of mortgage loan applications increased from 3 percent to 7 percent. When compared to the Metropolitan Statistical Area ("MSA") minority population percentage (13.5%), Bank has improved its minority application pool (10%) to more closely reflect the composition of the MSA. Furthermore, denied minority applicants are subject to two credit reviews by Bank.

10. In this regard, the Board notes that the most recent CRA examination report stated that there was no evidence of discriminatory or illegal credit practices on the part of Bank.

Orders Issued Under Financial Institution Reform, Recovery and Enforcement Act

Central Bank
Hollidaysburg, Pennsylvania

Order Approving Acquisition of Assets and Assumption of Liabilities of a Savings Association, the Establishment of Branches, and Additional Investment in Bank Premises

Central Bank, Hollidaysburg, Pennsylvania ("Central"), a state member bank, has applied for the Board's approval under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to purchase certain assets from and assume certain liabilities of two branches of Landmark Savings Association, Pittsburgh, Pennsylvania ("Landmark"). Central has also applied to establish branches at the locations of these offices pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321) and for permission to make an additional investment in bank premises pursuant to section 24A of the Federal Reserve Act (12 U.S.C. § 371d).

Notice of the proposal, affording an opportunity for interested persons to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the applications and all the comments received in light of the factors set forth in the Bank Merger Act (12 U.S.C. § 1828(c)(5)).

As part of this transaction, Central, a Bank Insurance Fund ("BIF") member, has proposed to assume certain deposit liabilities of Landmark, a Savings Association Insurance Fund ("SAIF") member. Assumption of such deposit liabilities is a "conversion transaction" governed by the terms of section 5(d)(2)(C)(i) of the Federal Deposit Insurance Act ("FDI Act"), 12 U.S.C. § 1815(d)(2)(C)(i). Section 206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA" or "the Act")[1] amended section 5 of the FDI Act to provide, as a general matter, that until August 9, 1994, no insured depository institution may participate in a transaction in which deposits insured by one insurance fund become the obligation of a depository institution insured by the other deposit insurance fund. Thus, with certain limited exceptions, FIRREA prevents a bank that is a BIF member from acquiring SAIF insured deposits for the next five years. FIRREA provides an exception from this five year moratorium for the transfer of deposit liabilities between a BIF member and a SAIF member where such transfer is deemed to affect an "insubstantial portion, as determined by the [FDIC], of the total deposits of each insured depository institution participating in the conversion transaction." (12 U.S.C. § 1815(d)(2)(C)(i)).

The Act defines an "insubstantial portion" of the total deposits of an insured depository institution to be no more than 35 percent of the total deposits of each institution.[2] This quantitative limitation applies to both the acquiring institution and the selling institution. In addition to applying to each individual transaction, the 35 percent limit applies to the aggregate of all transactions involving the institution during the five year moratorium period.

In the proposed transaction, the deposit liabilities ($17.0 million)[3] to be assumed by Central, a BIF member, represent approximately nine percent of Central's total deposits and less than two percent of the total deposits of Landmark, a SAIF member.[4] This is the first deposit transfer subject to FIRREA by either institution. Accordingly, this proposal is a permissible conversion transaction under FIRREA. FIRREA requires that all conversion events be approved by the Federal Deposit Insurance Corporation ("FDIC").[5] Central has applied for FDIC approval of this transaction under FIRREA, and the Board's action in this case is conditioned on Central obtaining the necessary FDIC approval.

Central is the 58th largest commercial banking organization in Pennsylvania, with total deposits of $173.8 million, which represents less than one percent of total deposits in commercial banking organizations in the state. The Landmark offices Central proposes to acquire hold total deposits of $18.8 million, representing less than one percent of total deposits in commercial banks and thrift institutions in the state. Upon consummation of this proposal, Central would become

1. Pub. L. No. 101-73, § 206(a)(7), 103 Stat. 183, 197 (1989).

2. The 35 percent figure is measured against the lesser of (i) total deposits as of May 1, 1989, plus accrued interest until the date of transfer of the deposits in connection with the transaction; or (ii) total deposits as of the date the deposits are transferred. (FIRREA, Pub. L. No. 101-73, § 206(a)(7) *to be codified* at 12 U.S.C. § 1815(d)(2)(C)(i)).

3. Central does not propose to assume all of the $18.8 million in deposits currently held in these branches.

4. As of May 1, 1989, Central controlled $180.1 million in deposits, and Landmark controlled $1.2 billion in deposits.

5. Prior approval of the FDIC is required for any conversion transaction, including transactions affecting an insubstantial portion of the total deposits of each depository institution. *See* FIRREA, Section 206(a)(7)), Pub. L. No. 101-73, 103 Stat. 183, 197 (1989) *to be codified* at 12 U.S.C. §§ 1815 (d)(2)(a)(i) and (C)(i).

the 52nd largest commercial banking organization in the state, still controlling less than one percent of total deposits in commercial banking organizations in the state.[6]

Central and Landmark do not compete directly in the banking market where the two thrift branches to be acquired are located. In light of the facts of record, consummation of this proposal would not have a significant adverse effect on competition in any relevant market.

In evaluating this application, the Board has carefully considered the financial resources of Central and the effect on those resources on the proposed acquisition. In that regard, the primary capital and tangible primary capital ratios of Central Bank will decline somewhat as a result of the proposed transaction. Central has committed to restore its tangible primary capital ratio to nearly the preacquisition level within twelve months of consummation of the proposed transaction and to at least preacquisition levels within eighteen months. Based on these considerations, the Board concludes that the financial resources of Central are consistent with approval of the proposal. Managerial and convenience and needs considerations, as well as future earnings prospects, also are consistent with approval.

Central has also applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*), to establish new branches at the sites of both of the Landmark branches that are the subject of this proposal. The Board has considered the factors it is required to consider when approving applications for establishing branches pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 322) and finds those factors to be consistent with approval.

Central also requests permission under section 24A of the Federal Reserve Act to make an additional investment in bank premises in connection with this proposal. The additional investment will be used to purchase leasehold improvements of the acquired branches. The Board concludes that Central's additional investment in bank premises will support Central's acquisition of the Landmark branches, and is consistent with approval.

On the basis of the record, the applications are approved for the reasons summarized above, subject to the condition that Central obtain the approval of the FDIC for the conversion transaction portion of this proposal. 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 Philadelphia, pursuant to delegated authority.

By order of the Board of Governors, effective December 6, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

6. State and market deposit data are as of June 30, 1989.

December 15, 1989

Mr. Peter Mortensen
Chairman of the Board and Chief Executive Officer
F.N.B. Corporation
Hermitage Square
3320 East State Street
Hermitage, Pennsylvania 16148

Dear Mr. Mortensen:

F.N.B. Corporation, Hermitage, Pennsylvania ("F.N.B."), proposes that its bank subsidiary, Reeves Bank, Beaver Falls, Pennsylvania, purchase the assets and assume the liabilities of Interim Liberty Federal Savings and Loan, Beaver Falls, Pennsylvania, its savings association subsidiary, ("Interim Liberty"). F.N.B. has requested Board approval of this transaction pursuant to section 5(d)(3) of the Federal Deposit Insurance Act ("FDI Act") as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Pub. L. No. 101-73, § 206, 103 Stat. 183, 199 (1989)). Interim Liberty has been established to acquire certain assets and assume deposit liabilities of Liberty Bell Savings Association, Beaver Falls, Pennsylvania ("Liberty Bell Savings").

The record in this case shows that:

(1) The aggregate amount of the total assets of all depository institution subsidiaries of F.N.B. is $1.0 billion, an amount which is not less than 200 percent of the total assets of Interim Liberty, which currently has $79.3 million in total assets;

(2) F.N.B. and all of its bank subsidiaries currently meet all applicable capital standards and, upon consummation of the proposed transactions, will continue to meet all applicable capital standards;

(3) The transaction is not in substance the acquisition of a Bank Insurance Fund member bank by a Savings Association Insurance Fund member,

(4) Liberty Bell Savings, the predecessor to Interim Liberty, had tangible capital of less than 4 percent during the quarter preceding its acquisition by F.N.B.

(5) The transaction, which involves the purchase of assets and assumption of liabilities of Interim Liberty, a savings association located in Pennsylvania, by a bank subsidiary of F.N.B., a bank holding company whose banking subsidiaries' operations are principally conducted in Pennsylvania, would comply with the requirements of section 3(d) of the Bank Holding Company Act if Interim Liberty were a state bank which F.N.B. was applying to acquire.

Based on the foregoing and all of the other facts of record, the Staff Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board, acting pursuant to authority delegated by the Board of Governors, hereby approve your request to engage in the proposed transaction under section 5(d)(3) of the FDI Act. This approval is subject to F.N.B. obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act.

Very truly yours,

Jennifer J. Johnson
Associate Secretary of the Board

cc: Federal Reserve Bank of Cleveland

October 13, 1989

Timothy F. Demers, Esq.
Stevens & Less
607 Washington Street
Reading, Pennsylvania 19601

Dear Mr. Demers:

Meridian Bancorp, Inc., Reading, Pennsylvania ("Meridian"), proposes that its bank subsidiary, Meridian Bank, Reading, Pennsylvania, purchase the assets and assume the liabilities of Meridian Financial Savings Association, Red Hill, Pennsylvania ("Meridian Savings"), its savings association subsidiary. Meridian has requested Board approval of this transaction pursuant to section 5(d)(3) of the Federal Deposit Insurance Act ("FDI Act") as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (Pub. L. No. 101–73, § 206, 103 Stat. 183, 199 (1989)). Meridian Savings has been established to acquire certain assets and assume deposit liabilities of Hill Financial Savings Association, Red Hill, Pennsylvania ("Hill Savings").

The record in this case shows that:

(1) The aggregate amount of the total assets of all depository institution subsidiaries of Meridian is $9.4 billion, an amount which is not less than 200 percent of the total assets of Meridian Savings, which currently has $2.2 billion in total assets;

(2) Meridian and all of its bank subsidiaries currently meet all applicable capital standards and, upon consummation of the proposed transactions, will continue to meet all applicable capital standards;

(3) The transaction is not in substance the acquisition of a Bank Insurance Fund member bank by a Savings Association Insurance Fund member;

(4) Hill Savings, the predecessor to Meridian Savings, had tangible capital of less than 4 percent during the quarter preceding its acquisition by Meridian.

(5) The transaction, which involves the purchase of assets and assumption of liabilities of Meridian Savings, a savings association located in Pennsylvania by a bank subsidiary of Meridian, a bank holding company whose banking subsidiaries' operations are principally conducted in Pennsylvania, would comply with the requirements of section 3(d) of the Bank Holding Company Act if Meridian Savings were a state bank which Meridian was applying to acquire.

Based on the foregoing and all of the other facts of record, the Staff Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board, acting pursuant to authority delegated by the Board of Governors, hereby approve your request to engage in the proposed transaction under section 5(d)(3) of the FDI Act. This approval is subject to Meridian obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act.

Very truly yours,

William W. Wiles
Secretary of the Board

cc: Federal Reserve Bank of Philadelphia

October 13, 1989

Paul J. Polking, Esq.
Executive Vice President and General Counsel
NCNB Corporation
One NCNB Plaza
Charlotte, North Carolina 28255

Dear Mr. Polking:

NCNB Corporation, Charlotte, North Carolina ("NCNB"), proposes that its bank subsidiary, NCNB National Bank of Florida, Tampa, Florida ("NCNB

Bank"), purchase the assets and assume the liabilities of NCNB Florida Federal Savings Bank, Tampa, Florida ("NCNB Savings"), its savings association subsidiary. NCNB has requested Board approval of this transaction pursuant to section 5(d)(3) of the Federal Deposit Insurance Act ("FDI Act") as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Pub. L. No. 101–73, § 206, 103 Stat. 183, 199 (1989)). NCNB Savings has been established to acquire certain assets and assume deposit liabilities of Freedom Federal Savings and Loan Association, Tampa, Florida ("Freedom").

The record in this case shows that:

(1) The aggregate amount of the total assets of all depository institution subsidiaries of NCNB is $58 billion, an amount which is not less than 200 percent of the total assets of NCNB Savings, which currently has $570 million in total assets;

(2) NCNB and all of its bank subsidiaries currently meet all applicable capital standards and, upon consummation of the proposed transactions, will continue to meet all applicable capital standards,

(3) The transaction is not in substance the acquisition of a Bank Insurance Fund member bank by a Savings Association Insurance Fund member;

(4) Freedom, the predecessor to NCNB Savings, had tangible capital of less than 4 percent during the quarter preceding its acquisition by NCNB.

(5) The transaction, which involves the purchase of assets and assumption of liabilities of NCNB Savings, a savings association located in Florida, by a bank subsidiary of NCNB also located in Florida, would comply with the requirements of section 3(d) of the Bank Holding Company Act as if NCNB Savings were a state bank which NCNB was applying to acquire.

Based on the foregoing and all of the other facts of record, the Staff Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board, acting pursuant to authority delegated by the Board of Governors, hereby approve your request to engage in the proposed transaction under section 5(d)(3) of the FDI Act. This approval is subject to NCNB obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act.

Very truly yours,

William W. Wiles
Secretary of the Board

cc: Federal Reserve Bank of Richmond

December 26, 1989

Thomas R. Woolsey
Senior Vice President, Senior Counsel
and Corporate Secretary
Southeast Banking Corporation
One Southeast Financial Center
Miami, Florida 33131

Dear Mr. Woolsey:

Southeast Banking Corporation, Miami, Florida ("Southeast"), proposes that its savings association subsidiary, Southeast Bank for Savings, A Federal Savings Bank, Jacksonville, Florida ("Southeast Savings"), merge into its bank subsidiary, Southeast Bank, N.A., Miami, Florida ("Southeast Bank"). Southeast has requested Board approval of this transaction pursuant to section 5(d)(3) of the Federal Deposit Insurance Act ("FDI Act") as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Pub. L. No. 101–73, § 206, 103 Stat. 183, 199 (1989)). Southeast Savings is the successor to two failed savings associations. Southeast has operated Southeast Savings as a savings association since receiving Board approval to acquire the institution under section 4(c)(8) of the Bank Holding Company Act. 12 U.S.C. § 1843(c)(8). *See Southeast Banking Corporation*, 75 *Federal Reserve Bulletin* 92 (1989).

The record in this case shows that:

(1) The aggregate amount of the total assets of all depository institution subsidiaries of Southeast is $15.5 billion, an amount which is not less than 200 percent of the total assets of Southeast Savings, which currently has $1.3 billion in total assets;

(2) Southeast and all of its bank subsidiaries currently meet all applicable capital standards and, upon consummation of the proposed transaction, will continue to meet all applicable capital standards;

(3) The transaction is not in substance the acquisition of a Bank Insurance Fund member bank by a Savings Association Insurance Fund member,

(4) The predecessor to Southeast Savings had tangible capital of less than 4 percent during the quarter preceding their acquisition by Southeast.

(5) The transaction involves the merger of a savings association located in Florida into a bank subsidiary of Southeast that is also located in Florida. Southeast is a bank holding company whose banking subsidiaries' operations are principally conducted in Florida. Accordingly, the transaction would comply with the requirements of section 3(d) of the Bank Holding Company Act if

Southeast Savings were a state bank which Southeast was applying to acquire.

Based on the foregoing and all of the other facts of record, the General Counsel of the Board and the Staff Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board of Governors, hereby approve your request to engage in the proposed transaction under section 5(d)(3) of the FDI Act. This approval is subject to Southeast obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act.

Very truly yours,

William W. Wiles
Secretary of the Board

cc: Federal Reserve Bank of Atlanta

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(s)	Bank(s)	Effective date
Barclays Bank PLC, London, England Barclays PLC, London, England Baybanks, Inc., Boston, Massachusetts Chemical Banking Corporation, New York, New York Manufacturers Hanover Corporation, New York, New York National Westminster Bank, PLC, London, England Natwest Holdings, Inc., New York, New York Northeast Bancorp, Inc., New Haven, Connecticut The Bank of New York Company, Inc., New York, New York The Chase Manhattan Corporation, New York, New York The Hong Kong and Shanghai Banking Corporation Limited, Hong Kong, B.C.C. Kellett NV, Curacao, Netherlands Antilles HSBC Holdings BV, Amsterdam, the Netherlands Marine Midland Banks, Inc., Buffalo, New York	Key Services Corporation, Albany, New York	December 28, 1989
Huntington Bancshares Incorporated, Columbus, Ohio	Farragut Mortgage Co., Waltham, Massachusetts	December 6, 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
ABN-Stichting, Amsterdam, The Netherlands Algemene Bank Nederland N.V., Amsterdam, The Netherlands ABN/LaSalle North America, Inc., Chicago, Illinois LaSalle National Corporation, Chicago, Illinois	Exchange Bancorp, Inc., Chicago, Illinois	Chicago	December 19, 1989
Alliance Bancorporation, Lisbon, Iowa	Lisbon Bank and Trust Company, Lisbon, Iowa	Chicago	December 14, 1989
Bancommunity Service Corporation, St. Peter, Minnesota	Security Shares, Inc., Mankato, Minnesota	Minneapolis	December 13, 1989
Bankers Corp., Perth Amboy, New Jersey	Bankers Savings, Perth Amboy, New Jersey	New York	December 20, 1989
Broadway Bancshares of Delaware, Inc., Wilmington, Delaware	Broadway Air Force National Bank, Randolph Air Force Base, Texas Broadway National Bank, San Antonio, Texas Eisenhower National Bank, San Antonio, Texas	Dallas	December 1, 1989
Century Financial Corporation, Coldwater, Michigan	Century Bank and Trust, Coldwater, Michigan	Chicago	November 29, 1989
Citizens & Merchants Corporation, Douglasville, Georgia	Citizens & Merchants State Bank, Douglasville, Georgia	Atlanta	December 11, 1989
Citizens Corporation, Eastman, Georgia	Bank South, Mount Vernon, Mount Vernon, Georgia	Atlanta	December 1, 1989
Country Bank Shares Corporation, Janesville, Wisconsin	State Bank of Mt. Horeb, Mt. Horeb, Wisconsin State Bank of Argyle, Argyle, Wisconsin Citizens State Bank of Clinton, Clinton, Wisconsin	Chicago	December 1, 1989
Dakota Bankshares, Inc., Fargo, North Dakota	Republic National Bancorp, Inc., Phoenix, Arizona	Minneapolis	December 14, 1989
DBT Holding Company, Vidalia, Georgia	Darby Bank and Trust Company, Vidalia, Georgia	Atlanta	December 6, 1989
East Texas Financial Corporation, Kilgore, Texas	Citizens Bank, Kilgore, Texas	Dallas	November 27, 1989

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
The Estes Park Bank Restated Employee Stock Ownership 401(k) Plan, Estes Park, Colorado	Estes Bank Corporation, Estes Park, Colorado	Kansas City	December 6, 1989
First Bank Corp., Fort Smith, Arkansas	First National Bank of Fort Smith, Fort Smith, Arkansas	St. Louis	December 4, 1989
First Commerce Bancorp, Inc., Commerce, Georgia	Citizens Holding Company, Lexington, Georgia	Atlanta	December 13, 1989
First Lockney Bancshares, Inc., Lockney, Texas	Lockney Bancshares, Inc., Lockney, Texas First National Bank in Lockney, Lockney, Texas	Dallas	December 15, 1989
First Southern Bancorp, Inc., Stanford, Kentucky	National Bank of Hustonville, Hustonville, Kentucky	Cleveland	December 15, 1989
First Sterling Bancorp, Inc., Sterling, Illinois	Rock Fallas Bancshares, Inc., Rock Fallas, Illinois	Chicago	December 6, 1989
Fortune 44 Company, Boulder, Colorado	Newberry Bancorp, Inc., Newberry, Michigan	Minneapolis	December 1, 1989
Fourth Financial Corporation, Wichita, Kansas	McPherson Bank and Trust Company, McPherson, Kansas	Kansas City	November 21, 1989
Fourth Financial Corporation, Wichita, Kansas	Southwest Financial Corporation, Garden City, Kansas	Kansas City	November 21, 1989
Greater Chicago Financial Corp., Chicago, Illinois	Ashland Bancshares, Inc., Chicago, Illinois	Chicago	November 28, 1989
Hogue Holding Company, Inc., Weiner, Arkansas	Bank of Weiner, Weiner, Arkansas	St. Louis	December 5, 1989
Home Credit Corporation, Salt Lake City, Utah	Home Credit Bank (In Organization), Salt Lake City, Utah	San Francisco	December 14, 1989
L.B.T. Bancorporation, West Des Moines, Iowa	Liberty Bank & Trust, Lake Mills, Iowa	Chicago	November 24, 1989
Lincoln Financial Corporation, Fort Wayne, Indiana	Signal Bancorp, Monticello, Indiana	Chicago	December 19, 1989
Lincoln Holding Company, Canton, South Dakota	Farmers State Bank of Canton, Canton, South Dakota	Minneapolis	December 15, 1989
Midland States Bancorp, Inc., Effingham, Illinois	Effingham State Bank, Effingham, Illinois	St. Louis	December 8, 1989
Monticello Bankshares, Inc., Monticello, Kentucky	Bank of Clinton County, Albany, Kentucky	St. Louis	November 22, 1989
Mountain Parks Financial Corporation, Minneapolis, Minnesota	Bank of Evergreen, Evergreen, Colorado	Kansas City	December 15, 1989

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Mountain West Banking Corporation, Denver, Colorado	NBR Financial, Inc., Boulder, Colorado Citywide Bank of Thornton, Thornton, Colorado	Kansas City	November 28, 1989
NBC Bancorporation, Inc., Newport, Minnesota	Central Bancorporation, Inc., Newport, Minnesota	Minneapolis	November 29, 1989
Parkway Financial, Inc., Overland Park, Kansas	Parkway Bank, Overland Park, Kansas	Kansas City	November 24, 1989
PBM Bancorp., Inc., Marion, Illinois	Rend Lake Bancorp, Inc., Marion, Illinois	St. Louis	December 1, 1989
Pioneer Bancorp, Inc., Chicago, Illinois	River Associates Bancorp, Inc., River Grove, Illinois	Chicago	December 15, 1989
Raymond Bancorp, Inc., Raymond, Illinois	Illini Bancshares, Inc., Girard, Illinois	St. Louis	December 11, 1989
Republic Bancshares, Inc., Neosho, Missouri	Marionville Bancshares, Inc., Neosho, Missouri	St. Louis	November 24, 1989
Saban S.A., Panama City, Republic of Panama	Safra National Bank of New York, New York, New York	New York	December 15, 1989
Surety Capital Corporation, Hurst, Texas	Texas National Bank of Lufkin, Lufkin, Texas	Dallas	November 30, 1989
Texas Security Bancshares Corporation, Dover, Delaware	Central Bank and Trust, Fort Worth, Texas North Fort Worth Bank, Fort Worth, Texas	Dallas	December 1, 1989
Trimpe's Inc., Lisbon, Iowa	Lisbon Bank and Trust Company, Lisbon, Iowa	Chicago	December 14, 1989
Village Bankshares, Inc., Tampa, Florida	The Village Bank of Florida, Tampa, Florida	Atlanta	December 8, 1989
Weetamoe Bancorp, Somerset, Massachusetts	Slade's Ferry Trust Company, Somerset, Massachusetts	Boston	December 1, 1989
West Central Banque Shares, Inc., Hancock, Minnesota	Hancock State Bank, Hancock, Minnesota	Minneapolis	December 1, 1989
West Point Bancorp., Inc., St. Joseph, Missouri	Dakota Bancshares, Inc., St. Joseph, Missouri	Kansas City	November 24, 1989

Section 4

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
Donnelly Bancshares, Inc., Donnelly, Minnesota	Farmers & Merchants Insurance Agency, Donnelly, Minnesota	Minneapolis	December 14, 1989

Section 4—Continued

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
The Fuji Bank, Limited, Tokyo, Japan	Kleinwort Benson Government Securities Inc., Chicago, Illinois	New York	December 8, 1989
Gold Coast Bancshares, Inc., Hypoluxo, Florida Gulfstream Financial Services, Inc., Hypoluxo, Florida	Gold Coast Financial Services, Inc., Hypoluxo, Florida	Atlanta	November 28, 1989
PKbanken, Stockholm, Sweden	Independent Finance, Inc., Bellevue, Washington	New York	December 15, 1989
PNC Financial Corp., Pittsburgh, Pennsylvania BHC Holdings, Philadelphia, Pennsylvania	Lomas Securities USA, Inc., Houston, Texas	Cleveland	December 15, 1989

Sections 3 and 4

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
Society Corporation, Cleveland, Ohio	Trustcorp, Inc., Toledo, Ohio	Cleveland	December 1, 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
Landmark Bank of Highland, Highland, Illinois	Landmark Bank of Alton, Alton, Illinois Landmark Bank of Madison County, Glen Carbon, Illinois	St. Louis	December 1, 1989
Union Bank/Streator, Streator, Illinois	Union Bank/Triumph, Triumph, Illinois	Chicago	December 15, 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 a party.

Securities Industry Association v. Board of Governors, No. 89–1730 (D.C. Cir., filed November 29, 1989). Petition for review of Board order approving application under section 4(c)(8) to engage in private placement and riskless principal activities.

Babcock and Brown Holdings, Inc., et al. v. Board of Governors, No. 89–70518 (9th Cir., filed November 22, 1989). Petition for review of Board determination that a company would control a proposed insured bank for purposes of the Bank Holding Company Act.

Consumers Union of U.S., Inc. v. Board of Governors, No. 89–3008 (D.D.C., filed November 1, 1989). Challenge to various aspects of Regulation Z implementing the Home Equity Loan Consumer Protection Act.

Synovus Financial Corp. v. Board of Governors, No. 89–1394 (D.C. Cir., filed June 21, 1989). Petition for review of Board order permitting relocation of a bank holding company's national bank subsidiary from Alabama to Georgia.

MCorp v. Board of Governors, No. 89–2816 (5th Cir., filed May 2, 1989). Appeal of preliminary injunction against the Board enjoining pending and future enforcement actions against bank holding company now in bankruptcy. Awaiting decision.

Independent Insurance Agents of America v. Board of Governors, No. 89–4030 (2d Cir., filed March 9, 1989). Petition for review of Board order ruling that the non-banking restrictions of section 4 of the Bank Holding Company Act apply only to non-bank subsidiaries of bank holding companies. Petition for review denied November 29, 1989. Petition for rehearing en banc pending.

Securities Industry Association v. Board of Governors, No. 89–1127 (D.C. Cir., filed February 16, 1989). Petition for review of Board order permitting five bank holding companies to engage to a limited extent in additional securities underwriting and dealing activities.

American Land Title Assoc. v. Board of Governors, No. 88–1872 (D.C. Cir., filed December 16, 1988). Petition for review of Board order ruling that exemption G from the section 4(c)(8) prohibition on insurance activities, which grandfathers insurance agency activities by bank holding companies that conducted insurance agency activities before January 1, 1971, does not limit those grandfathered activities to the specific ones undertaken at that time. Awaiting decision.

MCorp v. Board of Governors, No. CA3–88–2693 (N.D. Tex., filed October 10, 1988). Application for injunction to set aside temporary cease and desist orders. Stayed pending outcome of *MCorp v. Board of Governors* in Fifth Circuit.

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

Cohen v. Board of Governors, No. 88–1061 (D.N.J., filed March 7, 1988). Action seeking disclosure of documents under the Freedom of Information Act.

Chase Manhattan Corp. v. Board of Governors, No. 87–1333 (D.C. Cir., filed July 20, 1987). Petition to review order conditionally approving application for bank holding company to underwrite and deal in mortgage-related securities to a limited extent. Stayed by stipulation pending expiration of moratorium or Board reconsideration.

Lewis v. Board of Governors, Nos. 87–3455, 87–3545 (11th Cir., filed June 25, August 3, 1987). Petition for review of Board orders approving applications of non-Florida bank holding companies to expand activities of Florida trust company subsidiaries. Matter stayed pending Supreme Court review of *Continental Illinois Corp. v. Lewis*, 827 F.2d 1517 (11th Cir. 1987).

Financial and Business Statistics

NOTE. *The following tables may have some discontinuities in historical data for some series beginning with the December 1989 issue: 1.12, 1.33, 1.44, 1.52, 1.57–1.60, 2.10, 2.12, 2.13, 3.10, 3.11, 3.15–3.20, 3.22–3.25, 3.27, 3.28, and 4.30. For a more detailed explanation of the changes, see the announcement on page 16 of the January 1990 Bulletin.*

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FINANCIAL MARKETS

FEDERAL FINANCE

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	July	Aug.	Sept.[r]	Oct.	Nov.
Reserves of depository institutions[2]									
1 Total	-.8	-4.2	-8.7	.3	7.2	1.1	9.6	8.1	-1.1
2 Required	-1.5	-4.4	-7.6	.1	6.0	2.8	8.6	6.5	.4
3 Nonborrowed	5.3	.0	-10.2	8.3	24.2	1.5	9.3	11.0	3.1
4 Monetary base[3]	4.8	4.6	1.5	2.9[r]	4.1[r]	1.2[r]	7.5	2.8	1.3
Concepts of money, liquid assets, and debt[4]									
5 M1	2.3	-.4	-5.6	1.5	10.9[r]	.3[r]	5.8	10.1	3.4
6 M2	3.6	1.9[r]	1.2	7.3	11.5[r]	7.3[r]	7.4	7.8[r]	8.4
7 M3	4.8	3.7	2.9	4.6	8.8[r]	1.9[r]	.9	4.5	6.0
8 L	5.5	5.0	4.7	4.9	8.7	4.9	3.0	7.0	n.a.
9 Debt	8.9	8.4	7.9[r]	7.2[r]	6.4[r]	8.1[r]	7.1	8.3	n.a.
Nontransaction components									
10 In M2[5]	4.1	2.6	3.5	9.2[r]	11.7	9.7	8.0	7.1[r]	10.1
11 In M3 only[6]	9.3	10.6	9.2	-4.9	-.6	-17.0	-22.4	-7.9[r]	-3.1
Time and savings deposits									
Commercial banks									
12 Savings[7]	4.0	-3.7	-14.2	-.2	3.3	7.3	7.9	5.9[r]	13.8
13 Small-denomination time[8]	18.0	22.5	29.0	10.4	7.3[r]	7.5	3.9	13.0[r]	5.6
14 Large-denomination time[9,10]	13.0	18.1	17.7	1.9	3.9	-2.1	-3.5	6.2[r]	8.2
Thrift institutions									
15 Savings[7]	-2.5	-7.7	-19.0	-6.7	-5.4	-1.8	4.0	3.5[r]	7.8
16 Small-denomination time	6.6	4.3	14.0	9.8	9.2	5.2	-2.9	-11.7[r]	-5.7
17 Large-denomination time[9]	8.0	1.2	5.9	-9.6	-8.3	-22.5	-29.4	-34.4[r]	-27.1
Debt components[4]									
18 Federal	7.6	7.7	6.9	4.6[r]	-.2[r]	8.8[r]	11.0	9.8	n.a.
19 Nonfederal	9.2	8.6	8.2[r]	8.0[r]	8.4	8.0[r]	5.9	7.8	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						
	Sept.	Oct.	Nov.	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**261,299**	**260,634**	**265,521**	**261,148**	**258,069**	**260,511**	**262,676**	**261,218**	**261,012**	**264,506**
2 U.S. government securities[1]	219,475	215,920	217,455	216,270	212,859	214,962	216,751	214,890	217,268	220,059
3 Bought outright	219,018	215,920	216,475	216,270	212,859	214,962	216,751	214,890	216,872	216,254
4 Held under repurchase agreements	457	0	980	0	0	0	0	0	396	3,805
5 Federal agency obligations	6,762	6,546	6,602	6,555	6,542	6,525	6,525	6,525	6,536	6,845
6 Bought outright	6,562	6,546	6,525	6,555	6,542	6,525	6,525	6,525	6,525	6,525
7 Held under repurchase agreements	200	0	77	0	0	0	0	0	11	320
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	636	608	346	488	376	314	205	341	202	680
10 Float	879	734	1,024	898	873	697	1,209	1,197	858	981
11 Other Federal Reserve assets	33,546	36,825	37,093	36,936	37,420	38,014	37,988	38,265	36,148	35,941
12 Gold stock[2]	11,066	11,064	11,062	11,063	11,063	11,063	11,063	11,062	11,061	11,060
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	19,391	19,462	19,529	19,446	19,467	19,481	19,508	19,522	19,536	19,550
ABSORBING RESERVE FUNDS										
15 Currency in circulation	248,937	249,190	251,807	249,802	249,244	248,779	250,130	251,338	252,158	253,641
16 Treasury cash holdings[2]	431	439	448	439	439	442	444	449	451	448
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	7,679	6,111	5,008	6,154	5,389	6,436	5,361	4,757	4,449	5,093
18 Foreign	257	245	234	260	221	219	223	213	239	253
19 Service-related balances and adjustments	1,846	1,866	1,944	1,815	1,817	1,721	1,984	1,880	1,984	1,966
20 Other	351	327	333	247	332	492	329	248	293	457
21 Other Federal Reserve liabilities and capital	7,572	8,091	7,862	7,825	7,654	7,891	8,078	7,716	7,651	7,912
22 Reserve balances with Federal Reserve Banks[3]	33,201	33,410	33,993	33,634	32,022	33,592	35,216	33,717	32,903	33,866

Factors	End-of-month figures			Wednesday figures						
	1989			1989						
	Sept.	Oct.	Nov.	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**264,137**	**264,717**	**267,060**	**265,872**	**257,290**	**263,464**	**262,938**	**261,062**	**263,150**	**275,731**
24 U.S. government securities[1]	221,051	218,176	223,142	218,961	211,871	217,752	216,595	216,088	219,406	228,898
25 Bought outright	221,051	218,176	223,142	218,961	211,871	217,752	216,595	216,088	216,633	216,672
26 Held under repurchase agreements	0	0	0	0	0	0	0	0	2,773	12,226
27 Federal agency obligations	6,555	6,525	6,525	6,555	6,525	6,525	6,525	6,525	6,599	7,689
28 Bought outright	6,555	6,525	6,525	6,555	6,525	6,525	6,525	6,525	6,525	6,525
29 Held under repurchase agreements	0	0	0	0	0	0	0	0	74	1,164
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	598	270	181	402	397	231	177	1,329	170	1,225
32 Float	501	1,471	668	2,218	622	707	1,083	563	890	1,022
33 Other Federal Reserve assets	35,433	38,275	36,544	37,736	37,876	38,249	38,558	36,556	36,086	36,898
34 Gold stock[2]	11,065	11,062	11,060	11,063	11,063	11,062	11,062	11,062	11,061	11,060
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	19,425	19,494	19,564	19,446	19,467	19,481	19,508	19,522	19,536	19,550
ABSORBING RESERVE FUNDS										
37 Currency in circulation	247,581	249,025	253,960	249,600	248,954	249,383	250,875	251,555	253,389	253,928
38 Treasury cash holdings[2]	440	444	445	438	442	442	449	452	447	448
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	13,452	13,124	5,500	6,138	5,827	7,133	5,949	6,637	4,504	6,470
40 Foreign	326	252	307	217	214	226	190	277	244	185
41 Service-related balances and adjustments	1,630	1,623	1,638	1,625	1,623	1,623	1,637	1,636	1,639	1,639
42 Other	318	292	311	277	810	392	228	301	232	949
43 Other Federal Reserve liabilities and capital	8,776	8,303	8,402	7,612	7,450	7,962	7,615	7,405	7,572	7,855
44 Reserve balances with Federal Reserve Banks[3]	30,623	30,728	35,639	38,993	31,019	35,366	35,083	31,901	34,238	43,385

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	Monthly averages[9]									
	1986	1987	1988	1989						
	Dec.	Dec.	Dec.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 Reserve balances with Reserve Banks[2]	37,360	37,673	37,830	33,199	33,852	33,902	32,823	33,556	33,123	33,942
2 Total vault cash[3]	24,077	26,185	27,197	27,166	27,151	27,851	28,358	28,085	28,900	28,519
3 Vault[4]	22,199	24,449	25,909	25,712	25,735	26,351	26,735	26,570	27,275[r]	27,048
4 Surplus[5]	1,878	1,736	1,288	1,454	1,416	1,500	1,622	1,515	1,625[r]	1,471
5 Total reserves[6]	59,560	62,123	63,739	58,911	59,587	60,254	59,559	60,126	60,397	60,989
6 Required reserves	58,191	61,094	62,699	57,881	58,681	59,288	58,674	59,188	59,378[r]	60,044
7 Excess reserve balances at Reserve Banks[7]	1,369	1,029	1,040	1,031	905	966	885	938	1,020	945
8 Total borrowings at Reserve Banks	827	777	1,716	1,720	1,490	694	675	693	555	349
9 Seasonal borrowings at Reserve Banks	38	93	130	345	431	497	490	452	330	134
10 Extended credit at Reserve Banks[8]	303	483	1,244	1,197	917	106	41	22	21	21

Reserve classification	Biweekly averages of daily figures for weeks ending									
	1989									
	Aug. 23	Sept. 6	Sept. 20	Oct. 4	Oct. 18	Nov. 1[r]	Nov. 15[r]	Nov. 29	Dec. 13	Dec. 27
11 Reserve balances with Reserve Banks[2]	32,599	33,053	34,424	32,643	33,581	32,778	34,468	33,394	35,399	35,140
12 Total vault cash[3]	28,852	27,710	28,095	28,298	29,096	28,875	27,907	29,156	27,821	29,415
13 Vault[4]	27,212	26,153	26,660	26,695	27,531	27,177	26,552	27,574	26,509	27,900
14 Surplus[5]	1,640	1,557	1,436	1,603	1,565	1,698	1,355	1,582	1,312	1,516
15 Total reserves[6]	59,810	59,206	61,083	59,338	61,112	59,955	61,020	60,968	61,908	63,040
16 Required reserves	58,859	58,247	60,195	58,343	60,186	58,827	60,139	59,958	61,149	62,002
17 Excess reserve balances at Reserve Banks[7]	951	959	888	995[r]	926	1,128	881	1,009	759	1,037
18 Total borrowings at Reserve Banks	753	538	614	898	653	345	272	441	151	351
19 Seasonal borrowings at Reserve Banks	489	485	438	453	342	280	147	115	87	89
20 Extended credit at Reserve Banks[8]	44	22	21	25	19	23	20	23	22	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 and 1989 week ending Monday								
	Nov. 14	Nov. 21	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26	Jan. 2	Jan. 9
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	73,925	73,746	68,346	74,471	70,886	69,448	70,964	67,427	75,520
2 For all other maturities	11,130	9,815	11,332	9,940	9,829	10,114	9,810	9,356	9,753
From other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies									
3 For one day or under continuing contract	30,192r	30,730r	27,591r	28,709	30,368	26,454	24,933	22,855	28,713
4 For all other maturities	6,304r	5,929r	7,749r	6,545	7,418	7,778	8,730	7,709	6,801
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	12,595	15,950	13,810	14,929	15,392	14,634	13,043	12,610	15,134
6 For all other maturities	13,485	11,758	12,474	10,352	10,890	10,659	11,003	8,252	9,458
All other customers									
7 For one day or under continuing contract	27,613	30,296	25,402	30,312	30,307	29,321	27,986	27,418	28,613
8 For all other maturities	10,962	10,845	15,064	9,790	9,651	9,790	10,860	9,248	9,154
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	35,279	34,268	34,582	39,202	35,912	39,237	40,080	38,015	42,159
10 To all other specified customers[2]	12,805	12,408	11,810	13,277	13,936	14,108	14,987	12,747	15,135

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 12/28/89	Effective date	Previous rate	On 12/28/89	Effective date	Previous rate	On 12/28/89	Effective date	Previous rate	Effective date
Boston	7	2/24/89	6½	7	2/24/89	6½	8.90	12/28/89	8.90	12/14/89
New York		2/24/89			2/24/89			12/28/89		12/14/89
Philadelphia		2/24/89			2/24/89			12/28/89		12/14/89
Cleveland		2/24/89			2/24/89			12/28/89		12/14/89
Richmond		2/24/89			2/24/89			12/28/89		12/14/89
Atlanta		2/24/89			2/24/89			12/28/89		12/14/89
Chicago		2/24/89			2/24/89			12/28/89		12/14/89
St. Louis		2/24/89			2/24/89			12/28/89		12/14/89
Minneapolis		2/24/89			2/24/89			12/28/89		12/14/89
Kansas City		2/24/89			2/24/89			12/28/89		12/14/89
Dallas		2/27/89			2/27/89			12/28/89		12/14/89
San Francisco	7	2/24/89	6½	7	2/24/89	6½	8.90	12/28/89	8.90	12/14/89

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.	Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6	1980—July 28	10–11	10	1984—Apr. 9	8½–9	9
1978—Jan. 9	6–6½	6½	29	10	10	13	9	9
20	6½	6½	Sept. 26	11	11	Nov. 21	8½–9	8½
May 11	6½–7	7	Nov. 17	12	12	26	8½	8½
12	7	7	Dec. 5	12–13	13	Dec. 24	8	8
July 3	7–7¼	7¼						
10	7¼	7¼	1981—May 5	13–14	14	1985—May 20	7½–8	7½
Aug. 21	7¾	7¾	8	14	14	24	7½	7½
Sept. 22	8	8	Nov. 2	13–14	13			
Oct. 16	8–8½	8½	6	13	13	1986—Mar. 7	7–7½	7
20	8½	8½	Dec. 4	12	12	10	7	7
Nov. 1	8½–9½	9½				Apr. 21	6½–7	6½
3	9½	9½	1982—July 20	11½–12	11½	July 11	6	6
			23	11½	11½	Aug. 21	5½–6	5½
1979—July 20	10	10	Aug. 2	11–11½	11	22	5½	5½
Aug. 17	10–10½	10½	3	11	11			
20	10½	10½	16	10½	10½	1987—Sept. 4	5½–6	6
Sept. 19	10½–11	11	27	10–10½	10	11	6	6
21	11	11	30	10	10			
Oct. 8	11–12	12	Oct. 12	9½–10	9½	1988—Aug. 9	6–6½	6½
10	12	12	13	9½	9½	11	6½	6½
			Nov. 22	9–9½	9			
1980—Feb. 15	12–13	13	26	9	9	1989—Feb. 24	6½–7	7
19	13	13	Dec. 14	8½–9	9	27	7	7
May 29	12–13	13	15	8½–9	8½			
30	12	12	17	8½	8½	In effect Dec. 28, 1989	7	7
June 13	11–12	11						
16	11	11						

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–$40.4 million	3	12/19/89
More than $40.4 million	12	12/19/89
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, 1989. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions 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* or 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 change in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 19, 1989 for institutions reporting quarterly and Dec. 26, 1989 for institutions reporting weekly, the amount was decreased from $41.5 million to $40.4 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						
				Apr.	May	June	July	Aug.	Sept.	Oct.
U.S. TREASURY SECURITIES										
Outright transactions (*excluding matched transactions*)										
Treasury bills										
1 Gross purchases	22,604	18,983	8,223	3,077	311	0	0	0	0	219
2 Gross sales	2,502	6,051	587	0	321	571	5,517	934	0	1,633
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	1,000	9,029	2,200	0	1,200	1,200	2,400	800	0	1,400
Others within 1 year										
5 Gross purchases	190	3,659	2,176	172	0	0	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	1,657	2,863	1,828	1,749	4,200	1,832	852
8 Exchange	−20,180	−20,388	−24,588	−110	−3,628	−1,434	−1,073	−4,025	0	−2,678
9 Redemptions	0	70	0	0	0	0	0	0	0	500
1 to 5 years										
10 Gross purchases	893	10,231	5,485	1,436	0	0	0	0	0	0
11 Gross sales	0	452	800	0	75	0	13	150	0	24
12 Maturity shift	−17,058	−17,975	−17,720	−1,532	−2,036	−1,828	−1,584	−3,321	−1,832	−758
13 Exchange	16,985	18,938	22,515	0	3,328	1,434	787	3,425	0	2,552
5 to 10 years										
14 Gross purchases	236	2,441	1,579	287	0	0	0	0	0	0
15 Gross sales	0	0	175	0	0	0	9	0	0	0
16 Maturity shift	−1,620	−3,529	−5,946	−125	258	0	−165	−879	0	−95
17 Exchange	2,050	950	1,797	110	200	0	286	400	0	126
Over 10 years										
18 Gross purchases	158	1,858	1,398	284	0	0	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	0	−188	0	−1,086	0	0	0	0	0
21 Exchange	1,150	500	275	0	100	0	0	200	0	0
All maturities										
22 Gross purchases	24,081	37,170	18,863	5,255	311	0	0	0	0	219
23 Gross sales	2,502	6,803	1,562	0	396	571	5,539	1,084	0	1,657
24 Redemptions	1,000	9,099	2,200	0	1,200	1,200	2,400	800	0	1,900
Matched transactions										
25 Gross sales	927,999	950,923	1,168,484	77,349	123,029	128,139	123,373	146,611	116,502	111,430
26 Gross purchases	927,247	950,935	1,168,142	78,259	113,041	138,141	118,221	147,228	120,144	111,893
Repurchase agreements[2]										
27 Gross purchases	170,431	314,621	152,613	22,244	31,419	6,203	4,961	0	9,396	0
28 Gross sales	160,268	324,666	151,497	12,547	41,117	6,203	4,961	0	9,396	0
29 Net change in U.S. government securities	29,988	11,234	15,872	15,863	−20,971	8,232	−13,091	−1,267	3,642	−2,875
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	125	0	0	45	0	54	30
Repurchase agreements[2]										
33 Gross purchases	31,142	80,353	57,259	7,207	12,732	1,666	1,137	0	4,011	0
34 Gross sales	30,521	81,350	56,471	3,366	16,573	1,666	1,137	0	4,011	0
35 Net change in federal agency obligations	222	−1,274	198	3,716	−3,841	0	−45	0	−54	−30
36 Total net change in System Open Market Account	**30,212**	**9,961**	**16,070**	**19,579**	**−24,812**	**8,232**	**−13,136**	**−1,267**	**3,588**	**−2,905**

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		
	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Sept.	Oct.	Nov.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,062	11,062	11,062	11,061	11,060	11,065	11,062	11,060
2 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
3 Coin	492	496	493	485	473	480	492	465
Loans								
4 To depository institutions	231	177	1,330	169	1,225	598	270	182
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	6,525	6,525	6,525	6,525	6,525	6,555	6,525	6,525
8 Held under repurchase agreements	0	0	0	74	1,164	0	0	0
U.S. Treasury securities								
Bought outright								
9 Bills	95,713	94,555	94,049	94,438	94,477	98,487	96,136	100,947
10 Notes	91,426	91,426	91,226	91,381	91,381	91,950	91,426	91,381
11 Bonds	30,614	30,614	30,814	30,814	30,814	30,614	30,614	30,814
12 Total bought outright[2]	217,752	216,595	216,088	216,633	216,672	221,051	218,176	223,142
13 Held under repurchase agreements	0	0	0	2,773	12,226	0	0	0
14 Total U.S. Treasury securities	217,752	216,595	216,088	219,405	228,897	221,051	218,176	223,142
15 Total loans and securities	**224,508**	**223,297**	**223,943**	**226,174**	**237,812**	**228,203**	**224,971**	**229,848**
16 Items in process of collection	6,938	6,784	6,732	7,065	6,275	6,909	10,120	6,103
17 Bank premises	775	776	778	778	776	775	775	776
Other assets								
18 Denominated in foreign currencies[3]	28,954	28,962	28,982	29,075	29,075	26,411	28,953	29,593
19 All other[4]	8,520	8,820	6,796	6,233	7,047	8,247	8,548	6,175
20 Total assets	**289,768**	**288,715**	**287,303**	**289,388**	**301,036**	**290,607**	**293,439**	**292,539**
LIABILITIES								
21 Federal Reserve notes	230,836	232,312	232,977	234,785	235,299	229,076	230,467	235,306
Deposits								
22 To depository institutions	36,989	36,720	33,537	35,877	45,024	32,253	32,351	37,277
23 U.S. Treasury—General account	7,133	5,949	6,637	4,504	6,470	13,452	13,124	5,500
24 Foreign—Official accounts	226	190	277	244	185	326	252	307
25 Other	392	228	301	232	949	318	292	311
26 Total deposits	**44,739**	**43,087**	**40,753**	**40,856**	**52,628**	**46,348**	**46,018**	**43,395**
27 Deferred credit items	6,231	5,701	6,169	6,174	5,253	6,408	8,649	5,436
28 Other liabilities and accrued dividends[5]	2,790	2,809	2,628	2,701	3,041	3,080	2,819	3,081
29 Total liabilities	**284,596**	**283,909**	**282,526**	**284,517**	**296,221**	**284,911**	**287,954**	**287,217**
CAPITAL ACCOUNTS								
30 Capital paid in	2,223	2,225	2,227	2,233	2,230	2,199	2,223	2,229
31 Surplus	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112
32 Other capital accounts	838	469	439	526	472	1,385	1,150	980
33 Total liabilities and capital accounts	**289,768**	**288,715**	**287,303**	**289,388**	**301,036**	**290,607**	**293,439**	**292,539**
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts	233,384	234,715	236,514	237,031	233,024	237,904	235,318	235,096
	Federal Reserve note statement							
35 Federal Reserve notes outstanding issued to bank	278,810	279,088	279,415	279,515	279,559	277,676	278,866	279,629
36 LESS: Held by bank	47,974	46,775	46,438	44,730	44,260	48,601	48,398	44,321
37 Federal Reserve notes, net	230,836	232,312	232,977	234,785	235,299	229,076	230,467	235,306
Collateral held against notes net:								
38 Gold certificate account	11,062	11,062	11,062	11,061	11,060	11,065	11,062	11,060
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	211,256	212,732	213,397	215,207	215,721	209,493	210,887	215,728
42 Total collateral	**230,836**	**232,312**	**232,977**	**234,785**	**235,299**	**229,076**	**230,467**	**235,306**

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 1989					End of month 1989		
	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Sept. 29	Oct. 31	Nov. 30
1 Loans—Total	231	177	1,330	169	1,225	533	270	182
2 Within 15 days	121	70	1,293	162	1,214	455	193	134
3 16 days to 90 days	109	107	37	7	11	78	77	48
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	217,752	216,595	216,088	219,405	228,897	221,051	218,176	223,142
10 Within 15 days[2]	11,686	8,151	10,269	13,524	19,836	5,383	8,144	4,468
11 16 days to 90 days	44,711	47,718	40,798	48,086	48,452	54,519	48,677	51,283
12 91 days to 1 year	70,197	69,569	73,053	65,828	68,641	69,961	70,197	74,646
13 Over 1 year to 5 years	51,476	51,476	52,732	52,732	52,732	51,537	51,476	53,509
14 Over 5 years to 10 years	13,175	13,175	12,529	12,529	12,529	13,145	13,175	12,529
15 Over 10 years	26,506	26,506	26,706	26,706	26,706	26,506	26,506	26,706
16 Federal agency obligations—Total	6,525	6,525	6,525	6,600	7,689	6,555	6,525	6,525
17 Within 15 days[2]	0	0	82	403	1,480	191	89	316
18 16 days to 90 days	672	791	709	463	418	619	672	418
19 91 days to 1 year	1,446	1,327	1,327	1,327	1,395	1,339	1,357	1,395
20 Over 1 year to 5 years	3,180	3,180	3,180	3,180	3,159	3,213	3,180	3,159
21 Over 5 years to 10 years	1,038	1,038	1,038	1,038	1,048	1,004	1,038	1,048
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 Apr.	1989 May	1989 June	1989 July	1989 Aug.	1989 Sept.	1989 Oct.	1989 Nov.
					Seasonally adjusted							
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 **Total reserves[3]**	**48.49**	**58.14**	**58.69**	**60.71**	**59.46**	**58.74**	**58.35**	**58.70**	**58.75**	**59.22**	**59.62**	**59.57**
2 Nonborrowed reserves	47.17	57.31	57.92	58.99	57.17	57.02	56.86	58.00	58.08	58.53	59.07	59.22
3 Nonborrowed reserves plus extended credit[4]	47.67	57.62	58.40	60.23	58.88	58.22	57.78	58.11	58.12	58.55	59.09	59.24
4 Required reserves	47.44	56.77	57.66	59.67	58.69	57.71	57.44	57.73	57.87	58.29	58.60	58.62
5 Monetary base[5]	219.51	241.45	257.99	275.50	278.75r	278.43r	279.06	280.01r	280.29	282.04r	282.70r	283.01
					Not seasonally adjusted							
6 **Total reserves[3]**	**49.59**	**59.46**	**60.06**	**62.21**	**60.01**	**57.72**	**58.41**	**58.95**	**58.30**	**58.91**	**59.14**	**59.72**
7 Nonborrowed reserves	48.27	58.64	59.28	60.50	57.72	56.00	56.92	58.26	57.62	58.21	58.58	59.37
8 Nonborrowed reserves plus extended credit[4]	48.77	58.94	59.76	61.74	59.43	57.20	57.84	58.37	57.66	58.24	58.61	59.39
9 Required reserves	48.53	58.09	59.03	61.17	59.23	56.69	57.51	57.99	57.41	57.97	58.12	58.78
10 Monetary base[5]	222.73	245.25	262.08	279.71	278.19r	277.59r	280.19r	282.10r	281.09	280.70r	281.37r	284.13
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[6]												
11 **Total reserves[3]**	**48.14**	**59.56**	**62.12**	**63.74**	**61.29**	**58.91**	**59.59**	**60.25**	**59.56**	**60.13**	**60.40**	**60.99**
12 Nonborrowed reserves	46.82	58.73	61.35	62.02	59.00	57.19	58.10	59.56	58.88	59.43	59.84	60.64
13 Nonborrowed reserves plus extended credit[4]	47.32	59.04	61.83	63.27	60.71	58.39	59.01	59.67	58.93	59.46r	59.86	60.66
14 Required reserves	47.08	58.19	61.09	62.70	60.51	57.88	58.68	59.29	58.67	59.19	59.38	60.04
15 Monetary base[5]	223.53	247.71	266.16	283.18	281.60r	280.64r	283.28r	285.39r	284.23	283.78r	284.49r	287.35

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 Aug.	1989 Sept.[r]	1989 Oct.	1989 Nov.
	Seasonally adjusted							
1 M1	620.5	725.9	752.3	790.3	777.4	781.1	787.7[r]	790.0
2 M2	2,567.4	2,811.2	2,909.9	3,069.6	3,136.5	3,155.9	3,176.5[r]	3,198.9
3 M3	3,201.7	3,494.9	3,677.6	3,915.4	4,009.0	4,012.1	4,027.1[r]	4,047.3
4 L	3,828.5	4,135.1	4,336.7	4,672.2	4,812.9[r]	4,824.9	4,852.8	n.a.
5 Debt	6,741.5	7,597.0	8,316.1	9,082.2[r]	9,558.9[r]	9,615.3	9,681.7	n.a.
M1 components								
6 Currency[3]	167.8	180.5	196.4	211.8	218.4	219.3	219.7	220.3
7 Travelers checks[4]	5.9	6.5	7.1	7.6	7.2	7.2	7.3	7.5
8 Demand deposits[5]	267.3	303.2	288.3	288.6	277.5	277.3	280.4	279.0
9 Other checkable deposits[6]	179.5	235.8	260.4	282.3	274.4	277.3	280.3[r]	283.3
Nontransactions components								
10 In M2[7]	1,946.9	2,085.3	2,157.6	2,279.3	2,359.1	2,374.8	2,388.8[r]	2,408.9
11 In M3 only[8]	634.3	683.7	767.7	845.8	872.4	856.2	850.6[r]	848.4
Savings deposits[9]								
12 Commercial Banks	125.0	155.8	178.5	192.5	183.0	184.2	185.1	187.3
13 Thrift institutions	176.6	215.2	237.8	238.8	219.3	220.0	220.7[r]	222.1
Small-denomination time deposits[10]								
14 Commercial Banks	383.3	364.6	385.3	443.1	508.1	509.8	515.3[r]	517.7
15 Thrift institutions	499.2	489.3	528.8	582.2	624.0	622.5	616.4[r]	613.5
Money market mutual funds								
16 General purpose and broker-dealer	176.5	208.0	221.1	239.4	285.5	294.8	301.5	309.8
17 Institution-only	64.5	84.4	89.6	87.6	100.6	99.1	98.7	102.0
Large-denomination time deposits[11]								
18 Commercial Banks[12]	285.1	288.8	325.4	364.9	397.0	395.8	397.9	400.6
19 Thrift institutions	151.5	150.1	162.0	172.9	172.1	167.9	163.1	159.4
Debt components								
20 Federal debt	1,585.8	1,805.8	1,957.4	2,113.5	2,199.9[r]	2,220.1	2,238.3	n.a.
21 Nonfederal debt	5,155.7	5,791.2	6,358.6	6,968.7[r]	7,359.0[r]	7,395.2	7,443.4	n.a.
	Not seasonally adjusted							
22 M1	633.5	740.4	766.4	804.4	777.4[r]	778.5	784.4[r]	791.5
23 M2	2,576.2	2,821.1	2,918.7	3,077.3	3,137.5	3,149.3	3,172.4[r]	3,196.9
24 M3	3,213.3	3,507.4	3,688.6	3,925.2	4,010.6	4,010.2	4,024.5[r]	4,052.6
25 L	3,841.5	4,150.1[r]	4,350.9	4,685.6	4,807.7[r]	4,819.7	4,848.2	n.a.
26 Debt	6,730.9	7,580.7	8,297.6	9,067.5[r]	9,512.4[r]	9,577.0	9,647.6	n.a.
M1 components								
27 Currency[3]	170.2	183.0	199.3	214.9	219.3	218.7	219.0	221.2
28 Travelers checks[4]	5.5	6.0	6.5	6.9	8.1	7.7	7.3	7.0
29 Demand deposits[5]	276.9	314.0	298.6	298.8	276.7	275.9	280.3	281.2
30 Other checkable deposits[6]	180.9	237.4	262.0	283.7	273.3	276.2	277.8[r]	282.0
Nontransactions components								
31 M2[7]	1,942.7	2,080.7	2,152.3	2,272.9	2,360.1	2,370.8	2,388.0	2,405.4
32 M3 only[8]	637.1	686.3	769.9	848.0	873.1	860.8	852.1[r]	855.7
Money market deposit accounts								
33 Commercial Banks	332.8	379.6	358.8	352.5	335.7	338.9	342.0	349.8
34 Thrift institutions	180.7	192.9	167.5	150.3	129.7	130.2	131.0	132.1
Savings deposits[9]								
35 Commercial Banks	123.7	154.2	176.6	190.3	184.0	183.9	185.5	186.7
36 Thrift institutions	174.8	212.7	234.8	235.6	221.1	220.8	221.9[r]	221.2
Small-denomination time deposits[10]								
37 Commercial Banks	384.0	365.3	386.1	444.1	507.6	510.2	515.6[r]	519.4
38 Thrift institutions	499.9	489.8	529.1	582.4	621.5	619.7	616.9[r]	613.9
Money market mutual funds								
39 General purpose and broker-dealer	176.5	208.0	221.1	239.4	285.5	294.8	301.5	309.8
40 Institution-only	64.5	84.4	89.6	87.6	100.6	99.1	98.7	102.0
Large-denomination time deposits[11]								
41 Commercial Banks[12]	285.4	289.1	325.8	365.6	397.7	398.0	399.5[r]	402.0
42 Thrift institutions	151.8	150.7	163.0	174.1	171.3	168.3	164.9	161.1
Debt components								
43 Federal debt	1,583.7	1,803.9	1,955.6	2,111.8	2,179.7[r]	2,200.9	2,222.6	n.a.
44 Nonfederal debt	5,147.1	5,776.8	6,342.0	6,955.7[r]	7,332.8[r]	7,376.1	7,425.0	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[2]	1987[2]	1988[2]	1989 Apr.	May	June	July	Aug.	Sept.
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	188,346.0	217,116.2	226,888.4	245,230.1	266,468.1	284,129.2	276,453.7	292,446.5	281,432.2
2 Major New York City banks	91,397.3	104,496.3	107,547.3	107,808.9	120,984.1	129,166.6	114,991.8	121,378.1	125,206.9
3 Other banks	96,948.8	112,619.8	119,341.2	137,421.3	145,483.9	154,962.7	161,461.9	171,068.3	156,225.3
4 ATS-NOW accounts[4]	2,182.5	2,402.7	2,757.7	2,986.4	3,406.5	3,696.5	3,596.3	3,943.1	3,601.9
5 Savings deposits[5]	403.5	526.5	583.0	585.5	647.2	640.0	580.4	650.0	672.3
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	556.5	612.1	641.2	697.5	767.1	824.0	788.4	841.8	802.2
7 Major New York City banks	2,498.2	2,670.6	2,903.5	3,092.2	3,342.1	3,588.5	3,222.3	3,402.4	3,482.2
8 Other banks	321.2	357.0	376.8	433.9	467.5	501.8	512.6	548.8	496.2
9 ATS-NOW accounts[4]	15.6	13.8	14.7	15.7	18.2	19.8	19.1	20.6	18.8
10 Savings deposits[5]	3.0	3.1	3.1	3.2	3.6	3.6	3.2	3.6	3.7
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	188,506.7	217,125.1	227,010.7	238,265.6	274,861.8	295,522.8	268,243.0	304,407.5	266,882.2
12 Major New York City banks	91,500.1	104,518.8	107,565.0	105,461.7	121,507.2	134,020.7	117,276.1	132,158.8	115,187.4
13 Other banks	97,006.7	112,606.2	119,445.7	132,803.9	153,354.6	161,502.1	150,966.9	172,248.7	151,694.7
14 ATS-NOW accounts[4]	2,184.6	2,404.8	2,754.7	3,205.2	3,325.2	3,770.8	3,549.0	3,762.6	3,702.7
15 MMDA[6]	1,609.4	1,954.2	2,430.1	2,700.2	2,910.5	3,136.0	2,686.7	3,068.7	2,554.3
16 Savings deposits[5]	404.1	526.8	578.0	649.6	637.9	641.4	610.4	656.7	665.2
DEPOSIT TURNOVER									
Demand deposits[3]									
17 All insured banks	556.7	612.3	641.7	676.6	805.9	855.6	761.3	891.5	763.1
18 Major New York City banks	2,499.1	2,674.9	2,901.4	3,017.6	3,482.5	3,795.0	3,247.5	3,911.6	3,279.7
19 Other banks	321.2	356.9	377.1	418.7	500.9	520.9	477.4	559.9	482.2
20 ATS-NOW accounts[4]	15.6	13.8	14.7	16.3	18.0	20.3	18.9	20.0	19.5
21 MMDA[6]	4.5	5.3	6.9	8.1	9.0	9.7	8.2	9.2	7.6
22 Savings deposits[5]	3.0	3.1	3.1	3.5	3.5	3.6	3.4	3.6	3.7

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 Dec.	1989 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	Seasonally adjusted											
1 **Total loans and securities**[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**	**2,575.5**	**2,583.9**
2 U.S. government securities	361.4	360.4	361.8	368.8	370.7	373.5	373.8	374.4	376.6	378.8	391.7	397.5
3 Other securities	194.0	189.6	190.4	189.7	187.2	186.4	185.7	184.6	182.8	182.9	182.7	180.3
4 Total loans and leases[2]	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	2,001.1	2,006.1
5 Commercial and industrial	601.9	606.6	619.0	617.8	620.6	626.3	624.9	632.1	637.3	636.9	641.1	641.6
6 Bankers acceptances held[3]	4.1	4.4	4.2	4.0	4.1	4.2	4.2	4.1	4.5	4.8	5.4	4.9
7 Other commercial and industrial	597.8	602.2	614.8	613.7	616.6	622.1	620.7	628.1	632.8	632.1	635.7	636.7
8 U.S. addressees[4]	591.8	596.6	609.9	608.3	611.7	616.6	615.2	622.2	627.1	626.6	629.4	631.3
9 Non-U.S. addressees[4]	5.9	5.7	4.9	5.4	4.9r	5.4	5.5	5.9	5.7	5.5	6.2	5.4
10 Real estate	672.0	678.9	685.6	691.8	699.5	705.5	712.0	719.9	729.0	734.4	741.1	747.7
11 Individual	355.5	357.9	358.9	360.6	362.9	365.4	366.0	367.0	369.3	372.1	374.4	376.9
12 Security	38.5	37.6r	44.7	43.5r	39.9r	38.0r	41.2r	40.5	39.8r	40.6	42.3	41.4
13 Nonbank financial institutions	30.0	30.1r	30.5r	29.6r	29.1r	28.6r	30.2r	31.3r	31.7r	32.1	33.1r	33.1
14 Agricultural	30.7	30.7	30.7	30.7	30.4	30.3	30.3	30.4	30.3	30.2	30.1	30.5
15 State and political subdivisions	46.7r	44.2r	44.3r	44.3r	44.4r	44.4r	44.2r	43.9r	43.6r	43.5	42.9	42.3
16 Foreign banks	7.6	7.8	8.5	8.2	8.4r	9.4	9.3	8.9	9.3	8.5	9.8	9.1
17 Foreign official institutions	4.9	4.8	4.8	4.8	4.9	4.9	4.7	4.5	4.3	4.3	4.0	3.8
18 Lease financing receivables	29.2	29.4	29.6	29.6	29.8	30.0	29.9	30.3	30.3	31.0	31.6	31.6
19 All other loans	44.9r	44.8r	43.1r	45.6r	43.2r	43.7r	44.5r	50.2r	49.9r	48.7r	50.7r	48.1
	Not seasonally adjusted											
20 **Total loans and securities**[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**	**2,565.6r**	**2,582.7**
21 U.S. government securities	361.6	362.2	366.3	370.2	370.9	372.6	372.6	373.1	376.8	378.5	388.3	396.1
22 Other securities	193.7	191.7	190.1	188.9	187.2	186.8	186.0	184.1	183.1	182.8	181.6	180.5
23 Total loans and leases[2]	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	1,995.6	2,006.1
24 Commercial and industrial	605.0	605.8	618.3	621.1	625.2	630.0	629.0	631.0	632.7	632.2	636.0	638.7
25 Bankers acceptances held[3]	4.1	4.1	4.1	4.0	4.0	4.3	4.4	4.2	4.6	4.9	5.5	4.8
26 Other commercial and industrial	600.9	601.7	614.2	617.1	621.3	625.8	624.6	626.8	628.0	627.3	630.5	634.0
27 U.S. addressees[4]	594.8	596.4	608.9	611.8	616.0	620.2	619.0	621.1	622.6	621.8	625.0	628.6
28 Non-U.S. addressees[4]	6.1	5.3	5.3	5.3	5.3	5.5	5.6	5.6	5.5	5.5	5.5	5.4
29 Real estate	673.3	678.9	683.6	689.2	697.4	704.1	712.1	720.6	730.4	736.5	741.9	749.8
30 Individual	359.4	360.7	358.2	357.7	360.3	363.2	364.5	365.9	369.3	374.0	375.6	378.1
31 Security	38.9	38.1r	43.7r	44.1	42.0	38.9	42.9	40.1r	38.5r	39.1	40.5	40.7
32 Nonbank financial institutions	31.1	30.6r	29.9r	29.0r	28.9r	28.8r	30.4r	31.3r	31.6r	32.0	32.7r	33.3
33 Agricultural	30.5	30.1	29.7r	29.6	29.5r	30.1	30.6r	31.1	31.2	31.1	31.0	30.7
34 State and political subdivisions	46.6	45.6r	45.3r	44.9r	44.6r	44.3r	43.9r	43.4r	43.2r	42.9	42.5	41.8
35 Foreign banks	7.9	8.1	8.5	8.0	8.1r	9.0	9.1	9.0	9.1	8.7	9.8	9.2
36 Foreign official institutions	4.9	4.8	4.8	4.8	4.9	4.9	4.7	4.5	4.3	4.3	4.0	3.8
37 Lease financing receivables	29.4	29.7	29.7	29.7	29.8	30.0	30.0	30.2	30.2	30.9	31.4	31.5
38 All other loans	47.3	44.4r	45.4r	45.8r	45.0r	44.8r	45.2r	47.6r	46.5r	48.2r	50.2r	48.5

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										
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
Seasonally adjusted												
1 Total nondeposit funds[2]	215.2	208.2	211.3	212.1	205.9	209.9	226.9[r]	228.3	229.7[r]	237.9[r]	248.3[r]	251.8
2 Net balances due to related foreign offices[3]	6.8	8.2	10.7	8.2	3.0	−.1	7.7[r]	11.1	9.2[r]	9.6[r]	9.9	8.7
3 Borrowings from other than commercial banks in United States[4]	208.4	200.0	200.6	203.9	202.9	210.0	219.2	217.2	220.5	228.3	238.4[r]	243.1
4 Domestically chartered banks	169.4	163.0	161.3	165.8	164.2	169.2	179.1	175.4	178.2	184.9	192.0	194.4
5 Foreign-related banks	39.0	37.0	39.3	38.1	38.7	40.7	40.1	41.8	42.3	43.4	46.4	48.7
Not seasonally adjusted												
6 Total nondeposit funds[2]	209.6	207.4	216.1	217.7	208.6	217.5	230.0[r]	224.0	228.5[r]	233.9	241.4[r]	247.5
7 Net balances due to related foreign offices[3]	9.3[r]	7.9	10.5	7.2	.9	2.5	7.9[r]	8.1	8.8[r]	10.6[r]	9.6[r]	9.7
8 Domestically chartered banks	−20.6	−20.2	−17.6	−19.5	−22.8	−21.9	−18.3	−16.4	−15.5	−14.2	−14.8	−15.2
9 Foreign-related banks	29.9	28.1	28.1	26.7	23.7	24.4[r]	26.2[r]	24.5[r]	24.3[r]	24.8[r]	24.4	24.9
10 Borrowings from other than commercial banks in United States[4]	200.3	199.5	205.7	210.6	207.7	215.0	222.2	215.9	219.7	223.3	231.8[r]	237.8
11 Domestically chartered banks	163.3	161.3	165.1	170.9	168.1	173.8	180.5	173.5	177.7	180.7	187.2	192.7
12 Federal funds and security RP borrowings[5]	159.8	157.9	161.9	167.5	163.8	170.1	177.0	170.8	175.1	178.1	184.8	190.7
13 Other[6]	3.5	3.4	3.2	3.5	4.3	3.7	3.4	2.7	2.6	2.6	2.4	2.0
14 Foreign-related banks[6]	37.0	38.1	40.6	39.6	39.6	41.2	41.7	42.4	42.0	42.6	44.7	45.0
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	429.2	434.9	440.3	446.7	452.7	456.8	458.8	461.6	460.4	458.0	459.3[r]	461.3
16 Not seasonally adjusted	429.8	434.5	440.2	448.2	450.6	455.5	457.3	458.8	461.2	460.1	461.0[r]	462.8
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	24.9	20.3	20.3	20.3	20.9	27.1	27.4	22.7	22.9	23.8	19.9	20.3
18 Not seasonally adjusted	22.9	25.0	25.9	18.1	20.2	34.3	26.2	23.0	15.8	24.9	20.6[r]	14.6

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	1989 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
1 Loans and securities	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	2,728.1	2,764.7
2 Investment securities	533.5	535.8	539.1	538.3	541.1	541.6	538.3	542.8	542.4	545.4	549.5
3 U.S. government securities	347.3	351.3	355.5	356.6	359.1	362.2	360.3	365.3	366.4	370.8	375.8
4 Other	186.2	184.5	183.6	181.7	182.0	179.4	178.1	177.5	176.1	174.6	173.7
5 Trading account assets	21.5	20.1	21.8	17.8	19.2	18.2	19.8	18.7	18.3	26.6	27.6
6 Total loans	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	2,156.1	2,187.6
7 Interbank loans	159.9	173.2	154.9	150.7	160.5	155.0	162.4	162.9	158.0	164.2	179.9
8 Loans excluding interbank	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	1,992.0	2,007.8
9 Commercial and industrial	604.6	617.6	622.9	627.3	631.1	628.3	635.3	631.9	630.3	634.9	638.7
10 Real estate	679.7	684.1	692.6	699.4	706.7	715.1	722.8	733.9	737.5	743.2	752.1
11 Individual	360.8	358.3	358.1	361.8	363.8	366.0	366.2	371.4	375.5	376.1	378.8
12 All other	227.0	234.8	237.7	227.7	237.4	236.6	232.3	231.0	233.7	237.8	238.2
13 Total cash assets	216.1	227.4	211.5	215.8	248.3	214.2	211.7	212.0	219.6	213.0	234.8
14 Reserves with Federal Reserve Banks	31.5	27.7	30.9	33.4	27.8	27.9	30.6	28.7	31.7	28.0	38.7
15 Cash in vault	27.5	26.6	26.8	26.9	27.9	27.6	27.4	28.5	28.0	27.9	30.7
16 Cash items in process of collection	76.4	89.1	75.9	78.8	107.6	78.7	75.2	77.4	82.6	77.5	84.1
17 Demand balances at U.S. depository institutions	28.7	33.3	28.8	28.5	34.9	29.6	28.8	29.7	29.0	28.8	28.9
18 Other cash assets	52.0	50.7	49.0	48.3	50.2	50.5	49.7	47.7	48.3	50.7	52.3
19 Other assets	194.6	191.4	194.1	200.7	206.8	198.7	201.1	199.6	203.9	203.8	201.9
20 Total assets/total liabilities and capital	**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**	**3,144.9**	**3,201.4**
21 Deposits	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	2,194.2	2,221.1
22 Transaction deposits	586.6	602.6	583.2	594.5	628.5	580.5	579.4	583.4	588.5	588.0	602.5
23 Savings deposits	528.8	527.3	523.2	512.0	509.7	507.4	514.0	518.9	520.7	527.6	537.6
24 Time deposits	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	1,078.6	1,081.0
25 Borrowings	493.6	502.9	483.6	486.7	510.6	512.7	510.2	504.6	516.5	526.5	542.2
26 Other liabilities	209.1	216.5	223.9	217.4	218.6	218.4	223.1	226.3	221.4	222.4	235.2
27 Residual (assets less liabilities)	198.0	198.2	201.4	201.2	203.2	204.4	204.7	206.5	206.1	201.9	202.9
MEMO											
28 U.S. government securities (including trading account)	364.4	366.2	372.1	369.5	372.3	374.4	373.5	377.5	378.5	390.4	396.2
29 Other securities (including trading account)	190.5	189.7	188.8	186.6	188.0	185.4	184.6	184.0	182.3	181.6	180.9
DOMESTICALLY CHARTERED COMMERCIAL BANKS[3]											
30 Loans and securities	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	2,506.5	2,526.4
31 Investment securities	507.0	509.0	513.1	513.8	516.1	517.3	514.2	519.4	519.0	521.6	523.0
32 U.S. government securities	334.5	338.1	342.7	344.1	345.9	349.5	347.8	353.5	354.5	358.7	362.1
33 Other	172.6	171.0	170.4	169.7	170.2	167.8	166.5	165.9	164.5	162.9	160.9
34 Trading account assets	21.5	20.1	21.8	17.8	19.2	18.2	19.8	18.7	18.3	26.6	27.6
35 Total loans	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	1,958.3	1,975.8
36 Interbank loans	131.4	138.9	122.3	120.2	131.5	119.3	126.4	127.0	125.1	134.9	142.1
37 Loans excluding interbank	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	1,823.5	1,833.7
38 Commercial and industrial	498.9	503.4	506.1	511.3	515.5	511.6	515.6	512.8	510.4	514.2	515.2
39 Real estate	657.7	661.7	669.8	676.0	683.2	691.6	698.2	708.7	712.2	717.1	724.5
40 Individual	360.5	358.0	357.7	361.4	363.5	365.6	365.8	371.1	375.2	375.8	378.5
41 All other	208.1	214.7	216.9	207.3	217.0	216.3	212.0	209.9	213.5	216.4	215.5
42 Total cash assets	193.5	206.4	191.4	195.3	227.0	192.3	190.1	191.7	197.6	191.5	209.5
43 Reserves with Federal Reserve Banks	30.1	26.6	29.5	30.7	26.7	26.6	29.6	27.0	29.5	26.3	37.9
44 Cash in vault	27.4	26.6	26.8	26.8	27.9	27.6	27.4	28.5	28.0	27.9	30.7
45 Cash items in process of collection	75.6	88.1	75.1	77.9	106.6	77.7	74.4	76.5	81.3	76.3	82.2
46 Demand balances at U.S. depository institutions	26.8	31.2	26.6	26.8	32.9	27.5	27.0	28.0	27.3	26.9	27.0
47 Other cash assets	33.6	33.9	33.4	33.1	33.0	32.9	31.7	31.7	31.6	34.2	31.7
48 Other assets	128.1	129.6	130.6	134.6	133.6	131.6	128.4	127.5	131.5	126.3	132.2
49 Total assets/liabilities and capital	**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**	**2,824.3**	**2,868.2**
50 Deposits	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	2,112.4	2,139.2
51 Transaction deposits	577.4	593.5	574.1	584.8	618.7	571.2	570.2	574.7	578.8	578.4	592.7
52 Savings deposits	526.4	524.8	520.7	509.4	507.1	504.8	511.3	516.2	517.9	525.0	534.8
53 Time deposits	922.3	934.4	952.6	961.9	977.2	982.9	989.9	995.9	997.7	1,009.0	1,011.6
54 Borrowings	377.1	378.7	362.8	368.2	383.0	387.3	380.2	375.5	390.8	393.2	404.4
55 Other liabilities	109.0	115.8	121.7	115.6	120.9	116.9	117.8	121.3	114.9	120.4	125.2
56 Residual (assets less liabilities)	194.5	194.6	197.9	197.7	199.7	200.8	201.2	203.0	202.6	198.4	199.4
MEMO											
57 Real estate loans, revolving	40.7	41.7	42.5	43.4	44.3	45.3	45.7	46.4	47.1	47.9	48.5
58 Real estate loans, other	617.0	620.0	627.3	632.6	638.9	646.2	652.5	662.3	665.0	669.2	676.0

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								
	Oct. 4r	Oct. 11r	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
1 Cash and balances due from depository institutions	120,336	124,614	119,016	105,871	130,646	109,189	117,955	111,965	120,196
2 **Total loans, leases, and securities, net**	**1,232,984**	**1,231,335**	**1,242,060r**	**1,241,800r**	**1,274,378**	**1,246,046**	**1,265,999**	**1,250,175**	**1,250,240**
3 U.S. Treasury and government agency	148,304	150,548	155,831	157,966	160,058	160,632	163,309	162,585	161,418
4 Trading account	14,086	14,966	17,855	19,574	21,235	21,716	23,416	22,109	20,406
5 Investment account	134,218	135,582	137,975	138,392	138,823	138,916	139,893	140,476	141,011
6 Mortgage-backed securities[3]	66,189	66,411	68,127r	69,073r	69,155	69,308	70,664	71,018	71,372
All other maturing in									
7 One year or less	20,204	20,390	20,087r	19,601r	19,880	19,745	19,342	19,307	19,189
8 Over one through five years	35,853	36,333	36,256r	36,130r	35,298	35,494	35,466	35,711	35,704
9 Over five years	11,971	12,448	13,505r	13,587r	14,490	14,368	14,422	14,439	14,747
10 Other securities	69,311	69,057	68,806	68,368	67,060	66,732	66,884	66,571	66,468
11 Trading account	891	745	778	913	913	900	1,064	1,032	1,182
12 Investment account	68,420	68,311	68,028	67,455	66,147	65,832	65,820	65,538	65,286
13 States and political subdivisions, by maturity	41,061	41,007	40,867	40,192	39,125	38,800	38,628	38,525	38,395
14 One year or less	4,920	4,913	4,901r	4,888r	4,850	4,943	4,932	4,947	4,948
15 Over one year	36,141	36,094	35,966r	35,304r	34,275	33,857	33,696	33,578	33,447
16 Other bonds, corporate stocks, and securities	27,359	27,304	27,161	27,263	27,022	27,032	27,192	27,014	26,890
17 Other trading account assets	5,422	6,661	5,889	6,082	6,148	6,118	6,066	6,046	5,982
18 Federal funds sold[4]	69,203	61,868	66,272	65,760	88,666	70,289	81,758	66,208	67,784
19 To commercial banks	48,890	40,206	43,350	44,373	61,206	46,071	56,293	43,124	45,474
20 To nonbank brokers and dealers in securities	13,750	14,839	16,273	14,886	17,833	17,280	17,373	16,695	15,902
21 To others	6,563	6,823	6,650	6,502	9,628	6,937	8,092	6,389	6,409
22 Other loans and leases, gross	983,014	986,092	988,322r	986,764r	995,361	985,325	991,079	991,900	991,549
23 Other loans, gross	957,242	960,062	962,183r	960,688r	969,204	959,202	964,937	965,694	965,323
24 Commercial and industrial	317,303	318,536	317,968r	317,618r	320,540	318,158	320,196	320,054	318,938
25 Bankers acceptances and commercial paper	2,217	2,116	2,242	2,251	1,816	1,787	1,721	1,721	1,520
26 All other	315,086	316,420	315,725r	315,368r	318,725	316,371	318,475	318,334	317,417
27 U.S. addressees	313,467	314,691	313,933r	313,782r	316,994	314,706	316,673	316,676	315,760
28 Non-U.S. addressees	1,618	1,730	1,792	1,586	1,731	1,665	1,802	1,657	1,657
29 Real estate loans	343,325	343,766	345,527r	345,538r	347,224	348,182	348,902	349,409	350,282
30 Revolving, home equity	26,110	26,229	26,349	26,408	26,491	26,542	26,653	26,734	26,816
31 All other	317,215	317,537	319,177r	319,130r	320,733	321,640	322,249	322,676	323,466
32 To individuals for personal expenditures	173,485	173,096	173,494r	173,908r	174,030	174,062	174,713	174,802	175,401
33 To depository and financial institutions	49,286	51,247	51,074r	50,343r	51,104	48,710	49,411	49,635	49,021
34 Commercial banks in the United States	21,457	22,681	23,356r	22,621r	23,049	21,194	22,137	22,798	21,594
35 Banks in foreign countries	5,125	5,589	5,150	5,297	5,264	4,752	4,787	4,642	4,555
36 Nonbank depository and other financial institutions	22,704	22,977	22,568r	22,425r	22,791	22,764	22,487	22,195	22,872
37 For purchasing and carrying securities	16,773	16,171	16,682	16,948	17,319	15,137	16,006	16,356	15,760
38 To finance agricultural production	5,710	5,670	5,670	5,585	5,559	5,511	5,521	5,449	5,402
39 To states and political subdivisions	26,070	25,916	25,825	26,061	25,935	25,836	25,548	25,429	25,389
40 To foreign governments and official institutions	1,575	1,558	1,518	1,441	1,459	1,481	1,483	1,388	1,414
41 All other	23,716	24,100	24,426r	23,245r	26,032	22,126	23,156	23,172	23,717
42 Lease financing receivables	25,772	26,030	26,139	26,076	26,158	26,122	26,142	26,206	26,226
43 LESS: Unearned income	4,876	4,874	4,902	4,905	4,862	4,886	4,890	4,941	4,912
44 Loan and lease reserve[5]	37,395	38,017	38,158r	38,236r	38,054	38,163	38,208	38,194	38,050
45 Other loans and leases, net	940,743	943,200	945,262r	943,623r	952,445	942,275	947,982	948,765	948,588
46 All other assets	130,329	130,200	131,761r	128,881r	134,843	136,203	138,022	132,925	133,364
47 **Total assets**	**1,483,649**	**1,486,150**	**1,492,836r**	**1,476,552r**	**1,539,868**	**1,491,439**	**1,521,976**	**1,495,066**	**1,503,799**
48 Demand deposits	232,518	238,524	233,292r	216,473r	247,460	222,108	243,069	227,363	223,373
49 Individuals, partnerships, and corporations	182,563	190,522	183,413r	173,171r	194,018	177,381	193,084	181,649	178,974
50 States and political subdivisions	5,634	5,419	5,917	5,977	7,122	5,244	6,632	6,925	5,623
51 U.S. government	5,347	1,795	4,326	2,262	1,582	3,227	4,266	3,212	1,793
52 Depository institutions in the United States	21,168	23,961	23,235	19,716	26,572	20,374	23,788	20,081	21,049
53 Banks in foreign countries	7,295	6,778	7,058	6,429	7,138	6,068	6,050	6,583	6,250
54 Foreign governments and official institutions	716	843	786	746	738	621	592	781	618
55 Certified and officers' checks	9,796	9,205	8,556	8,171	10,290	9,192	8,655	8,131	9,066
56 Transaction balances other than demand deposits	77,407	76,476	75,992	74,792	77,424	77,648	77,533	76,872	76,012
57 Nontransaction balances	691,326	692,210	699,513r	700,134r	702,217	702,165	705,265	703,451	703,876
58 Individuals, partnerships, and corporations	653,075	653,825	661,464r	661,600r	664,417	664,475	667,393	665,702	665,907
59 States and political subdivisions	29,689	29,859	29,737	29,988	29,253	29,204	29,467	29,335	29,420
60 U.S. government	865	938	928	932	944	946	940	949	944
61 Depository institutions in the United States	7,040	6,943	6,762	6,989	6,999	6,923	6,886	6,890	7,037
62 Foreign governments, official institutions, and banks	656	643	622	626	604	617	579	574	569
63 Liabilities for borrowed money	299,212	298,772	301,665r	300,265r	324,064	303,615	308,670	297,894	310,669
64 Borrowings from Federal Reserve Banks	3,040	70	30	0	0	0	1,150	0	899
65 Treasury tax-and-loan notes	11,838	11,530	10,228	14,321	24,403	2,520	3,232	7,613	9,607
66 All other liabilities for borrowed money[6]	284,334	287,172	291,407r	285,944r	299,661	301,095	304,288	290,280	300,164
67 *Other liabilities and subordinated notes and debentures*	86,169	82,906	84,423	87,028	90,280	87,485	89,176	90,688	90,997
68 **Total liabilities**	**1,386,632**	**1,388,888**	**1,394,884r**	**1,378,691r**	**1,441,444**	**1,393,022**	**1,423,713**	**1,396,268**	**1,404,928**
69 Residual (total assets minus total liabilities)[7]	97,016	97,262	97,952	97,861	98,423	98,417	98,263	98,798	98,871
MEMO									
70 Total loans and leases (gross) and investments adjusted[8]	1,204,906	1,211,340	1,218,415r	1,217,948r	1,233,040	1,221,831	1,230,667	1,227,388	1,226,134
71 Total loans and leases (gross) adjusted[8]	981,869	985,073	987,889r	985,531r	999,773	988,349	994,408	992,186	992,266
72 Time deposits in amounts of $100,000 or more	218,333	217,843	218,983	220,418	218,032	218,739	218,338	218,219	217,748
73 U.S. Treasury securities maturing in one year or less	16,630	17,562	17,394r	17,790r	18,413	18,288	17,957	17,594	17,100
74 Loans sold outright to affiliates—total[9]	1,510	1,277	1,471r	1,575r	1,526	1,523	1,126	829	536
75 Commercial and industrial	1,198	977	1,171r	1,265r	1,226	1,221	825	525	231
76 Other	312	300	300r	310r	300	302	301	304	305
77 Nontransaction savings deposits (including MMDAs)	258,009	258,652	259,762	259,460	264,644	264,324	266,525	265,355	265,832

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 billion or 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								
	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
1 Cash balances due from depository institutions	30,552	26,926	27,270	24,144	34,938	25,318	24,768	21,833	28,750
2 **Total loans, leases, and securities, net**[2]	**213,517**	**211,371**	**213,066**	**210,064**	**222,339**	**207,756**	**220,795**	**209,742**	**212,537**
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	14,900	15,117	15,527	15,793	15,927	15,890	15,718	16,173	16,100
6 Mortgage-backed securities[4]	7,662	7,766	8,132	8,420	8,442	8,447	8,376	8,627	8,534
All other maturing in									
7 One year or less	2,628	2,722	2,685	2,712	2,836	2,844	2,849	2,858	2,831
8 Over one through five years	3,260	3,244	3,299	3,252	3,241	3,271	3,176	3,403	3,301
9 Over five years	1,350	1,384	1,411	1,409	1,408	1,326	1,316	1,284	1,434
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	16,771	16,791	16,592	16,080	15,312	15,032	15,092	15,056	14,846
13 States and political subdivisions, by maturity	9,761	9,809	9,729	9,101	8,403	8,120	8,057	8,020	7,988
14 One year or less	1,090	1,092	1,081	1,067	1,061	1,046	1,051	1,052	1,049
15 Over one year	8,671	8,717	8,648	8,034	7,343	7,074	7,006	6,969	6,940
16 Other bonds, corporate stocks, and securities	7,010	6,982	6,863	6,978	6,908	6,912	7,035	7,036	6,858
17 Other trading account assets[3]	0	0	0	0	0	0	0	0	0
Loans and leases									
18 Federal funds sold[5]	20,567	16,055	17,797	15,519	25,543	17,730	27,450	16,640	19,788
19 To commercial banks	12,776	7,447	7,910	6,700	13,429	9,001	16,294	8,473	12,046
20 To nonbank brokers and dealers in securities	3,926	4,548	6,236	5,295	6,296	4,919	6,104	5,077	4,600
21 To others	3,865	4,059	3,651	3,524	5,818	3,811	5,052	3,089	3,143
22 Other loans and leases, gross	180,904	183,532	183,281	182,810	185,571	179,133	182,583	181,982	181,873
23 Other loans, gross	175,246	177,880	177,546	177,085	179,860	173,458	176,911	176,269	176,168
24 Commercial and industrial	58,977	60,963	60,592	60,476	61,631	60,418	61,406	60,506	60,040
25 Bankers acceptances and commercial paper	562	499	529	600	165	160	151	136	131
26 All other	58,416	60,464	60,063	59,876	61,466	60,259	61,255	60,371	59,909
27 U.S. addressees	57,844	59,776	59,339	59,269	60,764	59,620	60,473	59,795	59,332
28 Non-U.S. addressees	572	688	724	607	702	639	782	576	578
29 Real estate loans	59,259	59,363	59,658	59,520	59,768	59,939	59,925	60,099	60,309
30 Revolving, home equity	3,729	3,765	3,776	3,788	3,798	3,809	3,810	3,828	3,835
31 All other	55,530	55,598	55,881	55,731	55,970	56,130	56,115	56,270	56,474
32 To individuals for personal expenditures	19,947	19,955	20,028	20,006	20,055	20,139	20,150	20,168	20,148
33 To depository and financial institutions	19,485	20,132	19,472	19,247	19,624	16,926	18,481	18,256	18,188
34 Commercial banks in the United States	8,541	8,628	8,489	7,983	8,082	5,901	7,380	7,391	6,954
35 Banks in foreign countries	3,524	4,002	3,673	3,862	3,777	3,357	3,382	3,239	3,127
36 Nonbank depository and other financial institutions	7,419	7,501	7,311	7,402	7,765	7,668	7,720	7,626	8,108
37 For purchasing and carrying securities	6,257	5,874	6,660	6,923	7,069	5,516	6,366	6,857	6,404
38 To finance agricultural production	159	153	145	134	122	114	113	102	103
39 To states and political subdivisions	5,942	5,796	5,776	6,010	5,969	5,961	5,695	5,565	5,555
40 To foreign governments and official institutions	481	468	427	330	384	412	425	339	382
41 All other	4,738	5,176	4,788	4,440	5,238	4,032	4,350	4,377	5,037
42 Lease financing receivables	5,658	5,651	5,735	5,726	5,711	5,676	5,672	5,714	5,705
43 LESS: Unearned income	1,749	1,753	1,762	1,758	1,738	1,759	1,757	1,820	1,791
44 Loan and lease reserve	17,876	18,370	18,368	18,381	18,275	18,271	18,290	18,290	18,280
45 Other loans and leases, net[6]	161,279	163,408	163,150	162,672	165,558	159,103	162,536	161,873	161,802
46 All other assets[7]	52,525	53,628	56,913	56,399	60,546	61,507	62,540	59,368	59,680
47 **Total assets**	**296,595**	**291,924**	**297,249**	**290,607**	**317,824**	**294,581**	**308,103**	**290,943**	**300,966**
Deposits									
48 Demand deposits	53,632	55,395	54,149	49,626	61,956	51,659	56,515	50,289	50,743
49 Individuals, partnerships, and corporations	36,592	39,689	37,565	34,971	41,668	35,810	40,130	35,858	34,999
50 States and political subdivisions	747	728	587	536	956	582	965	635	493
51 U.S. government	1,085	255	776	351	170	626	715	604	326
52 Depository institutions in the United States	4,594	4,844	5,928	5,209	8,798	5,028	6,800	4,114	5,920
53 Banks in foreign countries	6,000	5,520	5,588	5,082	5,849	4,941	4,675	5,413	4,944
54 Foreign governments and official institutions	571	682	609	601	554	458	453	646	468
55 Certified and officers' checks	4,044	3,675	3,096	2,874	3,962	4,213	2,777	3,018	3,593
56 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	8,422	8,367	8,219	8,077	8,255	8,305	8,361	8,252	8,205
57 Nontransaction balances	113,952	112,870	113,540	113,590	115,441	113,697	116,677	115,318	115,313
58 Individuals, partnerships, and corporations	103,989	102,880	103,703	103,538	105,718	104,048	106,976	105,704	105,701
59 States and political subdivisions	7,422	7,472	7,494	7,647	7,388	7,274	7,353	7,281	7,292
60 U.S. government	29	29	29	29	29	29	30	29	29
61 Depository institutions in the United States	2,228	2,214	2,047	2,103	2,034	2,074	2,062	2,051	2,041
62 Foreign governments, official institutions, and banks	284	273	266	273	271	273	256	252	249
63 Liabilities for borrowed money	67,632	65,559	70,695	66,232	75,784	67,473	72,910	62,029	69,940
64 Borrowings from Federal Reserve Banks	3,010	0	0	0	0	0	1,150	0	883
65 Treasury tax-and-loan notes	2,484	2,338	1,856	2,939	5,684	422	604	1,465	1,878
66 All other liabilities for borrowed money[8]	62,138	63,221	68,839	63,292	70,100	67,050	71,157	60,564	67,179
67 Other liabilities and subordinated notes and debentures	29,552	26,384	26,472	28,891	32,327	29,333	29,622	30,619	32,460
68 **Total liabilities**	**273,190**	**268,574**	**273,076**	**266,415**	**293,763**	**270,467**	**284,085**	**266,507**	**276,662**
69 Residual (total assets minus total liabilities)[9]	23,405	23,350	24,174	24,192	24,060	24,114	24,018	24,436	24,305
MEMO									
70 Total loans and leases (gross) and investments adjusted[2,10]	211,825	215,419	216,798	215,520	220,842	212,884	217,169	213,987	213,608
71 Total loans and leases (gross) adjusted[10]	180,154	183,511	184,678	183,646	189,604	181,962	186,359	182,758	182,662
72 Time deposits in amounts of $100,000 or more	42,655	41,931	42,246	42,378	42,444	41,933	42,576	41,804	41,576
73 U.S. Treasury securities maturing in one year or less	2,456	3,005	2,937	2,987	3,353	3,005	2,904	2,990	2,970

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								
	Oct. 4[r]	Oct. 11[r]	Oct. 18[r]	Oct. 25[r]	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
1 Cash and due from depository institutions	12,441	11,639	12,739	11,626	12,734	12,080	12,983	12,064	13,503
2 Total loans and securities	135,837	135,385	139,096	136,151	137,834	139,655	140,684	141,024	147,492
3 U.S. Treasury and government agency securities	7,330	7,458	8,138	8,122	8,167	8,237	8,268	8,367	8,997
4 Other securities	5,955	5,965	5,954	6,114	6,159	6,204	6,347	6,423	6,577
5 Federal funds sold[2]	6,479	5,908	7,348	4,459	4,441	5,321	4,996	4,865	8,630
6 To commercial banks in the United States	5,062	4,484	5,730	2,966	3,049	3,985	3,338	3,349	6,978
7 To others	1,417	1,424	1,618	1,493	1,392	1,336	1,658	1,516	1,652
8 Other loans, gross	116,073	116,054	117,656	117,456	119,067	119,893	121,073	121,369	123,288
9 Commercial and industrial	73,801	73,138	74,290	73,777	74,366	75,074	74,987	75,917	75,544
10 Bankers acceptances and commercial paper	2,247	2,492	2,393	2,387	2,329	2,129	2,032	2,328	2,399
11 All other	71,554	70,646	71,897	71,390	72,037	72,945	72,955	73,589	73,145
12 U.S. addressees	69,772	68,876	70,006	69,547	70,117	71,196	71,224	71,838	71,462
13 Non-U.S. addressees	1,782	1,770	1,891	1,843	1,920	1,749	1,731	1,751	1,683
14 Loans secured by real estate[3]	16,231	16,309	16,289	16,981	17,426	17,379	17,753	17,643	18,077
15 To financial institutions	21,271	21,912	22,229	22,198	22,630	23,280	23,168	23,366	24,397
16 Commercial banks in the United States	16,159	16,490	16,480	16,530	16,968	16,868	17,313	17,494	18,248
17 *Banks in foreign countries*	1,195	1,370	1,635	1,482	1,410	1,521	1,324	1,343	1,564
18 Nonbank financial institutions	3,917	4,052	4,114	4,186	4,252	4,891	4,531	4,529	4,585
19 To foreign governments and official institutions	643	541	505	500	489	374	373	384	382
20 For purchasing and carrying securities	1,810	1,909	2,111	1,629	1,627	1,472	2,306	1,722	2,317
21 All other[3]	2,317	2,245	2,232	2,371	2,529	2,314	2,486	2,337	2,571
22 Other assets (claims on nonrelated parties)	36,027	36,858	36,552	36,633	36,183	36,501	36,571	36,601	36,759
23 Net due from related institutions	15,734	16,567	13,691	16,732	20,307	15,348	16,029	16,425	11,540
24 Total assets	200,037	200,450	202,079	201,141	207,059	203,584	206,268	206,113	209,295
25 Deposits or credit balances due to other than directly related institutions	50,346	49,744	50,642	50,917	51,313	50,944	52,887	50,359	50,030
26 Transaction accounts and credit balances[4]	3,937	3,427	3,586	3,881	4,483	3,772	4,918	3,757	4,200
27 Individuals, partnerships, and corporations	2,227	2,330	2,302	2,288	2,531	2,250	2,635	2,661	2,438
28 Other	1,710	1,097	1,284	1,593	1,952	1,522	2,283	1,096	1,762
29 Nontransaction accounts[5]	46,409	46,317	47,056	47,036	46,830	47,172	47,969	46,602	45,830
30 Individuals, partnerships, and corporations	38,677	38,741	38,944	39,102	39,018	39,026	39,184	38,828	38,706
31 Other	7,732	7,576	8,112	7,934	7,812	8,146	8,785	7,774	7,124
32 Borrowings from other than directly related institutions	88,183	86,934	85,696	87,675	96,525	90,730	92,556	92,251	90,328
33 Federal funds purchased[6]	40,525	39,415	38,918	39,913	46,988	40,454	42,500	37,192	38,944
34 From commercial banks in the United States	20,471	20,401	19,459	19,698	25,390	21,168	25,151	18,392	19,078
35 From others	20,054	19,014	19,459	20,215	21,598	19,286	17,349	18,800	19,866
36 Other liabilities for borrowed money	47,658	47,519	46,778	47,762	49,537	50,276	50,056	55,059	51,384
37 To commercial banks in the United States	31,059	30,678	30,307	31,252	32,411	32,698	32,588	35,040	33,158
38 To others	16,599	16,841	16,471	16,510	17,126	17,578	17,468	20,019	18,226
39 Other liabilities to nonrelated parties	36,653	36,517	36,959	36,426	36,260	36,141	37,070	37,114	37,128
40 Net due to related institutions	24,856	27,255	28,783	26,122	22,962	25,769	23,754	26,387	31,808
41 Total liabilities	200,037	200,450	202,079	201,141	207,059	203,584	206,268	206,113	209,295
MEMO									
42 Total loans (gross) and securities adjusted[7]	114,616	114,411	116,886	116,655	117,817	118,802	120,033	120,181	122,266
43 Total loans (gross) adjusted[7]	101,331	100,988	102,794	102,419	103,491	104,361	105,418	105,391	106,692

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 June	1988 Sept.	1988 Dec.	1989 Mar.	1989 June	1989 Sept.
1 **All holders—Individuals, partnerships, and corporations**	**302.7**	**321.0**	**363.6**	**343.5**	**346.5**	**337.8**	**354.7**	**330.4**	**329.3**	n.a.
2 Financial business	31.7	32.3	41.4	36.3	37.2	34.8	38.6	36.3	33.0	n.a.
3 Nonfinancial business	166.3	178.5	202.0	191.9	194.3	190.3	201.2	182.2	185.9	n.a.
4 Consumer	81.5	85.5	91.1	90.0	89.8	87.8	88.3	87.4	86.6	n.a.
5 Foreign	3.6	3.5	3.3	3.4	3.4	3.2	3.7	3.7	2.9	n.a.
6 Other	19.7	21.2	25.8	21.9	21.9	21.7	22.8	20.7	21.0	n.a.
	Weekly reporting banks									
	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988 June	1988 Sept.	1988 Dec.	1989 Mar.	1989 June	1989 Sept.
7 **All holders—Individuals, partnerships, and corporations**	**157.1**	**168.6**	**195.1**	**183.8**	**191.5**	**185.3**	**198.3**	**181.9**	**182.2**	**186.6**
8 Financial business	25.3	25.9	32.5	28.6	30.0	27.2	30.5	27.2	25.4	26.3
9 Nonfinancial business	87.1	94.5	106.4	100.0	103.1	101.5	108.7	98.6	99.8	101.6
10 Consumer	30.5	33.2	37.5	39.1	42.3	41.8	42.6	41.1	42.4	43.0
11 Foreign	3.4	3.1	3.3	3.3	3.4	3.1	3.6	3.3	2.9	2.8
12 Other	10.9	12.0	15.4	12.7	12.8	11.7	12.9	11.7	11.7	12.9

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 May	1989 June	1989 July	1989 Aug.	1989 Sept.	1989 Oct.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**237,586**	**298,779**	**329,991**	**357,129**	**455,017**	**497,369**	**503,445**	**506,095**	**516,476**	**507,090r**	**507,902**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	56,485	78,443	101,072	101,958	159,947	167,795	167,681	179,354	183,992r	179,050r	177,713
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	206,497	211,020	205,847	208,915	206,521	210,855
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	123,077	124,744	121,217	125,478	123,489r	121,466
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**78,364**	**68,413**	**64,974**	**70,565**	**66,631**	**62,396**	**64,115**	**65,588**	**65,764**	**63,813**	**63,660**
Holder											
8 Accepting banks	9,811	11,197	13,423	10,943	9,086	8,908	9,417	9,355	9,844	9,656	10,811
9 Own bills	8,621	9,471	11,707	9,464	8,022	8,115	8,371	8,279	8,783	8,922	9,108
10 Bills bought	1,191	1,726	1,716	1,479	1,064	794	1,046	1,076	1,061	735	1,703
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	1,374	1,177	1,026	1,014	1,016	1,016
13 Others	67,881	56,279	50,234	58,658	56,052	52,113	53,521	55,207	54,906	53,370	51,833
Basis											
14 Imports into United States	17,845	15,147	14,670	16,483	14,984	14,900	15,093	15,338	16,140	16,265	16,157
15 Exports from United States	16,305	13,204	12,960	15,227	14,410	14,452	15,063	15,270	14,895	14,322	14,275
16 All other	44,214	40,062	37,344	38,855	37,237	33,044	33,959	34,980	34,729	33,455	33,228

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
1987— Apr. 1	7.75	1987	8.21	1988— Jan.	8.75	1989— Jan.	10.50
May 1	8.00	1988	9.32	Feb.	8.51	Feb.	10.93
15	8.25	1989	n.a.	Mar.	8.50	Mar.	11.50
Sept. 4	8.75			Apr.	8.50	Apr.	11.50
Oct. 7	9.25	1987— Jan.	7.50	May	8.84	May	11.50
22	9.00	Feb.	7.50	June	9.00	June	11.07
Nov. 5	8.75	Mar.	7.50	July	9.29	July	10.98
		Apr.	7.75	Aug.	9.84	Aug.	10.50
1988— Feb. 2	8.50	May	8.14	Sept.	10.00	Sept.	10.50
May 11	9.00	June	8.25	Oct.	10.00	Oct.	10.50
July 14	9.50	July	8.25	Nov.	10.05	Nov.	10.50
Aug. 11	10.00	Aug.	8.25	Dec.	10.50	Dec.	10.50
Nov. 28	10.50	Sept.	8.70				
		Oct.	9.07				
1989— Feb. 10	11.00	Nov.	8.78				
24	11.50	Dec.	8.75				
June 5	11.00						
July 31	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				
					Aug.	Sept.	Oct.	Nov.	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
	MONEY MARKET RATES												
1	Federal funds[1,2]	6.80	6.66	7.57	8.99	9.02	8.84	8.55	8.72	8.80	8.69	8.46	8.46
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	8.79	8.87	8.66	8.47	8.55	8.63	8.53	8.43	8.40
4	3-month	6.49	6.82	7.66	8.57	8.70	8.53	8.35	8.42	8.49	8.44	8.33	8.27
5	6-month	6.39	6.85	7.68	8.32	8.50	8.24	8.00	8.07	8.12	8.07	7.98	7.94
	Finance paper, directly placed[4,5]												
6	1-month	6.57	6.61	7.44	8.67	8.76	8.54	8.33	8.45	8.51	8.41	8.31	8.25
7	3-month	6.38	6.54	7.38	8.20	8.35	8.29	8.07	8.14	8.15	8.13	8.09	8.05
8	6-month	6.31	6.37	7.14	7.49	7.56	7.50	7.45	7.47	7.44	7.51	7.52	7.35
	Bankers acceptances[5,6]												
9	3-month	6.38	6.75	7.56	8.47	8.59	8.42	8.21	8.32	8.34	8.29	8.18	8.12
10	6-month	6.28	6.78	7.60	8.22	8.37	8.08	7.86	7.92	7.99	7.96	7.81	7.75
	Certificates of deposit, secondary market[7]												
11	1-month	6.61	6.75	7.59	8.77	8.83	8.62	8.44	8.54	8.58	8.50	8.40	8.35
12	3-month	6.51	6.87	7.73	8.64	8.78	8.60	8.39	8.49	8.53	8.48	8.36	8.32
13	6-month	6.50	7.01	7.91	8.56	8.75	8.45	8.21	8.29	8.33	8.32	8.18	8.14
14	Eurodollar deposits, 3-month[8]	6.70	7.07	7.85	8.71	8.85	8.67	8.42	8.58	8.56	8.60	8.43	8.38
	U.S. Treasury bills[5]												
	Secondary market[9]												
15	3-month	5.97	5.78	6.67	7.90	7.75	7.64	7.69	7.60	7.77	7.74	7.67	7.60
16	6-month	6.02	6.03	6.91	7.74	7.74	7.62	7.49	7.50	7.58	7.59	7.45	7.39
17	1-year	6.07	6.33	7.13	7.61	7.65	7.45	7.25	7.28	7.35	7.35	7.21	7.13
	Auction average[10]												
18	3-month	5.98	5.82	6.68	7.91	7.72	7.63r	7.65	7.52	7.78	7.67	7.68	7.61
19	6-month	6.03	6.05	6.92	7.72	7.74	7.61	7.46	7.50	7.62	7.49	7.51	7.40
20	1-year	6.07	6.33	7.17	7.45	7.61	7.35	7.17	7.35	n.a.	n.a.	n.a.	7.17
	CAPITAL MARKET RATES												
	U.S. Treasury notes and bonds[11]												
	Constant maturities[12]												
21	1-year	6.45	6.77	7.65	8.18	8.22	7.99	7.77	7.81	7.89	7.87	7.71	7.64
22	2-year	6.86	7.42	8.10	8.14	8.28	7.98	7.80	7.81	7.88	7.86	7.75	7.71
23	3-year	7.06	7.68	8.26	8.13	8.26	8.02	7.80	7.86	7.92	7.89	7.74	7.69
24	5-year	7.30	7.94	8.47	8.09	8.17	7.97	7.81	7.83	7.86	7.87	7.79	7.75
25	7-year	7.54	8.23	8.71	8.11	8.23	8.03	7.86	7.90	7.91	7.89	7.84	7.81
26	10-year	7.67	8.39	8.85	8.11	8.19	8.01	7.87	7.89	7.92	7.92	7.86	7.83
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	8.12	8.15	8.00	7.90	7.91	7.91	7.91	7.89	7.90
	Composite[13]												
29	Over 10 years (long-term)	8.14	8.64	8.98	8.26	8.31	8.15	8.03	8.05	8.04	8.03	8.02	8.02
	State and local notes and bonds												
	Moody's series[14]												
30	Aaa	6.95	7.14	7.36	6.67	6.97	6.93	6.77	6.90	7.00	6.80	6.70	6.67
31	Baa	7.76	8.17	7.83	7.03	7.26	7.33	7.16	7.35	7.32	7.25	7.25	7.00
32	*Bond Buyer* series[15]	7.32	7.63	7.68	7.06	7.26	7.22	7.14	7.22	7.24	7.20	7.12	7.08
	Corporate bonds												
	Seasoned issues[16]												
33	All industries	9.71	9.91	10.18	9.36	9.41	9.34	9.32	9.29	9.32	9.32	9.31	9.32
34	Aaa	9.02	9.38	9.71	8.96	9.01	8.92	8.89	8.85	8.91	8.90	8.86	8.89
35	Aa	9.47	9.68	9.94	9.14	9.23	9.19	9.14	9.14	9.16	9.15	9.12	9.14
36	A	9.95	9.99	10.24	9.45	9.51	9.44	9.42	9.41	9.44	9.44	9.41	9.41
37	Baa	10.39	10.58	10.83	9.88	9.91	9.81	9.81	9.75	9.77	9.80	9.82	9.83
38	A-rated, recently offered utility bonds[17]	9.61	9.96	10.20	9.55	9.55	9.39	9.28	9.39	9.29	9.27	9.31	9.26
	MEMO: Dividend/price ratio[18]												
39	Preferred stocks	8.76	8.37	9.23	8.75	8.82	8.85	8.73	8.79	8.77	8.72	8.74	8.73
40	Common stocks	3.48	3.08	3.64	3.28	3.29	3.29	3.39	3.36	3.38	3.41	3.39	3.39

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 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	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	164.56	169.38	175.30	180.76	185.15	192.93	193.02	192.49	188.50
2 Industrial	155.85	195.31	180.83	197.58	204.81	211.81	216.75	221.74	231.32	230.86	229.40	224.38
3 Transportation	119.87	140.52	134.09	153.85	164.32	169.05	173.47	179.32	197.53	202.02	190.36	174.26
4 Utility	71.36	74.29	72.22	87.16	79.69	84.21	87.95	90.40	92.90	93.44	94.67	94.95
5 Finance	147.19	146.48	127.41	146.14	143.26	146.82	154.08	157.78	164.86	165.51	166.55	160.89
6 Standard & Poor's Corporation (1941–43 = 10)[1]	236.39	287.00	265.88	292.71	302.25	313.93	323.73	331.92	346.61	347.33	347.40	340.22
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	264.91	316.78	295.08	327.47	336.82	349.50	362.73	368.52	379.28	382.75	383.63	371.92
Volume of trading (thousands of shares)												
8 New York Stock Exchange	141,020	188,922	161,386	159,024	161,863	171,495	180,680	162,501	171,683	151,752	182,394	144,389
9 American Stock Exchange	11,846	13,832	9,955	11,395	11,529	11,699	13,519	11,702	14,538	12,631	n.a.	n.a.
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Margin credit at broker-dealers**[3]	**36,840**	**31,990**	**32,740**	**32,130**	**32,610**	**33,140**	**34,730**	**34,360**	**33,940**	**35,020**	**35,110**	**34,630**
Free credit balances at brokers[4]												
11 Margin-account[5]	4,880	4,750	5,660	5,345	5,450	5,250	6,900	5,420	5,580	5,680	6,000	5,815
12 Cash-account	19,000	15,640	16,595	16,045	16,125	15,965	19,080	16,345	16,015	15,310	16,340	16,345

	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	1989								
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July^{r}	Aug.	Sept.
	SAIF-insured institutions											
1 **Assets**	**1,163,851**	**1,250,855**	**1,350,500**	**1,337,382**	**1,339,115**	**1,340,502**	**1,345,362^{r}**	**1,346,582^{r}**	**1,338,557^{r}**	**1,331,988**	**1,318,092^{r}**	**1,302,066**
2 Mortgages	697,451	721,593	764,513	767,260	767,603	769,398	773,383^{r}	774,354^{r}	772,695^{r}	771,693	770,024^{r}	764,718
3 Mortgage-backed securities	158,193	201,828	214,587	211,308	213,090	215,203	216,172^{r}	216,298^{r}	211,260^{r}	204,311	195,252^{r}	188,396
4 Contra-assets to mortgage assets[1]	41,799	42,344	37,950	37,157	37,013	37,842	37,790^{r}	37,497	37,592^{r}	37,210	36,770^{r}	36,218
5 Commercial loans	23,683	23,163	33,889	32,974	32,955	32,866	32,807^{r}	33,003^{r}	33,094^{r}	33,213	32,002^{r}	32,886
6 Consumer loans	51,622	57,902	61,922	61,998	61,981	61,402	61,739	61,879	60,773^{r}	61,074	60,976^{r}	60,429
7 Contra-assets to nonmortgage loans[2]	3,041	3,467	3,056	2,840	2,923	3,074	2,896^{r}	2,913^{r}	3,145	3,165	3,127^{r}	3,089
8 Cash and investment securities	164,844	169,717	186,986	178,813	177,178	177,094	175,895	174,293	175,281^{r}	175,255	171,664^{r}	169,754
9 Other[3]	112,898	122,462	129,610	125,026	126,243	125,455	126,053^{r}	127,166^{r}	126,191^{r}	126,818	127,071^{r}	125,190
10 **Liabilities and net worth**	**1,163,851**	**1,250,855**	**1,350,500**	**1,337,382**	**1,339,115**	**1,340,502**	**1,345,362^{r}**	**1,346,582^{r}**	**1,338,557^{r}**	**1,331,988**	**1,318,092^{r}**	**1,302,066**
11 Savings capital	890,664	932,616	971,700	963,820	957,358	956,663	954,495	955,566	960,072^{r}	963,158	960,284^{r}	958,947
12 Borrowed money	196,929	249,917	299,400	299,415	305,675	312,988	318,669	318,369	312,062	301,581	289,631	281,474
13 FHLBB	100,025	116,363	134,168	135,712	140,089	146,007	148,000	146,520	144,217	141,875	138,331	133,633
14 Other	96,904	133,554	165,232	163,703	165,586	166,981	170,669	171,849	167,845	159,706	151,300	147,841
15 Other	23,975	21,941	24,216	29,751	31,749	29,593	31,642^{r}	33,599	29,865^{r}	31,889	33,802^{r}	29,832
16 Net worth	52,282	46,382	55,185	58,882	58,962	57,113	56,085^{r}	54,597^{r}	52,725^{r}	50,904	49,929^{r}	48,036
	SAIF-insured federal savings banks											
17 **Assets**	**210,562**	**284,270**	**425,983**	**423,846**	**432,675**	**443,167^{r}**	**455,143^{r}**	**469,939^{r}**	**495,739^{r}**	**507,007**	**504,175**	**501,136**
18 Mortgages	113,638	161,926	227,869	234,591	238,415	241,076^{r}	246,678^{r}	253,886^{r}	273,232^{r}	281,562	282,006	279,698
19 Mortgage-backed securities	29,766	45,826	64,957	62,773	65,896	68,086^{r}	69,964^{r}	73,963^{r}	73,943^{r}	74,341	72,082	72,444
20 Contra-assets to mortgage assets[1]	n.a.	9,100	13,140	12,258	12,685	12,896^{r}	13,049^{r}	13,227^{r}	13,662^{r}	13,972	13,859	13,814
21 Commercial loans	n.a.	6,504	16,731	16,172	16,320	16,313^{r}	16,498	16,935	18,014	18,280	18,169	18,195
22 Consumer loans	13,180	17,696	24,222	25,033	25,977	26,096^{r}	26,767	27,956	28,157^{r}	28,967	28,985	28,766
23 Contra-assets to nonmortgage loans[2]	n.a.	678	889	814	857	977^{r}	863	888^{r}	976^{r}	980	987	1,029
24 Finance leases plus interest	n.a.	591	880	907	946	1,011	1,047	1,072	1,083	1,088	1,075	1,092
25 Cash and investment	n.a.	35,347	61,029	57,434	57,986	60,272^{r}	61,278^{r}	62,002	65,778^{r}	66,068	65,109	64,232
26 Other	19,034	24,069	35,428	33,954	34,664	34,964^{r}	37,333^{r}	38,021^{r}	39,644^{r}	40,327	40,521	40,680
27 **Liabilities and net worth**	**210,562**	**284,270**	**425,983**	**423,846**	**432,675**	**443,167^{r}**	**455,143^{r}**	**469,939^{r}**	**495,739^{r}**	**507,007**	**504,175**	**501,136**
28 Savings capital	157,872	203,196	298,197	298,515	301,770	307,580^{r}	315,725^{r}	324,369	342,145^{r}	352,547	352,099	353,462
29 Borrowed money	37,329	60,716	99,286	98,304	102,902	107,179^{r}	110,004^{r}	114,854^{r}	121,895^{r}	121,195	117,970	115,628
30 FHLBB	19,897	29,617	46,265	46,470	48,951	51,532	53,519^{r}	55,463^{r}	58,505^{r}	59,781	59,189	57,941
31 Other	17,432	31,099	53,021	51,834	53,951	55,647^{r}	56,485	59,391	63,390	61,414	58,781	57,687
32 Other	4,263	5,324	8,075	8,270	8,884	8,649^{r}	9,306^{r}	10,174^{r}	9,825^{r}	10,697	11,443	9,905
33 Net worth	11,098	15,034	20,235	21,625	22,700	23,090^{r}	23,404^{r}	23,926^{r}	25,677^{r}	26,253	26,357	26,140

1.37—Continued

Account	1986	1987	1988 Dec.	1989 Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.	Sept.
	Credit unions[5]											
34 **Total assets/liabilities and capital**	**147,726**		**174,593**	**175,027**	**176,270**	**178,175**	**177,417**	**178,812**	**180,664**	**179,029**	**180,035**	**181,812**
35 Federal	95,483		114,566	114,909	115,543	117,555	115,416	116,705	117,632	117,475	117,463	118,746
36 State	52,243		60,027	60,118	60,727	60,620	62,001	62,107	63,032	61,554	62,572	63,066
37 Loans outstanding	86,137	n.a.	113,191	114,012	113,880	114,572	115,249	116,947	119,101	119,720	120,577	122,522
38 Federal	55,304		73,766	74,083	73,917	74,395	75,003	76,052	77,729	78,472	78,946	80,548
39 State	30,833		39,425	39,927	39,963	40,177	40,246	40,895	41,372	41,248	41,631	41,874
40 Savings	134,327		159,010	159,106	161,073	164,322	161,388	162,134	164,415	162,405	162,754	164,050
41 Federal	87,954		104,431	104,629	105,262	107,368	105,208	105,787	106,984	106,266	106,038	106,633
42 State	46,373		54,579	54,477	55,811	56,954	56,180	56,347	57,431	56,139	56,716	57,417
	Life insurance companies											
43 **Assets**	**937,551**	**1,044,459**	**1,157,140**	**1,176,042**	**1,186,208**	**1,199,125**	**1,209,242**	**1,221,332**	**1,232,195**	**1,247,341**		
Securities												
44 Government	84,640	84,426	84,051[r]	84,042	84,190	84,485	82,873	83,847	84,564	84,438		
45 United States[6]	59,033	57,078	58,564[r]	58,473	58,509	58,417	57,127	57,790	57,817	57,698		
46 State and local	11,659	10,681	9,136[r]	8,918	8,817	8,860	8,911	8,953	9,036	9,061		
47 Foreign[7]	13,948	16,667	16,351[r]	16,651	16,864	17,208	16,835	17,104	17,711	17,679		
48 Business	n.a.	n.a.	660,416	667,026	678,541	687,777	697,703	706,960	714,398	726,599	n.a.	n.a.
49 Bonds	401,943	472,684	556,043[r]	560,385	571,365	579,232	587,889	595,500	601,786	606,686		
50 Stocks	n.a.	n.a.	104,373	106,641	107,176	108,545	109,814	111,460	112,612	119,913		
51 Mortgages	193,842	203,545	232,863[r]	232,941	233,556	234,632	235,312	236,651	237,444	237,865		
52 Real estate	31,615	34,172	37,371[r]	37,453	37,603	37,842	37,976	38,598	38,190	38,622		
53 Policy loans	54,055	53,626	54,236[r]	54,517	54,738	54,921	55,201	55,525	55,746	55,812		
54 Other assets	80,592	89,586	93,358[r]	98,063	97,580	99,468	100,173	99,751	101,853	104,005		

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 1988r	Fiscal year 1989	Calendar year					
				1989					
				June	July	Aug.	Sept.	Oct.	Nov.
U.S. budget[1]									
1 Receipts, total	854,143	908,166	990,789	108,249r	66,191r	76,161r	99,233	68,426	71,213
2 On-budget	640,741	666,675	727,123	84,043r	45,673r	57,156r	75,711	50,122	51,989
3 Off-budget	213,402	241,491	263,666	24,206	20,518	19,004	23,522	18,304	19,223
4 Outlays, total	1,003,804r	1,063,318	1,142,777r	100,460r	84,430r	98,310r	105,299r	94,515	100,172
5 On-budget	809,972r	860,626	931,556r	83,927r	66,624r	79,218r	86,548r	75,096	80,794
6 Off-budget	193,832	202,691	211,221	16,534	17,806	19,092	18,750	19,419	19,378
7 Surplus, or deficit (−), total	−149,661r	−155,151	−151,988r	7,789	−18,239	−22,150	−6,066r	−26,089	−28,959
8 On-budget	−169,231r	−193,951	−204,433r	116	−20,951	−22,062	−10,837r	−24,974	−28,804
9 Off-budget	19,570	38,800	52,445	7,673	2,712	−88	4,771	−1,115	−155
Source of financing (total)									
10 Borrowing from the public	151,717r	166,139	140,156r	1,098	−3,962	35,854	6,618r	36,690	19,790
11 Operating cash (decrease, or increase (−))	−5,052	−7,963	3,425	−11,649	21,564	−3,235	−15,589	−2,513	21,772
12 Other[2]	2,996r	−3,025	8,407r	2,762	636	−10,469	14,977r	−8,088	−12,603
MEMO									
13 Treasury operating balance (level, end of period)	36,436	44,398	40,973	43,713	22,149	25,384	40,973	43,486	21,715
14 Federal Reserve Banks	9,120	13,024	13,452	12,154	5,312	6,652	13,452	13,124	5,501
15 Tax and loan accounts	27,316	31,375	27,521	31,560	16,837	18,732	27,521	30,362	16,214

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 1988	Fiscal year 1989	Calendar year 1987 H2	Calendar year 1988 H1	Calendar year 1988 H2	Calendar year 1989 H1	Calendar year 1989 Sept.	Calendar year 1989 Oct.	Calendar year 1989 Nov.
RECEIPTS									
1 **All sources**	**908,166**	**990,789**	**421,525**	**475,724**	**449,394**	**527,574**	**99,233**	**68,426**	**71,213**
2 Individual income taxes, net	401,181	445,690	192,575	207,659	200,300	233,572	45,026	35,493	34,448
3 Withheld	341,435	361,386	170,203	169,300	179,600	174,230	28,120	32,751	34,439
4 Presidential Election Campaign Fund	33	32	4	28	4	28	1	0	0
5 Nonwithheld	132,199	154,839	31,223	101,614	29,880	121,563	18,943	3,684	1,459
6 Refunds	72,487	70,567	8,853	63,283	9,186	62,251	2,038	943	1,450
Corporation income taxes									
7 Gross receipts	109,683	117,015	52,821	58,002	56,409	61,585	20,085	3,279	3,381
8 Refunds	15,487	13,723	7,119	8,706	7,250	7,259	655	2,549	996
9 Social insurance taxes and contributions, net	334,335	359,416	143,755	181,058	157,603	200,127	29,259	24,308	26,791
10 Employment taxes and contributions[2]	305,093	332,859	130,388	164,412	144,983	184,569	29,632	23,100	24,303
11 Self-employment taxes and contributions[3]	17,691	18,405	1,889	14,839	3,032	16,371	2,540	0	140
12 Unemployment insurance	24,584	22,011	10,977	14,363	10,359	13,279	−796	859	2,088
13 Other net receipts[4]	4,659	4,547	2,390	2,284	2,262	2,277	424	350	401
14 Excise taxes	35,540	34,386	17,680	16,440	19,299	16,814	2,428	2,970	2,939
15 Customs deposits	15,411[r]	16,334[r]	7,806	7,522	8,107	7,918	1,352	1,493	1,421
16 Estate and gift taxes	7,594	8,745	3,610	3,863	4,054	4,583	631	835	693
17 Miscellaneous receipts[5]	19,909	22,927	10,399	9,950	10,873	10,235	1,107	2,598	2,535
OUTLAYS									
18 **All types**	**1,063,318**[r]	**1,142,777**[r]	**532,652**[r]	**512,856**[r]	**552,801**[r]	**565,524**	**105,299**	**94,515**	**100,172**
19 National defense	290,361	303,551	146,995	143,080	150,496	148,098	28,641	19,930	25,234
20 International affairs	10,471	9,596	4,487	7,150	2,636	6,605	868	2,117	495
21 General science, space, and technology	10,841	12,891	5,469	5,361	5,852	6,238	1,190	1,342	1,155
22 Energy	2,297	3,745	1,468	555	1,966	2,221	−182	363	−170
23 Natural resources and environment	14,625[r]	16,084	7,590	6,776	9,144	7,022	1,423	1,975	2,064
24 Agriculture	17,210	16,948	14,640	7,872	6,911	9,619	−61	904	1,967
25 Commerce and housing credit	18,828[r]	27,716[r]	3,852	5,951	19,836	4,129	10,003[r]	5,496	2,030
26 Transportation	27,272	27,623	14,096	12,700	14,922	13,035	2,348	2,618	2,584
27 Community and regional development	5,294	5,755	2,075	2,765	2,690	1,833	964	790	1,100
28 Education, training, employment, and social services	31,938	35,697	15,592	15,451	16,152	18,083	2,937	3,251	3,194
29 Health	44,490	48,391	20,750	22,643	23,360	24,078	3,613	4,511	4,136
30 Social security and medicare	297,828	317,506	158,469	135,322	149,017	162,195	26,909	27,143	27,337
31 Income security	129,332	136,765	61,201	65,555	64,978	70,937	12,126	9,711	11,456
32 Veterans benefits and services	29,406[r]	30,066	14,956	13,241	15,797	14,891	3,628	1,503	2,627
33 Administration of justice	8,436[r]	9,396	4,105	4,379	4,351	4,801	836	842	771
34 General government	9,518[r]	8,940	3,560	4,337	5,137	3,858	997	842	1,437
35 General-purpose fiscal assistance	1,816	n.a.	1,175	448	0	0	n.a.	n.a.	n.a.
36 Net interest[6]	151,748	169,314	71,933	76,098	78,317	86,009	13,684	14,124	15,526
37 Undistributed offsetting receipts[7]	−36,967	−37,212	−17,684	−17,766	−18,771	−18,131	−4,625	−2,945	−2,771

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		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**2,354.3**	**2,435.2**	**2,493.2**	**2,555.1**	**2,614.6**	**2,707.3**	**2,763.6**	**2,824.0**	**2,881.1**
2 Public debt securities	2,350.3	2,431.7	2,487.6	2,547.7	2,602.2	2,684.4	2,740.9	2,799.9	2,857.4
3 Held by public	1,893.1	1,954.1	1,996.7	2,013.4	2,051.7	2,095.2	2,133.4	2,142.1	2,180.7r
4 Held by agencies	457.2	477.6	490.8	534.2	550.4	589.2	607.5	657.8	676.7r
5 Agency securities	4.0	3.5	5.6	7.4	12.4	22.9	22.7	24.0	23.7r
6 Held by public	3.0	2.7	5.1	7.0	12.2	22.6	22.3	23.6	23.5r
7 Held by agencies	1.0	.8	.6	.5	.2	.3	.4	.5	.1r
8 **Debt subject to statutory limit**	**2,336.0**	**2,417.4**	**2,472.6**	**2,532.2**	**2,586.9**	**2,669.1**	**2,725.6**	**2,784.6**	**2,829.8**
9 Public debt securities	2,334.7	2,416.3	2,472.1	2,532.1	2,586.7	2,668.9	2,725.5	2,784.3	2,829.5
10 Other debt[1]	1.3	1.1	.5	.1	.1	.2	.2	.2	.3
11 MEMO: Statutory debt limit	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,870.0

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		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**1,945.9**	**2,214.8**	**2,431.7**	**2,684.4**	**2,684.4**	**2,740.9**	**2,799.9**	**2,857.4**
By type								
2 Interest-bearing debt	1,943.4	2,212.0	2,428.9	2,663.1	2,663.1	2,738.3	2,797.4	2,836.3
3 Marketable	1,437.7	1,619.0	1,724.7	1,821.3	1,821.3	1,871.7	1,877.3	1,892.8
4 Bills	399.9	426.7	389.5	414.0	414.0	417.0	397.1	406.6
5 Notes	812.5	927.5	1,037.9	1,083.6	1,083.6	1,121.4	1,137.2	1,133.2
6 Bonds	211.1	249.8	282.5	308.9	308.9	318.4	328.0	338.0
7 Nonmarketable[1]	505.7	593.1	704.2	841.8	841.8	866.6	920.1	943.5
8 State and local government series	87.5	110.5	139.3	151.5	151.5	154.4	156.0	158.6
9 Foreign issues[2]	7.5	4.7	4.0	6.6	6.6	6.7	6.2	6.8
10 Government	7.5	4.7	4.0	6.6	6.6	6.7	6.2	6.8
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	78.1	90.6	99.2	107.6	107.6	110.4	112.3	114.0
13 Government account series[3]	332.2	386.9	461.3	575.6	575.6	594.7	645.2	663.7
14 Non-interest-bearing debt	2.5	2.8	2.8	21.3	21.3	2.6	2.5	21.1
By holder[4]								
15 U.S. government agencies and trust funds	348.9	403.1	477.6	589.2	589.2	607.5	657.8	676.7
16 Federal Reserve Banks	181.3	211.3	222.6	238.4	238.4	228.6	231.8	220.6
17 Private investors	1,417.2	1,602.0	1,745.2	1,852.8	1,852.8	1,900.2	1,905.4	1,954.6
18 Commercial banks	198.2	203.5	201.5	193.8r	193.8r	200.9r	206.7	n.a.
19 Money market funds	25.1	28.0	14.6	18.8	18.8	13.0	11.6	12.4
20 Insurance companies	78.5	105.6	104.9	111.2	111.2	112.5	n.a.	n.a.
21 Other companies	59.0	68.8	84.6	86.5	86.5	89.2	90.7	n.a.
22 State and local Treasurys	226.7	262.8	284.6	313.6	313.6	320.4r	322.1	n.a.
Individuals								
23 Savings bonds	79.8	92.3	101.1	109.6	109.6	112.2	114.0	115.7
24 Other securities	75.0	70.4r	70.2r	77.0r	77.0r	82.9	89.1	n.a.
25 Foreign and international[5]	224.8r	263.4r	299.7r	362.1r	362.1r	375.6r	367.9r	393.5
26 Other miscellaneous investors[6]	450.1r	506.6r	584.0r	587.2r	587.2r	593.5	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					
				Sept.	Oct.	Nov.	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
Immediate delivery[2]												
1 **U.S. Treasury securities**	**95,444**	**110,050**	**101,623**	**100,270**	**130,805**	**115,682**	**126,066**	**111,604**	**122,123**	**136,213**	**102,489**	**102,967**
By maturity												
2 Bills	34,247	37,924	29,387	27,668	35,891	32,613	35,763	37,597	31,629	37,609	30,233	31,010
3 Other within 1 year	2,115	3,271	3,426	2,620	3,313	2,808	3,476	3,746	2,567	2,985	2,892	2,655
4 1–5 years	24,667	27,918	27,777	31,526	39,957	38,424	39,069	29,302	38,979	40,713	38,594	38,544
5 5–10 years	20,455	24,014	24,939	24,719	34,361	26,200	30,359	25,618	32,898	32,634	17,022	20,540
6 Over 10 years	13,961	16,923	16,093	13,737	17,283	15,637	17,400	15,342	16,051	22,272	13,747	10,219
By type of customer												
7 U.S. government securities dealers	3,669	2,936	2,761	2,794	4,296	3,500	4,583	4,470	3,800	4,368	2,754	2,607
8 U.S. government securities brokers	49,558	61,539	59,844	60,193	77,566	66,549	75,291	65,793	71,674	76,337	59,482	59,608
9 All others[3]	42,217	45,575	39,019	37,283	48,943	45,633	46,192	41,341	46,648	55,508	40,254	40,753
10 Federal agency securities	16,747	18,084	15,903	19,193	20,978	20,031	21,123	18,763	21,646	23,174	19,816	15,997
11 Certificates of deposit	4,355	4,112	3,369	2,677	2,422	2,183	2,016	2,106	2,151	2,123	2,273	2,154
12 Bankers acceptances	3,272	2,965	2,316	2,086	2,169	1,994	2,063	2,239	2,068	1,893	1,903	2,106
13 Commercial paper	16,660	17,135	22,927	29,145	34,167^r	31,188	32,331	33,197	32,338	30,032	32,277	27,286
Futures contracts[4]												
14 Treasury bills	3,311	3,233	2,627	2,645	2,797	1,898	3,363	2,281	2,133	1,786	1,596	2,254
15 Treasury coupons	7,175	8,963	9,695	8,796	10,326	9,308	10,420^r	9,047	9,374	10,779	10,303	6,532
16 Federal agency securities	16	5	1	38	20	7	6	1	15	5	10	0
Forward transactions[5]												
17 U.S. Treasury securities	1,876	2,029	2,095	2,117^r	2,168	1,993	2,593	954	1,373	3,021	1,450	2,373
18 Federal agency securities	7,830	9,290	8,008	8,614	10,561	10,904	9,105	8,708	13,800	12,563	10,750	6,150

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 Sept.	1989 Oct.[r]	1989 Nov.	1989 Nov. 1	1989 Nov. 8	1989 Nov. 15	1989 Nov. 22	1989 Nov. 29
						Positions					
Net immediate[2]											
1 **U.S. Treasury securities**	**12,912**	**−6,216**	**−22,765**	**12,193**	**10,666**	**17,316**	**15,935**	**12,067**	**17,498**	**22,773**	**17,038**
2 Bills	12,761	4,317	2,238	20,418	19,160	22,626	20,148	18,194	23,518	25,606	24,464
3 Other within 1 year	3,705	1,557	−2,236	197	−1,646	−1,276	−1,166	−942	−1,336	−1,780	−1,091
4 1–5 years	9,146	649	−3,020	5,302	9,666	10,593	13,959	10,388	12,131	10,047	8,875
5 5–10 years	−9,505	−6,564	−9,663	−8,630	−10,499	−8,988	−10,210	−10,718	−10,110	−6,125	−9,368
6 Over 10 years	−3,197	−6,174	−10,084	−5,093	−6,014	−5,639	−6,795	−4,855	−6,706	−4,975	−5,843
7 Federal agency securities	32,984	31,911	28,230	36,097	36,269	35,424	36,707	36,667	38,916	34,776	31,271
8 Certificates of deposit	10,485	8,188	7,300	7,065	7,124	7,001	7,768	7,414	6,963	6,732	6,580
9 Bankers acceptances	5,526	3,660	2,486	2,154	2,105	1,925	2,431	2,072	1,855	1,716	1,830
10 Commercial paper	8,089	7,496	6,152	8,258	9,055	7,649	8,839	7,447	7,528	7,420	7,583
Futures positions											
11 Treasury bills	−18,059	−3,373	−2,210	−6,106	−7,459	−9,463	−10,628	−9,722	−8,940	−8,391	−10,425
12 Treasury coupons	3,473	5,988	6,224	−4,797	−9,302	−11,368	−11,645	−11,305	−12,332	−11,078	−10,788
13 Federal agency securities	−153	−95	0	−26	68	25	102	86	6	−9	1
Forward positions											
14 U.S. Treasury securities	−2,144	−1,211	346	−607	1,380	−120	1,746	402	−1,456	−1,012	1,345
15 Federal agency securities	−11,840	−18,817	−16,348	−17,478	−15,367	−17,316	−16,519	−18,061	−21,090	−15,673	−14,419
						Financing[3]					
Reverse repurchase agreements[4]											
16 Overnight and continuing	98,913	126,709	136,327	157,149	164,478	146,101	166,288	159,868	162,951	127,706	159,062
17 Term	108,607	148,288	177,477	212,378	233,888	231,972	241,762	261,548	224,526	256,670	229,580
Repurchase agreements[5]											
18 Overnight and continuing	141,823	170,763	172,695	228,923	242,486	216,140	250,980	235,012	254,482	169,829	241,496
19 Term	102,397	121,270	137,056	172,069	193,445	209,082	208,277	223,068	190,573	269,021	195,645

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				
					June	July	Aug.	Sept.	Oct.
1 **Federal and federally sponsored agencies**	**271,564**	**293,905**	**307,361**	**341,386**	**406,837**	**411,874**	**411,979**	**408,591**	n.a.
2 Federal agencies	35,145	36,390	36,958	37,981	36,404	36,453	36,453	36,584	36,378
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	11,014	11,014	11,014	10,990	10,990
5 Federal Housing Administration[4]	133	115	138	183	218	245	255	295	301
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	6,445	6,445	6,445	6,445	6,445
8 Tennessee Valley Authority	15,435	16,347	17,222	18,089	18,720	18,742	18,732	18,847	18,635
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	370,433	375,421	375,526	372,007	n.a.
11 Federal Home Loan Banks	65,085	74,447	88,752	115,725	153,892	151,487	149,269	143,578	140,854
12 Federal Home Loan Mortgage Corporation	10,270	11,926	13,589	17,645	25,243	25,690	27,165	26,738	25,097
13 Federal National Mortgage Association	83,720	93,896	93,563	97,057	106,308	109,926	110,155	111,507	111,776
14 Farm Credit Banks[8]	72,192	68,851	62,478	55,275	52,387	53,158	53,511	54,041	54,050
15 Student Loan Marketing Association[9]	5,745	8,395	12,171	16,503	24,256	26,813	27,079	27,126	n.a.
16 Financing Corporation[10]	0	0	0	1,200	7,500	7,500	7,500	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	0	0	0	0	847	847	847	847	847
MEMO									
18 **Federal Financing Bank debt**[12]	**145,217**	**153,373**	**157,510**	**152,417**	**139,568**	**138,814**	**137,690**	**136,092**	**135,841**
Lending to federal and federally sponsored agencies									
19 Export-Import Bank[3]	15,852	15,670	14,205	11,972	11,008	11,008	11,008	10,984	10,984
20 Postal Service[6]	1,087	1,690	2,854	5,853	6,195	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	4,880
22 Tennessee Valley Authority	13,710	14,622	15,797	16,709	17,340	17,362	17,352	17,467	17,255
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	55,586	54,911	54,611	53,311	53,311
25 Rural Electrification Administration	20,693	20,654	21,680	21,191	19,236	19,257	19,270	19,275	19,233
26 Other	29,853	31,429	32,545	32,078	25,293	25,171	24,344	23,950	23,983

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 Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.
1 **All issues, new and refunding[1]**	**147,011**	**102,407**	**114,522**	**7,464**	**7,435**	**13,775**	**8,735**	**9,824**	**10,818**	**9,075**	**8,653**
Type of issue											
2 General obligation	46,346	30,589	30,312	2,301	2,342	4,960	3,789	2,199	3,500	3,273	3,654
3 Revenue	100,664	71,818	84,210	5,163	5,093	8,815	4,946	7,625	7,318	5,802	4,999
Type of issuer											
4 State	14,474	10,102	8,830	1,407	392	1,989	970	694	764	1,330	798
5 Special district and statutory authority[2]	89,997	65,460	74,409	4,238	4,979	8,033	4,868	7,027	7,567	4,770	4,930
6 Municipalities, counties, and townships	42,541	26,845	31,193	1,819	2,064	3,753	2,897	2,103	2,487	2,975	2,925
7 **Issues for new capital, total**	**83,492**	**56,789**	**79,665**	**6,061**	**5,938**	**10,078**	**6,816**	**6,612**	**7,470**	**7,266**	**7,691**
Use of proceeds											
8 Education	12,307	9,524	15,021	1,225	1,024	2,678	998	1,302	1,639	1,006	989
9 Transportation	7,246	3,677	6,825	743	748	576	500	556	976	280	669
10 Utilities and conservation	14,594	7,912	8,496	759	467	1,058	551	813	622	718	1,775
11 Social welfare	11,353	11,106	19,027	1,048	1,376	1,509	1,632	1,553	1,242	1,803	1,256
12 Industrial aid	6,190	7,474	5,624	374	361	329	440	447	381	345	280
13 Other purposes	31,802	18,020	24,672	1,912	1,962	3,928	2,695	1,941	2,610	3,114	2,722

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 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
1 **All issues[1]**	**424,737**	**392,165[r]**	**408,843**	**26,191[r]**	**14,405[r]**	**21,471[r]**	**24,450[r]**	**17,658[r]**	**14,822**	**14,208[r]**	**24,180**
2 **Bonds[2]**	**356,304**	**325,657[r]**	**351,042**	**25,577**	**13,396**	**19,662**	**21,622**	**12,604**	**12,787**	**11,935[r]**	**20,500**
Type of offering											
3 Public, domestic	232,742	209,279	200,164	22,995	11,471	17,756	18,714	11,184	11,971	10,735[r]	19,000
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	24,308[r]	23,178	2,582	1,925	1,906	2,908	1,420	816	1,200[r]	1,500
Industry group											
6 Manufacturing	90,788	61,666	69,573	7,456	1,457	7,715[r]	3,273	2,701	2,627	2,102	3,388
7 Commercial and miscellaneous	41,909	49,327	61,986	882	843	2,162	1,628	1,331	1,090	1,393	1,800
8 Transportation	10,423	11,974	9,976	0	100	150	480	0	423	0	831
9 Public utility	30,973	23,004	19,318	153	1,695	385	2,936	1,173	670	1,095[r]	1,716
10 Communication	16,441	7,340	5,902	63	453	122	4	300	358	308	632
11 Real estate and financial	165,770	172,351[r]	184,287	17,023	8,848	9,128	13,302	7,099	7,619	7,038[r]	12,133
12 **Stocks[2]**	**68,433**	**66,508**	**57,802**	**614**	**1,009**	**1,809**	**2,828**	**5,054**	**2,035**	**2,273**	**3,680**
Type											
13 Preferred	11,514	10,123	6,544	0	495	306	335	920	1,013	519	570
14 Common	50,316	43,225	35,911	614	514	1,503	2,493	4,134	1,023	1,754	3,110
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	130	155	299	630	593	393	193	190
17 Commercial and miscellaneous	10,617	12,888	8,449	26	282	115	512	438	343	155	728
18 Transportation	2,427	2,439	1,535	53	169	39	0	0	0	0	50
19 Public utility	4,020	4,322	1,898	108	0	192	125	25	137	709	465
20 Communication	1,825	1,458	515	0	93	280	25	29	20	0	0
21 Real estate and financial	34,517	31,521	37,798	297	310	884	1,536	3,969	1,020	1,195	2,214

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							
			Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
INVESTMENT COMPANIES[1]										
1 **Sales of own shares**[2]	**381,260**	**271,237**	**23,149**	**25,496**	**24,661**	**25,817**	**25,330**	**26,800**	**23,911**	**25,300**
2 Redemptions of own shares[3]	314,252	267,451	24,135	26,183	22,483	22,562	20,053	22,262	21,499	21,702
3 Net sales	67,008	3,786	−986	−687	2,178	3,255	5,277	4,538	2,412	3,598
4 **Assets**[4]	**453,842**	**472,297**	**483,067**	**497,329**	**509,781**	**515,814**	**535,910**	**539,553**	**539,814**	**534,891**
5 Cash position[5]	38,006	45,090	46,262	48,788	49,177	48,428	47,888	47,209	47,163	45,923
6 Other	415,836	427,207	436,805	448,541	460,604	467,386	488,022	492,344	492,651	488,968

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	1988				1989		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]
1 Corporate profits with inventory valuation and capital consumption adjustment	282.1	298.7	328.6	308.2	318.1	325.3	330.9	340.2	316.3	307.8	295.2
2 Profits before tax	221.6	266.7	306.8	276.2	288.8	305.3	314.4	318.8	318.0	296.0	275.0
3 Profits tax liability	106.3	124.7	137.9	127.3	129.0	138.4	141.2	143.2	144.4	134.9	122.6
4 Profits after tax	115.3	142.0	168.9	148.9	159.9	166.9	173.2	175.6	173.6	161.1	152.4
5 Dividends	91.3	98.7	110.4	102.8	105.7	108.6	112.2	115.2	118.5	120.9	123.3
6 Undistributed profits	24.0	43.3	58.5	46.1	54.2	58.3	61.1	60.4	55.1	40.2	29.1
7 Inventory valuation	6.7	−18.9	−25.0	−20.4	−20.7	−28.8	−30.4	−20.1	−38.3	−20.5	−6.3
8 Capital consumption adjustment	53.8	50.9	46.8	52.4	49.9	48.9	46.9	41.5	36.6	32.3	26.5

▲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			1989				1990
				Q2	Q3	Q4	Q1	Q2	Q3	Q4[1]	Q1[1]
1 **Total nonfarm business**	**389.67**	**430.76**	**475.18**	**427.54**	**435.61**	**442.11**	**459.47**	**470.86**	**484.93**	**485.45**	**503.46**
Manufacturing											
2 Durable goods industries	71.01	78.30	83.05	77.38	79.15	80.56	81.26	82.97	85.66	82.30	86.84
3 Nondurable goods industries	74.88	88.01	100.11	85.24	89.62	92.76	93.96	98.57	102.00	105.90	106.92
Nonmanufacturing											
4 Mining	11.39	12.66	12.50	13.15	12.53	12.38	12.15	12.70	12.59	12.58	12.23
Transportation											
5 Railroad	5.92	7.06	8.12	6.99	6.84	7.45	8.02	7.37	8.16	8.93	7.91
6 Air	6.53	7.28	9.50	6.91	8.09	7.69	7.04	9.49	12.48	8.99	10.12
7 Other	6.40	7.00	7.62	7.05	7.08	6.89	8.07	7.40	7.89	7.13	8.58
Public utilities											
8 Electric	31.63	32.03	33.96	31.31	32.07	33.69	33.69	35.34	33.73	33.07	35.47
9 Gas and other	13.25	14.64	16.10	14.49	14.61	15.04	17.12	16.67	15.84	14.79	16.42
10 Commercial and other[2]	168.65	183.76	204.22	185.21	185.61	185.65	198.15	200.36	206.59	211.76	218.97

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	1985	1986	1987	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1	1989 Q2	1989 Q3
ASSETS										
Accounts receivable, gross[2]										
1 Consumer	111.9	134.7	141.1	141.5	144.4	146.3	146.2	140.2	144.9	147.2
2 Business	157.5	173.4	207.4	219.7	224.0	223.3	236.5	243.1	250.5	248.8
3 Real estate	28.0	32.6	39.5	41.4	42.5	43.1	43.5	45.4	47.4	48.9
4 Total	297.4	340.6	388.1	402.6	410.9	412.7	426.2	428.7	442.8	444.9
Less:										
5 Reserves for unearned income	39.2	41.5	45.3	46.8	46.3	48.4	50.0	50.9	52.1	53.7
6 Reserves for losses	4.9	5.8	6.8	6.8	6.8	7.1	7.3	7.4	7.5	7.8
7 Accounts receivable, net	253.3	293.3	336.0	348.9	357.8	357.3	368.9	370.4	383.2	383.5
8 All other	45.3	58.6	58.3	60.1	70.5	68.7	72.4	75.1	81.5	83.1
9 Total assets	**298.6**	**351.9**	**394.2**	**409.1**	**428.3**	**426.0**	**441.3**	**445.5**	**464.6**	**466.6**
LIABILITIES										
10 Bank loans	18.0	18.6	16.4	14.9	13.3	11.9	15.4	11.6	12.2	12.3
11 Commercial paper	99.2	117.8	128.4	125.2	131.6	129.4	142.0	147.9	149.2	147.4
Debt										
12 Other short-term	12.7	17.5	28.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	94.4	117.5	137.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Due to parent	n.a.	n.a.	n.a.	49.0	51.4	51.5	50.6	56.8	59.7	60.4
15 Not elsewhere classified	n.a.	n.a.	n.a.	132.4	139.8	139.3	137.9	134.5	141.3	146.1
16 All other liabilities	41.5	44.1	52.8	56.1	58.7	58.9	59.8	58.1	63.5	60.4
17 Capital, surplus, and undivided profits	32.8	36.4	31.5	31.5	33.5	34.9	35.6	36.6	38.7	40.0
18 Total liabilities and capital	**298.6**	**351.9**	**394.2**	**409.1**	**428.3**	**426.0**	**441.3**	**445.5**	**464.6**	**466.6**

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

2. Excludes pools of securitized assets.

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

Millions of dollars, seasonally adjusted

Type	1986	1987	1988	1989 May	1989 June	1989 July	1989 Aug.	1989 Sept.	1989 Oct.
1 Total	**172,060**	**205,810**	**234,529**	**245,861**	**249,322**	**251,126**	**253,822**	**258,851**	**259,083**
Retail financing of installment sales									
2 Automotive	26,015	35,782	36,548	38,816	39,042	39,183	39,355	39,258	38,952
3 Equipment	23,112	25,170	28,298	27,638	27,773	28,128	29,039	29,639	29,594
4 Pools of securitized assets[2]	n.a.	n.a.	n.a.	846	807	769	793	755	715
Wholesale									
5 Automotive	23,010	30,507	33,300	34,534	34,021	33,233	33,566	37,243	35,210
6 Equipment	5,348	5,600	5,983	6,096	6,165	6,244	6,497	6,602	6,843
7 All other	7,033	8,342	9,341	9,929	9,862	10,001	9,990	9,957	9,927
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	26,011	26,515	26,701	26,739	26,865	27,442
10 Equipment	38,179	43,335	57,455	61,022	63,370	64,086	64,186	65,170	66,787
11 Pools of securitized assets[2]	n.a.	n.a.	n.a.	824	796	887	990	948	1,199
12 Loans on commercial accounts receivable and factored commercial accounts receivable	15,978	18,078	17,796	18,772	19,302	19,989	20,098	19,611	19,487
13 All other business credit	13,557	17,043	21,134	21,371	21,669	21,904	22,571	22,804	22,926
	Net change (during period)								
14 Total	**15,763**	**33,750**	**22,662**	**978**	**3,462**	**1,803**	**2,697**	**5,029**	**232**
Retail financing of installment sales									
15 Automotive	5,355	9,767	766	401	226	141	172	−97	−305
16 Equipment	629	2,058	1,384	−1,152	135	354	911	600	−45
17 Pools of securitized assets[2]	n.a.	n.a.	n.a.	29	−39	−38	24	−38	−40
Wholesale									
18 Automotive	−978	7,497	2,793	151	−513	−788	332	3,677	−2,033
19 Equipment	780	252	226	−56	69	79	253	104	242
20 All other	224	1,309	999	78	−68	139	−11	−32	−30
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	467	504	187	38	126	577
23 Equipment	3,411	5,156	9,962	776	2,348	716	99	984	1,618
24 Pools of securitized assets[2]	n.a.	n.a.	n.a.	91	−28	91	103	−42	251
25 Loans on commercial accounts receivable and factored commercial accounts receivable	213	2,100	−282	95	530	687	109	−487	−124
26 All other business credit	2,576	3,486	4,091	100	298	235	667	234	122

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						
				May	June	July	Aug.	Sept.	Oct.	Nov.
	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	151.8	150.5	174.5	160.8	160.6	153.1	152.8
2 Amount of loan (thousands of dollars)	86.2	100.5	110.5	112.3	111.0	125.3	119.4	118.6	111.3	110.4
3 Loan/price ratio (percent)	75.2	75.2	75.5	75.3	75.2	73.8	75.6	75.3	73.2	73.0
4 Maturity (years)	26.6	27.8	28.0	28.3	27.8	28.6	28.3	28.4[r]	27.3	27.1
5 Fees and charges (percent of loan amount)[2]	2.48	2.26	2.19	2.12	1.91	2.42	2.31	2.14[r]	1.95	1.81
6 Contract rate (percent per year)	9.82	8.94	8.81	9.82	10.09	10.06	9.83	9.87[r]	9.77	9.78
Yield (percent per year)										
7 OTS series[3]	10.26	9.31	9.18	10.18	10.42	10.48	10.22	10.24[r]	10.11	10.09
8 HUD series[4]	10.07	10.17	10.30	10.43	10.04	9.70	10.05	10.04	9.79	9.72
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (HUD series)[5]	9.91	10.16	10.49	10.55	10.08	9.61	9.95	9.94	9.73	9.69
10 GNMA securities[6]	9.30	9.43	9.83	10.11	9.75	9.55	9.48	9.47	9.21	9.07
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	98,048	95,030	101,329	102,564	103,309	104,421	105,896	107,052	108,180	109,076
12 FHA/VA-insured	29,683	21,660	19,762	19,612	19,586	19,630	19,589	19,608	19,843	19,953
13 Conventional	68,365	73,370	81,567	82,952	83,723	84,791	86,307	87,444	88,337	89,123
Mortgage transactions (during period)										
14 Purchases	30,826	20,531	23,110	1,419	1,862	2,091	2,724	2,223	2,267	2,376
Mortgage commitments[7]										
15 Contracted (during period)	32,987	25,415	23,435	1,626	2,573	2,513	2,842	2,328	2,963	2,536
16 Outstanding (end of period)	3,386	4,886	2,148	4,673	5,236	5,648	5,755	5,865	6,548	6,645
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	13,517	12,802	15,105	19,443	20,121	20,533	21,024	20,650	n.a.	n.a.
18 FHA/VA	746	686	620	586	585	585	589	540	n.a.	n.a.
19 Conventional	12,771	12,116	14,485	18,857	19,535	19,948	20,435	20,110	n.a.	n.a.
Mortgage transactions (during period)										
20 Purchases	103,474	76,845	44,077	5,141	7,392	5,720	7,283	7,889	n.a.	n.a.
21 Sales	100,236	75,082	39,780	4,474	6,551	5,180	6,650	8,050	n.a.	n.a.
Mortgage commitments[9]										
22 Contracted (during period)	110,855	71,467	66,026	5,186	7,948	6,608	5,705	7,708	n.a.	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. 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	197,868	201,704	215,077	212,017	209,784	215,077	215,379	225,059
61 Multifamily	66,940	75,458	78,411	76,736	77,502	78,411	78,814	79,840
62 Commercial	53,315	63,192	67,489	65,433	66,276	67,489	69,291	69,595
63 Farm	23,029	21,361	20,884	21,117	20,941	20,884	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	1989 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
	Amounts outstanding (end of period)										
1 **Total**	**607,721**	**659,507**	**687,397**	**691,162**	**693,911**	**698,132**	**700,849**	**700,344**	**703,001**	**704,371**	**707,706**
By major holder											
2 Commercial banks	282,910	318,925	318,423	318,242	320,458	323,363	324,438	323,621	326,135	327,327	330,713
3 Finance companies[2]	140,281	145,180	143,419	143,070	144,378	145,523	146,055	145,488	144,386	144,188	141,273
4 Credit unions	80,087	86,118	87,813	88,514	89,330	89,890	90,073	89,852	90,016	89,892	90,010
5 Retailers[3]	40,975	43,498	41,052	41,300	41,301	41,323	41,649	41,798	41,989	42,221	42,319
6 Savings institutions	59,851	62,099	63,109	62,735	61,919	61,311	59,920	60,092	59,229	59,883	58,912
7 Gasoline companies	3,618	3,687	3,677	3,682	3,787	3,897	4,017	3,936	3,976	3,886	3,804
8 Pools of securitized assets[4]	n.a.	n.a.	29,903	33,619	32,737	32,826	34,696	35,557	37,270	36,974	40,675
By major type of credit											
9 Automobile	265,976	281,174	288,767	288,850	289,654	290,741	290,192	288,526	288,533	287,754	288,845
10 Commercial banks	109,201	123,259	122,983	123,062	123,878	125,118	125,592	124,881	126,597	126,759	128,255
11 Credit unions	40,351	41,326	41,964	42,211	42,510	42,687	42,684	42,624	42,747	42,733	42,834
12 Finance companies	98,195	97,204	88,789	89,567	90,268	90,976	91,184	90,213	89,439	88,317	84,814
13 Savings institutions	18,228	19,385	19,464	19,231	18,866	18,566	18,032	17,972	17,603	17,990	17,699
14 Pools of securitized assets[4]	n.a.	n.a.	15,568	14,779	14,132	13,395	12,700	12,835	12,147	11,955	15,243
15 Revolving	153,884	174,792	178,570	182,831	184,500	186,502	189,622	191,028	194,398	195,302	196,339
16 Commercial banks	99,119	117,572	111,706	112,553	114,130	115,407	115,561	115,967	117,012	117,868	118,748
17 Retailers	36,389	38,692	36,257	36,489	36,497	36,504	36,814	36,963	37,134	37,355	37,435
18 Gasoline companies	3,618	3,687	3,677	3,682	3,787	3,897	4,017	3,936	3,976	3,886	3,804
19 Savings institutions	10,367	10,151	10,722	10,860	10,918	11,008	10,951	11,176	11,206	11,183	11,002
20 Credit unions	4,391	4,691	4,866	4,947	5,035	5,109	5,187	n.a.	n.a.	n.a.	n.a.
21 Pools of securitized assets[4]	n.a.	n.a.	11,342	14,299	14,134	14,578	17,117	17,795	19,827	19,731	20,021
22 Mobile home	26,387	25,744	25,992	24,168	23,993	23,952	23,685	23,630	22,938	22,991	22,965
23 Commercial banks	9,220	8,974	8,974	8,844	8,836	8,878	8,847	8,830	8,808	8,788	8,739
24 Finance companies	7,762	7,186	7,308	5,687	5,659	5,684	5,674	5,624	5,100	5,087	5,272
25 Savings institutions	9,406	9,583	9,710	9,637	9,498	9,390	9,163	9,176	9,030	9,116	8,955
26 Other	161,475	177,798	194,068	195,314	195,763	196,936	197,349	197,161	197,132	198,324	199,557
27 Commercial banks	65,370	69,120	74,760	73,783	73,614	73,960	74,438	73,944	73,718	73,912	74,971
28 Finance companies	34,324	40,790	47,322	47,816	48,451	48,863	49,197	49,650	49,847	50,784	51,187
29 Credit unions	35,344	40,102	40,983	41,357	41,785	42,094	42,228	42,036	42,025	41,880	41,848
30 Retailers	4,586	4,807	4,795	4,811	4,804	4,819	4,834	4,835	4,855	4,866	4,884
31 Savings institutions	21,850	22,981	23,214	23,006	22,638	22,347	21,773	21,769	21,390	21,593	21,257
32 Pools of securitized assets[4]	n.a.	n.a.	2,993	4,541	4,471	4,853	4,879	4,927	5,296	5,288	5,411
	Net change (during period)										
33 **Total**	**35,674**	**51,786**	**5,376**	**3,765**	**2,749**	**4,221**	**2,717**	**-505**	**2,657**	**1,371**	**3,335**
By major holder											
34 Commercial banks	19,884	36,015	1,626	-181	2,216	2,904	1,076	-817	2,514	1,192	3,386
35 Finance companies[2]	6,349	4,899	1,624	-349	1,309	1,145	532	-567	-1,102	-198	-2,915
36 Credit unions	3,853	6,031	720	701	815	560	184	-222	164	-124	118
37 Retailers[3]	1,568	2,523	67	247	2	21	326	149	192	231	98
38 Savings institutions	3,689	2,248	242	-375	-815	-609	-1,390	172	-863	654	-971
39 Gasoline companies	332	69	22	6	104	110	120	-81	39	-89	-82
40 Pools of securitized assets[4]	n.a.	n.a.	1,076	3,716	-882	89	1,870	861	1,713	-296	3,701
By major type of credit											
41 Automobile	18,663	15,198	2,385	82	804	1,087	-549	-1,667	7	-779	1,091
42 Commercial banks	7,919	14,058	823	79	816	1,239	474	-711	1,716	162	1,496
43 Credit unions	1,916	975	257	247	300	177	-3	-60	123	-14	101
44 Finance companies	5,639	-991	821	778	701	708	208	-970	-775	-1,122	-3,503
45 Savings institutions	3,188	1,157	-42	-233	-366	-300	-533	-61	-369	387	-292
46 Pools of securitized assets[4]	n.a.	n.a.	526	-789	-647	-737	-695	135	-688	-192	3,288
47 Revolving	16,871	20,908	1,854	4,261	1,670	2,002	3,120	1,406	3,370	904	1,036
48 Commercial banks	12,188	18,453	573	848	1,576	1,277	154	405	1,045	856	880
49 Retailers	1,866	2,303	81	232	8	7	310	149	171	221	80
50 Gasoline companies	332	69	22	6	104	110	120	-81	39	-89	-82
51 Savings institutions	1,771	-216	243	138	58	90	-57	225	30	-22	-181
52 Credit unions	715	300	81	81	88	74	78	n.a.	n.a.	n.a.	n.a.
53 Pools of securitized assets[4]	n.a.	n.a.	853	2,957	-165	444	2,539	678	2,032	-96	290
54 Mobile home	-968	-643	-44	-1,824	-174	-41	-267	-56	-692	53	-26
55 Commercial banks	192	-246	1	-131	-7	42	-31	-18	-22	-20	-49
56 Finance companies	-1,052	-576	-68	-1,621	-28	25	-10	-50	-524	-13	185
57 Savings institutions	-107	177	23	-72	-140	-108	-227	12	-146	86	-161
58 Other	1,108	16,323	1,182	1,246	449	1,173	413	-189	-29	1,192	1,233
59 Commercial banks	-415	3,750	229	-977	-169	346	478	-494	-226	194	1,059
60 Finance companies	1,761	6,466	871	494	635	412	334	453	197	937	403
61 Credit unions	1,221	4,758	382	374	428	309	133	-191	-11	-145	-33
62 Retailers	-297	221	-14	16	-7	15	16	0	21	11	18
63 Savings institutions	-1,162	1,131	18	-208	-368	-291	-574	-5	-379	203	-336
64 Pools of securitized assets[4]	n.a.	n.a.	-303	1,548	-70	382	26	48	369	-8	123

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						
					Apr.	May	June	July	Aug.	Sept.	Oct.
	INTEREST RATES										
	Commercial banks[2]										
1	48-month new car[3]	11.33	10.45	10.85	n.a.	12.44	n.a.	n.a.	12.13	n.a.	n.a.
2	24-month personal	14.82	14.22	14.68	n.a.	15.65	n.a.	n.a.	15.45	n.a.	n.a.
3	120-month mobile home[3]	13.99	13.38	13.54	n.a.	14.35	n.a.	n.a.	14.13	n.a.	n.a.
4	Credit card	18.26	17.92	17.78	n.a.	18.11	n.a.	n.a.	18.07	n.a.	n.a.
	Auto finance companies										
5	New car	9.44	10.73	12.60	12.10	11.80	11.96	11.94	12.22	12.42	13.04
6	Used car	15.95	14.60	15.11	16.39	16.45	16.45	16.37	16.31	16.22	16.17
	OTHER TERMS[4]										
	Maturity (months)										
7	New car	50.0	53.5	56.2	53.4	52.7	53.0	52.9	52.9	53.1	54.4
8	Used car	42.6	45.2	46.7	47.8	46.6	46.5	46.4	46.2	46.2[r]	45.8
	Loan-to-value ratio										
9	New car	91	93	94	91	91	91	91	90	88	88
10	Used car	97	98	98	97	97	97	97	96	96	96
	Amount financed (dollars)										
11	New car	10,665	11,203	11,663	11,886	11,973	12,065	12,108	11,949	11,841	11,965
12	Used car	6,555	7,420	7,824	7,855	7,908	7,921	7,988	7,874	7,856	7,904

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	1988				1989		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**750.7**	**846.3**	**831.1**	**693.2**	**767.0**	**728.2**	**827.2**	**754.4**	**758.3**	**792.2**	**658.9**	**688.1**
By sector and instrument												
2 U.S. government	198.8	223.6	215.0	144.9	157.5	211.6	113.7	162.5	142.1	199.9	70.9	149.0
3 Treasury securities	199.0	223.7	214.7	143.4	140.0	212.0	106.0	141.6	100.5	201.1	65.8	149.1
4 Agency issues and mortgages	−.2	−.1	.4	1.5	17.4	−.5	7.7	20.9	41.6	−1.2	5.1	−.2
5 Private domestic nonfinancial sectors	551.9	622.7	616.1	548.3	609.6	516.6	713.4	592.0	616.3	592.3	588.0	539.1
6 Debt capital instruments	320.0	451.4	460.3	458.5	462.6	386.5	561.0	463.9	438.9	427.8	394.1	412.6
7 Tax-exempt obligations	51.0	135.4	22.7	34.1	34.0	29.1	37.9	34.8	34.3	29.3	20.6	32.6
8 Corporate bonds	46.1	73.8	121.3	99.9	120.9	118.8	143.9	115.9	104.9	111.6	138.5	113.6
9 Mortgages	222.8	242.2	316.3	324.5	307.7	238.7	379.2	313.2	299.7	286.9	234.9	266.4
10 Home mortgages	136.7	156.8	218.7	234.9	229.1	170.7	300.7	231.0	214.0	205.2	186.1	191.9
11 Multifamily residential	25.2	29.8	33.5	24.4	18.9	24.2	14.7	19.5	17.3	27.2	8.1	21.3
12 Commercial	62.2	62.2	73.6	71.6	61.7	48.5	65.4	65.4	67.7	58.8	38.7	53.2
13 Farm	−1.2	−6.6	−9.5	−6.4	−2.1	−4.7	−1.6	−2.6	.7	−4.4	2.1	.0
14 Other debt instruments	231.9	171.3	155.8	89.7	147.0	130.1	152.4	128.1	177.3	164.5	193.9	126.5
15 Consumer credit	81.6	82.5	58.0	32.9	51.1	43.7	51.9	35.5	73.1	34.8	46.0	30.9
16 Bank loans n.e.c.	66.3	38.6	66.7	10.8	38.4	20.8	58.8	7.3	66.6	23.1	29.9	21.6
17 Open market paper	21.7	14.6	−9.3	2.3	11.6	2.4	6.8	17.1	20.0	44.1	44.9	20.4
18 Other	62.2	35.6	40.5	43.8	45.9	63.2	34.8	68.1	17.6	62.5	73.1	53.6
19 By borrowing sector	551.9	622.7	616.1	548.3	609.6	516.6	713.4	592.0	616.3	592.3	588.0	539.1
20 State and local governments	28.1	90.9	36.2	33.6	29.8	23.4	37.0	28.1	30.6	29.7	27.7	29.5
21 Households	231.5	284.6	289.2	271.9	287.9	230.2	346.7	291.6	283.3	263.1	227.1	254.8
22 Nonfinancial business	292.3	247.2	290.7	242.8	291.8	263.0	329.7	272.3	302.4	299.4	333.3	254.9
23 Farm	−.4	−14.5	−16.3	−10.6	−7.5	−12.7	−3.3	−2.2	−11.8	−2.2	.3	2.8
24 Nonfarm noncorporate	123.2	129.3	103.2	107.9	91.9	85.2	83.6	100.5	98.2	91.1	70.0	81.7
25 Corporate	169.6	132.4	203.7	145.5	207.5	190.5	249.4	174.0	216.0	210.6	263.0	170.4
26 Foreign net borrowing in United States	8.4	1.2	9.7	4.9	6.9	4.8	5.4	4.1	13.3	−1.1	−3.9	28.7
27 Bonds	3.8	3.8	3.1	7.4	6.9	14.2	2.6	5.9	5.1	3.2	11.1	9.1
28 Bank loans n.e.c.	−6.6	−2.8	−1.0	−3.6	−1.8	1.7	−3.3	.0	−5.7	4.9	1.7	.0
29 Open market paper	6.2	6.2	11.5	2.1	9.6	.7	6.5	10.3	21.0	12.1	−8.1	20.4
30 U.S. government loans	5.0	−6.0	−3.9	−1.0	−7.8	−11.8	−.4	−12.1	−7.1	−21.4	−8.6	−.9
31 **Total domestic plus foreign**	**759.1**	**847.5**	**840.9**	**698.1**	**773.9**	**733.0**	**832.6**	**758.5**	**771.7**	**791.1**	**655.0**	**716.8**
	Financial sectors											
32 **Total net borrowing by financial sectors**	**150.7**	**201.3**	**318.9**	**315.0**	**264.2**	**242.5**	**263.9**	**232.1**	**318.3**	**394.4**	**123.4**	**152.5**
By instrument												
33 U.S. government related	74.9	101.5	187.9	185.8	137.5	128.8	104.3	144.4	172.5	216.1	105.8	137.4
34 Sponsored credit agency securities	30.4	20.6	15.2	30.2	44.9	59.5	11.1	46.5	62.3	84.9	12.5	10.0
35 Mortgage pool securities	44.4	79.9	173.1	156.4	92.6	69.3	93.1	97.8	110.1	131.2	93.3	127.4
36 Loans from U.S. government	.0	1.1	−.4	−.8	.0	.0	.0	.0	.0	.0	.0	.0
37 Private financial sectors	75.9	99.7	131.0	129.2	126.7	113.7	159.6	87.7	145.8	178.3	17.6	15.1
38 Corporate bonds	34.3	50.9	82.9	78.9	51.7	60.0	71.1	32.5	43.0	52.7	31.4	26.4
39 Mortgages	.4	.1	.1	.4	.3	−.1	.1	−.1	1.2	.3	.0	.0
40 Bank loans n.e.c.	1.4	2.6	4.0	−3.3	1.4	5.9	5.7	−5.6	−.3	3.0	.3	4.1
41 Open market paper	24.0	32.0	24.2	28.8	53.6	38.5	70.5	35.1	70.4	53.2	2.8	28.2
42 Loans from Federal Home Loan Banks	15.7	14.2	19.8	24.4	19.7	9.4	12.3	25.8	31.4	69.1	−16.9	−43.7
By sector												
43 **Total**	**150.7**	**201.3**	**318.9**	**315.0**	**264.2**	**242.5**	**263.9**	**232.1**	**318.3**	**394.4**	**123.4**	**152.5**
44 Sponsored credit agencies	30.4	21.7	14.9	29.5	44.9	59.5	11.1	46.5	62.3	84.9	12.5	10.0
45 Mortgage pools	44.4	79.9	173.1	156.4	92.6	69.3	93.1	97.8	110.1	131.2	93.3	127.4
46 Private financial sectors	75.9	99.7	131.0	129.2	126.7	113.7	159.6	87.7	145.8	178.3	17.6	15.1
47 Commercial banks	7.3	−4.9	−3.6	7.1	−3.9	−16.7	−1.6	−.9	3.7	−13.4	−.9	7.5
48 Bank affiliates	16.1	16.6	15.2	14.3	5.2	−8.8	22.4	6.1	.8	6.4	6.5	6.7
49 Savings and loan associations	17.2	17.3	20.9	19.6	19.9	10.0	19.1	24.1	26.3	71.3	−16.2	−43.9
50 Mutual savings banks	1.2	1.5	4.2	8.1	1.9	2.3	1.1	.5	3.8	−2.8	−1.1	−2.9
51 Finance companies	24.0	57.2	54.5	40.3	67.0	78.4	85.4	40.7	63.6	78.4	32.8	43.2
52 REITs	.8	.5	1.0	.8	4.1	5.4	1.7	−5.9	15.0	−.9	−2.2	−1.4
53 SCO Issuers	9.3	11.5	39.0	39.1	32.5	43.0	31.5	23.1	32.5	39.3	−1.4	5.9

1.57—Continued

Transaction category, sector	1984	1985	1986	1987	1988	1988				1989		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	All sectors											
54 **Total net borrowing**	**909.8**	**1,048.8**	**1,159.8**	**1,013.2**	**1,038.1**	**975.5**	**1,096.5**	**990.6**	**1,089.9**	**1,185.4**	**778.4**	**869.3**
55 U.S. government securities	273.8	324.2	403.4	331.5	294.9	340.4	218.0	306.8	314.6	416.0	176.7	286.4
56 State and local obligations	51.0	135.4	22.7	34.1	34.0	29.1	37.9	34.8	34.3	29.3	20.6	32.6
57 Corporate and foreign bonds	84.3	128.4	207.3	186.3	179.5	193.0	217.6	154.3	153.0	167.5	181.1	149.2
58 Mortgages	223.1	242.2	316.4	324.9	308.0	238.6	379.3	313.1	300.8	287.2	234.9	266.4
59 Consumer credit	81.6	82.5	58.0	32.9	51.1	43.7	51.9	35.5	73.1	34.8	46.0	30.9
60 Bank loans n.e.c.	61.1	38.3	69.7	3.8	38.0	28.3	61.2	1.7	60.7	31.1	31.9	25.8
61 Open market paper	51.9	52.8	26.4	33.2	74.9	41.6	83.9	62.5	111.5	109.4	39.6	69.0
62 Other loans	82.9	45.0	56.1	66.5	57.8	60.8	46.8	81.8	42.0	110.2	47.5	9.1
63 MEMO: U.S. government, cash balance	6.3	14.4	.0	−7.9	10.4	47.6	1.2	10.6	−17.9	−22.5	43.7	−7.5
Totals net of changes in U.S. government cash balances												
64 Net borrowing by domestic nonfinancial	744.4	831.9	831.2	701.1	756.6	680.6	825.9	743.8	776.3	814.7	615.2	695.6
65 Net borrowing by U.S. government	192.5	209.3	215.0	152.8	147.1	164.0	112.5	151.8	160.0	222.4	27.2	156.4
	External corporate equity funds raised in United States											
66 **Total net share issues**	**−36.0**	**20.1**	**90.5**	**14.3**	**−117.9**	**−101.0**	**−133.7**	**−73.5**	**−163.5**	**−163.5**	**−48.7**	**−64.7**
67 Mutual funds	29.3	84.4	159.0	71.6	−.7	−9.5	−6.6	1.5	11.9	3.6	24.0	50.0
68 All other	−65.3	−64.3	−68.5	−57.3	−117.2	−91.5	−127.0	−75.0	−175.4	−167.1	−72.7	−114.6
69 Nonfinancial corporations	−74.5	−81.5	−80.8	−76.5	−130.5	−95.0	−140.0	−92.0	−195.0	−180.0	−105.0	−145.0
70 Financial corporations	8.2	13.5	11.1	21.4	12.4	2.4	19.0	14.6	13.5	9.4	17.1	17.1
71 Foreign shares purchased in United States	.9	3.7	1.2	−2.1	.9	1.1	−6.0	2.4	6.1	3.6	15.2	13.3

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	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1	1989 Q2	1989 Q3
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**750.7**	**846.3**	**831.1**	**693.2**	**767.0**	**728.2**	**827.2**	**754.4**	**758.3**	**792.2**	**658.9**	**688.1**
By public agencies and foreign												
2 Total net advances	157.6	202.0	314.0	262.8	237.6	278.6	185.5	196.9	289.3	348.7	26.7	267.4
3 U.S. government securities	38.9	45.9	69.4	70.1	85.0	153.2	43.3	24.1	119.6	97.6	-102.4	117.1
4 Residential mortgages	56.5	94.6	170.1	153.2	104.0	88.9	107.9	98.1	121.2	133.3	106.6	149.0
5 FHLB advances to thrifts	15.7	14.2	19.8	24.4	19.7	9.4	12.3	25.8	31.4	69.1	-16.9	-43.7
6 Other loans and securities	46.6	47.3	54.7	15.1	28.8	27.1	22.1	49.0	17.1	48.7	39.4	45.0
Total advanced, by sector												
7 U.S. government	17.1	17.8	9.7	-7.9	-4.9	-7.0	-7.6	4.3	-9.3	2.8	3.1	5.2
8 Sponsored credit agencies	74.3	103.5	187.2	183.4	129.6	114.3	105.7	130.1	168.5	221.4	15.6	165.6
9 Monetary authorities	8.4	18.4	19.4	24.7	10.5	2.7	5.0	15.5	18.9	5.2	-3.9	-30.7
10 Foreign	57.9	62.3	97.8	62.7	102.3	168.6	82.5	47.0	111.2	119.3	11.9	127.2
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	128.8	104.3	144.4	172.5	216.1	105.8	137.4
12 Foreign	8.4	1.2	9.7	4.9	6.9	4.8	5.4	4.1	13.3	-1.1	-3.9	28.7
Private domestic funds advanced												
13 Total net advances	676.3	747.0	714.8	621.1	673.8	583.2	751.3	705.9	654.8	658.4	734.1	586.8
14 U.S. government securities	234.9	278.2	333.9	261.4	209.9	187.2	174.7	282.8	195.0	318.4	279.1	169.3
15 State and local obligations	51.0	135.4	22.7	34.1	34.0	29.1	37.9	34.8	34.3	29.3	20.6	32.6
16 Corporate and foreign bonds	35.1	40.8	84.2	87.5	104.4	126.5	126.2	91.7	73.0	89.4	132.3	103.4
17 Residential mortgages	105.3	91.8	82.0	106.1	144.0	106.0	207.5	152.3	110.1	99.2	87.5	64.2
18 Other mortgages and loans	265.6	214.8	211.8	156.5	201.2	143.8	217.2	170.1	273.7	191.3	197.7	173.6
19 LESS: Federal Home Loan Bank advances	15.7	14.2	19.8	24.4	19.7	9.4	12.3	25.8	31.4	69.1	-16.9	-43.7
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	585.8	579.9	744.0	560.8	558.2	617.4	553.7	427.5	634.1	568.6	544.3	342.2
21 Commercial banking	169.2	186.0	197.5	136.8	155.3	87.9	194.5	118.4	220.5	120.6	158.6	132.9
22 Savings institutions	154.7	87.9	107.6	136.8	120.5	96.0	134.9	157.0	94.2	62.2	-73.1	-154.2
23 Insurance and pension funds	121.8	154.4	174.6	210.9	194.9	257.4	182.7	150.5	189.1	228.3	182.5	156.0
24 Other finance	140.1	151.6	264.2	76.3	87.4	176.1	41.6	1.7	130.3	157.6	276.2	207.4
25 Sources of funds	585.8	579.9	744.0	560.8	558.2	617.4	553.7	427.5	634.1	568.6	544.3	342.2
26 Private domestic deposits and RPs	322.6	214.3	262.6	144.1	219.2	305.5	102.0	191.9	277.4	166.5	213.4	282.7
27 Credit market borrowing	75.9	99.7	131.0	129.2	126.7	113.7	159.6	87.7	145.8	178.3	17.6	15.1
28 Other sources	187.3	265.9	350.4	287.5	212.3	198.2	292.1	147.9	210.9	223.8	313.3	44.3
29 Foreign funds	8.8	19.7	12.9	43.7	9.3	-60.6	94.5	-42.1	45.5	-28.4	-16.0	10.6
30 Treasury balances	4.0	10.3	1.7	-5.8	7.3	44.2	-16.3	5.6	-4.1	-21.6	26.6	-6.4
31 Insurance and pension reserves	124.0	131.9	149.3	176.1	186.8	190.1	184.0	109.8	263.3	133.0	151.5	88.7
32 Other, net	50.5	104.1	186.5	73.6	8.8	24.4	29.9	74.5	-93.8	140.8	151.2	-48.6
Private domestic nonfinancial investors												
33 Direct lending in credit markets	166.4	266.8	101.8	189.6	242.3	79.5	357.2	366.2	166.5	268.1	207.5	259.7
34 U.S. government securities	111.4	157.8	60.9	100.0	149.3	119.6	103.2	225.7	148.7	211.1	123.2	137.4
35 State and local obligations	27.1	37.7	-21.7	45.6	33.9	19.7	37.2	56.4	22.3	35.7	-11.4	22.6
36 Corporate and foreign bonds	-4.1	4.2	39.3	24.1	2.6	-39.6	61.4	-5.8	-5.7	-15.4	32.8	21.2
37 Open market paper	7.8	47.5	5.4	6.6	37.2	-14.5	98.6	77.4	-12.6	67.1	19.5	43.4
38 Other	24.2	19.6	17.9	13.3	19.3	-5.8	56.8	12.5	13.9	-30.3	43.4	35.1
39 Deposits and currency	326.1	224.6	283.0	160.2	221.8	313.5	110.0	215.7	248.2	211.2	231.1	273.2
40 Currency	8.6	12.4	14.4	19.0	14.7	10.7	13.8	29.3	5.1	19.3	12.6	11.4
41 Checkable deposits	30.2	41.9	95.0	-3.0	12.3	3.6	-30.5	-21.4	97.3	-54.5	-83.0	35.4
42 Small time and savings accounts	150.7	138.5	120.6	76.0	122.2	199.5	130.5	72.7	86.0	26.4	117.4	119.1
43 Money market fund shares	49.0	8.9	38.3	27.2	22.8	57.6	-21.0	-3.5	58.1	51.1	111.8	124.3
44 Large time deposits	82.9	7.4	-11.4	26.7	40.8	16.9	-3.5	137.0	12.7	111.9	39.8	-15.4
45 Security RPs	9.8	17.7	20.2	17.2	21.2	27.9	26.5	7.0	23.3	31.6	27.5	19.4
46 Deposits in foreign countries	-5.1	-2.1	5.9	-2.8	-12.1	-2.7	-5.9	-5.5	-34.4	25.5	5.1	-20.9
47 **Total of credit market instruments, deposits, and currency**	**492.5**	**491.4**	**384.8**	**349.8**	**464.2**	**393.0**	**467.2**	**581.9**	**414.7**	**479.4**	**438.6**	**532.9**
48 Public holdings as percent of total	20.8	23.8	37.3	37.6	30.7	38.0	22.3	26.0	37.5	44.1	4.1	37.3
49 Private financial intermediation (in percent)	86.6r	77.6	104.1	90.3	82.8	105.9	73.7	60.6	96.8	86.4	74.1	58.3
50 Total foreign funds	66.7	82.0	110.7	106.4	111.7	108.1	177.0	4.9	156.7	90.9	-4.1	137.8
MEMO: Corporate equities not included above												
51 **Total net issues**	**-36.0**	**20.1**	**90.5**	**14.3**	**-117.9**	**-101.0**	**-133.7**	**-73.5**	**-163.5**	**-163.5**	**-48.7**	**-64.7**
52 Mutual fund shares	29.3	84.4	159.0	71.6	-.7	-9.5	-6.6	1.5	11.9	3.6	24.0	50.0
53 Other equities	-65.3	-64.3	-68.5	-57.3	-117.2	-91.5	-127.0	-75.0	-175.4	-167.1	-72.7	-114.6
54 *Acquisitions by financial institutions*	15.8	45.6	53.7	21.4	5.4	-34.4	.2	25.5	30.1	-6.5	-6.5	3.8
55 Other net purchases	-51.8	-25.5	36.8	-7.1	-123.3	-66.5	-133.9	-99.1	-193.6	-157.0	-42.2	-68.4

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	1984	1985	1986	1987	1988				1989		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**5,951.8**	**6,795.1**	**7,631.2**	**8,335.0**	**8,477.0**	**8,686.9**	**8,875.4**	**9,105.6**	**9,258.7**	**9,428.4**	**9,604.5**
By sector and instrument											
2 U.S. government	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	2,204.3
3 Treasury securities	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	2,180.7
4 Agency issues and mortgages	3.4	3.3	3.6	5.2	5.0	7.0	12.2	22.6	22.3	23.6	23.5
5 Private domestic nonfinancial sectors	4,575.1	5,194.7	5,815.8	6,374.7	6,473.8	6,664.7	6,811.5	6,987.8	7,103.0	7,262.7	7,400.2
6 Debt capital instruments	3,038.0	3,485.5	3,957.5	4,428.0	4,511.0	4,652.6	4,782.0	4,902.1	4,979.2	5,078.3	5,187.8
7 Tax-exempt obligations	520.0	655.5	679.1	713.2	718.1	727.2	746.1	759.8	764.7	769.3	780.3
8 Corporate bonds	469.2	542.9	664.2	764.1	793.8	829.8	858.8	885.0	912.9	947.5	975.9
9 Mortgages	2,048.8	2,287.1	2,614.2	2,950.7	2,999.1	3,095.7	3,177.2	3,257.3	3,301.6	3,361.6	3,431.6
10 Home mortgages	1,336.2	1,490.2	1,720.8	1,943.1	1,978.0	2,055.3	2,118.0	2,174.2	2,214.8	2,263.4	2,316.7
11 Multifamily residential	183.6	213.0	246.2	270.0	273.0	276.6	281.0	286.8	292.6	294.4	299.3
12 Commercial	416.5	478.1	551.4	648.7	660.2	676.0	691.1	709.6	708.2	717.0	728.9
13 Farm	112.4	105.9	95.8	88.9	88.0	87.8	87.0	86.8	86.0	86.7	86.6
14 Other debt instruments	1,537.1	1,709.3	1,858.4	1,946.7	1,962.8	2,012.0	2,029.4	2,085.7	2,123.8	2,184.3	2,212.4
15 Consumer credit	519.3	601.8	659.8	692.7	688.9	705.8	721.2	743.7	745.0	761.0	775.3
16 Bank loans n.e.c.	553.1	592.7	656.1	664.3	668.3	687.2	687.7	702.6	717.6	729.8	734.5
17 Open market paper	58.5	72.2	62.9	73.8	73.5	77.8	80.3	85.4	96.1	110.1	113.1
18 Other	406.2	442.6	479.6	516.0	532.1	541.2	540.2	554.0	565.1	583.5	589.5
19 By borrowing sector	4,575.1	5,194.7	5,815.8	6,374.7	6,473.8	6,664.7	6,811.5	6,987.8	7,103.0	7,262.7	7,400.2
20 State and local governments	383.0	473.9	510.1	543.7	547.1	556.0	565.7	573.5	578.5	584.8	595.1
21 Households	2,018.2	2,295.5	2,591.8	2,864.5	2,900.7	2,990.2	3,068.3	3,152.0	3,205.6	3,265.5	3,336.1
22 Nonfinancial business	2,173.9	2,425.4	2,714.0	2,966.5	3,026.0	3,118.5	3,177.5	3,262.4	3,319.0	3,412.3	3,469.0
23 Farm	187.9	173.4	156.6	145.5	141.3	143.9	143.6	137.6	135.9	139.5	140.7
24 Nonfarm noncorporate	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	1,245.9	1,261.6
25 Corporate	1,216.9	1,353.6	1,555.8	1,711.6	1,753.0	1,822.7	1,861.3	1,919.5	1,954.0	2,027.0	2,066.6
26 Foreign credit market debt held in United States	233.6	234.7	236.4	242.9	244.6	245.9	246.1	249.6	249.9	249.0	255.3
27 Bonds	68.0	71.8	74.9	82.3	86.1	86.0	87.4	89.2	90.5	92.2	94.5
28 Bank loans n.e.c.	30.8	27.9	26.9	23.3	22.8	22.4	22.7	21.5	21.6	22.7	22.9
29 Open market paper	27.7	33.9	37.4	41.2	42.5	44.0	46.3	50.9	54.9	52.7	57.5
30 U.S. government loans	107.1	101.1	97.1	96.1	93.1	93.5	89.8	88.1	83.0	81.4	80.4
31 **Total domestic plus foreign**	**6,185.4**	**7,029.9**	**7,867.6**	**8,578.0**	**8,721.6**	**8,932.8**	**9,121.5**	**9,355.3**	**9,508.7**	**9,677.4**	**9,859.7**
	Financial sectors										
32 **Total credit market debt owed by financial sectors**	**1,010.2**	**1,213.2**	**1,563.6**	**1,885.5**	**1,926.0**	**2,000.5**	**2,058.2**	**2,149.7**	**2,258.7**	**2,298.9**	**2,336.7**
By instrument											
33 U.S. government related	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	1,273.8
34 Sponsored credit agency securities	237.2	257.8	273.0	303.2	313.5	317.9	328.5	348.1	364.3	369.0	370.4
35 Mortgage pool securities	289.0	368.9	565.4	718.3	732.1	754.0	782.8	810.9	839.7	861.8	898.4
36 Loans from U.S. government	5.0	6.1	5.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
37 Private financial sectors	479.0	580.5	719.5	859.0	875.4	923.6	941.9	985.7	1,049.7	1,063.1	1,062.9
38 Corporate bonds	153.0	204.5	287.4	366.3	380.5	397.9	406.4	418.0	458.2	465.8	472.8
39 Mortgages	2.5	2.7	2.7	3.1	3.1	3.1	3.1	3.4	3.5	3.5	3.5
40 Bank loans n.e.c.	29.5	32.1	36.1	32.8	31.7	34.3	32.9	34.2	32.2	33.8	34.7
41 Open market paper	219.5	252.4	284.6	323.8	330.6	353.4	358.0	377.4	392.0	398.3	400.9
42 Loans from Federal Home Loan Banks	74.6	88.8	108.6	133.1	129.5	134.8	141.6	152.8	163.8	161.9	151.1
43 **Total, by sector**	**1,010.2**	**1,213.2**	**1,563.6**	**1,885.5**	**1,926.0**	**2,000.5**	**2,058.2**	**2,149.7**	**2,258.7**	**2,298.9**	**2,336.7**
44 Sponsored credit agencies	242.2	263.9	278.7	308.2	318.5	322.9	333.5	353.1	369.3	374.0	375.4
45 Mortgage pools	289.0	368.9	565.4	718.3	732.1	754.0	782.8	810.9	839.7	861.8	898.4
46 Private financial sectors	479.0	580.5	719.5	859.0	875.4	923.6	941.9	985.7	1,049.7	1,063.1	1,062.9
47 Commercial banks	84.1	79.2	75.6	82.7	76.4	77.2	76.6	78.8	73.3	74.5	75.8
48 Bank affiliates	89.5	106.2	116.8	131.1	131.0	136.3	136.3	136.2	140.0	141.2	141.5
49 Savings and loan associations	81.6	98.9	119.8	139.4	135.3	141.9	148.1	159.3	170.1	167.9	156.8
50 Mutual savings banks	2.9	4.4	8.6	16.7	17.1	17.6	18.1	18.6	17.8	17.7	17.6
51 Finance companies	203.0	261.2	328.1	378.8	393.0	419.8	427.7	445.8	463.8	478.0	486.3
52 REITs	4.3	5.6	6.5	7.3	8.7	9.1	7.6	11.4	11.1	10.6	10.3
53 SCO issuers	13.5	25.0	64.0	103.1	113.9	121.8	127.5	135.7	173.5	173.1	174.6
	All sectors										
54 **Total credit market debt**	**7,195.7**	**8,243.1**	**9,431.2**	**10,463.4**	**10,647.5**	**10,933.4**	**11,179.7**	**11,504.9**	**11,767.4**	**11,976.3**	**12,196.4**
55 U.S. government securities	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	3,473.1
56 State and local obligations	520.0	655.5	679.1	713.2	718.1	727.2	746.1	759.8	764.7	769.3	780.3
57 Corporate and foreign bonds	690.1	819.2	1,026.4	1,212.7	1,260.4	1,313.7	1,352.5	1,392.2	1,461.6	1,505.5	1,543.2
58 Mortgages	2,051.4	2,289.8	2,617.0	2,953.8	3,002.2	3,098.8	3,180.3	3,260.7	3,305.1	3,365.0	3,435.1
59 Consumer credit	519.3	601.8	659.8	692.7	688.9	705.8	721.2	743.7	745.0	761.0	775.3
60 Bank loans n.e.c.	613.4	652.7	719.1	720.3	722.7	744.0	743.3	758.3	771.4	786.2	792.0
61 Open market paper	305.7	358.5	384.9	438.8	446.7	475.3	484.6	513.6	543.1	561.1	571.4
62 Other loans	592.9	638.6	691.1	750.2	759.7	774.5	776.6	799.8	816.8	831.7	826.0

1.60 SUMMARY OF CREDIT MARKET CLAIMS, BY HOLDER

Billions of dollars, except as noted; period-end levels.

Transaction category, or sector	1984	1985	1986	1987	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1	1989 Q2	1989 Q3
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**5,951.8**	**6,795.1**	**7,631.2**	**8,335.0**	**8,477.0**	**8,686.9**	**8,875.4**	**9,105.6**	**9,258.7**	**9,428.4**	**9,604.5**
By public agencies and foreign											
2 Total held	1,257.7	1,460.5	1,794.7	2,044.9	2,099.4	2,151.3	2,191.8	2,266.4	2,332.1	2,345.1	2,414.3
3 U.S. government securities	377.9	423.8	493.2	563.3	595.7	610.1	613.3	648.3	666.2	644.6	670.7
4 Residential mortgages	423.5	518.2	712.3	862.0	880.6	906.1	934.9	966.0	995.3	1,020.5	1,062.6
5 FHLB advances to thrifts	74.6	88.8	108.6	133.1	129.5	134.8	141.6	152.8	163.8	161.9	151.1
6 Other loans and securities	381.6	429.7	480.5	486.6	493.6	500.3	502.1	499.3	506.9	518.1	529.8
7 Total held, by type of lender	1,257.7	1,460.5	1,794.7	2,044.9	2,099.4	2,151.3	2,191.8	2,266.4	2,332.1	2,345.1	2,414.3
8 U.S. government	228.2	246.7	253.3	238.0	237.1	235.8	226.3	216.9	213.9	215.2	216.9
9 Sponsored credit agencies and mortgage pools	556.3	659.8	869.8	1,048.9	1,068.0	1,095.6	1,132.9	1,178.6	1,223.5	1,228.9	1,275.3
10 Monetary authority	167.6	186.0	205.5	230.1	224.9	229.7	230.8	240.6	235.4	238.4	227.6
11 Foreign	305.6	367.9	466.1	527.9	569.5	590.2	601.9	630.3	659.3	662.6	694.5
Agency and foreign debt not in line 1											
12 Sponsored credit agencies and mortgage pools	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	1,273.8
13 Foreign	233.6	234.7	236.4	242.9	244.6	245.9	246.1	249.6	249.9	249.0	255.3
Private domestic holdings											
14 Total private holdings	5,458.9	6,202.1	6,917.1	7,559.5	7,672.7	7,858.4	8,045.9	8,252.8	8,385.5	8,568.1	8,719.2
15 U.S. government securities	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	2,751.9	2,802.3
16 State and local obligations	520.0	655.5	679.1	713.2	718.1	727.2	746.1	759.8	764.7	769.3	780.3
17 Corporate and foreign bonds	476.8	517.6	601.3	689.6	722.2	752.9	775.7	794.0	817.6	849.3	875.1
18 Residential mortgages	1,096.5	1,185.1	1,254.7	1,351.1	1,370.4	1,425.9	1,464.1	1,494.9	1,512.2	1,537.3	1,553.5
19 Other mortgages and loans	1,915.3	2,129.7	2,330.0	2,520.1	2,538.5	2,603.3	2,639.6	2,728.4	2,761.3	2,822.2	2,859.1
20 LESS: Federal Home Loan Bank advances	74.6	88.8	108.6	133.1	129.5	134.8	141.6	152.8	163.8	161.9	151.1
Private financial intermediation											
21 Credit market claims held by private financial institutions	4,699.6	5,283.1	6,025.7	6,604.6	6,732.0	6,891.0	7,003.5	7,168.1	7,298.7	7,458.7	7,543.1
22 Commercial banking	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	2,538.2	2,580.2
23 Savings institutions	1,100.7	1,191.2	1,297.9	1,445.5	1,453.6	1,495.9	1,538.8	1,571.3	1,566.7	1,557.3	1,522.8
24 Insurance and pension funds	1,215.3	1,369.7	1,544.3	1,755.2	1,810.6	1,859.0	1,899.1	1,950.2	1,996.7	2,046.5	2,083.7
25 Other finance	591.7	743.4	1,007.1	1,090.7	1,140.7	1,153.5	1,144.0	1,178.1	1,244.4	1,316.7	1,356.5
26 Sources of funds	4,699.6	5,283.1	6,025.7	6,604.6	6,732.0	6,891.0	7,003.5	7,168.1	7,298.7	7,458.7	7,543.1
27 Private domestic deposits and RPs	2,715.6	2,930.0	3,188.4	3,324.8	3,404.2	3,432.6	3,474.2	3,554.2	3,587.8	3,644.5	3,710.6
28 Credit market debt	479.0	580.5	719.5	859.0	875.4	923.6	941.9	985.7	1,049.7	1,063.1	1,062.9
29 Other sources	1,504.9	1,772.7	2,117.9	2,420.8	2,452.4	2,534.8	2,587.4	2,628.1	2,661.1	2,751.0	2,769.6
30 Foreign funds	−14.1	5.6	18.6	62.2	45.9	62.3	51.9	71.6	61.9	51.0	53.7
31 Treasury balances	15.5	25.8	27.5	21.6	23.5	32.6	34.2	29.0	13.5	34.4	32.4
32 Insurance and pension reserves	1,160.8	1,289.4	1,427.9	1,597.2	1,647.9	1,693.8	1,729.2	1,771.2	1,802.6	1,833.7	1,853.9
33 Other, net	342.6	451.8	643.9	739.6	735.2	746.1	772.1	756.4	783.0	831.9	829.6
Private domestic nonfinancial investors											
34 Credit market claims	1,238.4	1,499.5	1,610.8	1,813.9	1,816.1	1,891.0	1,984.4	2,070.5	2,136.6	2,172.6	2,239.0
35 U.S. government securities	659.5	814.7	899.1	992.0	1,005.2	1,022.1	1,086.1	1,143.5	1,175.0	1,196.3	1,239.6
36 Tax-exempt obligations	194.2	231.9	211.2	256.8	257.6	270.1	289.0	303.7	307.2	308.2	312.4
37 Corporate and foreign bonds	33.1	38.0	77.8	102.2	97.7	105.7	107.1	100.8	137.0	136.4	150.0
38 Open market paper	83.5	131.0	136.4	160.7	151.9	179.9	188.7	201.0	213.0	221.7	221.4
39 Other	268.0	283.8	286.2	302.3	303.7	313.3	313.6	321.5	304.3	309.9	315.5
40 Deposits and currency	2,895.8	3,120.4	3,399.2	3,553.9	3,628.0	3,662.4	3,704.4	3,785.9	3,822.8	3,887.9	3,945.9
41 Currency	159.6	171.9	186.3	205.4	204.0	209.9	213.4	220.1	220.7	226.4	225.0
42 Checkable deposits	380.6	422.5	517.4	514.0	495.4	510.3	496.1	525.4	492.8	496.4	497.3
43 Small time and savings accounts	1,693.4	1,831.9	1,948.3	2,017.1	2,084.9	2,110.9	2,131.1	2,150.4	2,164.7	2,186.7	2,219.0
44 Money market fund shares	218.5	227.3	265.6	292.8	318.4	306.1	303.6	315.6	340.3	359.9	389.2
45 Large time deposits	332.5	339.9	328.5	355.2	353.7	349.1	384.7	396.0	415.9	423.1	421.2
46 Security RPs	90.6	108.3	128.5	145.7	151.9	156.2	158.6	166.9	174.1	178.4	183.9
47 Deposits in foreign countries	20.6	18.5	24.5	23.7	19.9	19.9	16.8	11.6	14.3	17.0	10.3
48 **Total of credit market instruments, deposits, and currency**	**4,134.2**	**4,619.9**	**5,010.0**	**5,367.8**	**5,444.2**	**5,553.5**	**5,688.8**	**5,856.4**	**5,959.4**	**6,060.4**	**6,184.9**
49 Public holdings as percent of total	20.3	20.8	22.8	23.8	24.1	24.1	24.0	24.2	24.5	24.2	24.5
50 Private financial intermediation (in percent)	86.1	85.2	87.1	87.4	87.7	87.7	87.0	86.9	87.0	87.1	86.5
51 Total foreign funds	291.5	373.5	484.7	590.2	615.3	652.5	653.8	701.9	721.2	713.6	748.1
MEMO: *Corporate equities not included above*											
52 **Total market value**	**2,157.9**	**2,823.9**	**3,360.6**	**3,325.0**	**3,504.0**	**3,622.7**	**3,577.6**	**3,620.3**	**3,731.6**	**4,072.3**	**4,296.0**
53 Mutual fund shares	136.7	240.2	413.5	460.1	479.2	486.8	478.1	478.3	486.3	514.8	538.5
54 Other equities	2,021.2	2,583.7	2,947.1	2,864.9	3,024.8	3,136.0	3,099.5	3,142.0	3,245.3	3,557.5	3,757.5
55 Holdings by financial institutions	615.6	800.0	972.1	1,013.8	1,112.6	1,170.0	1,167.1	1,200.4	1,277.7	1,395.7	1,523.6
56 Other holdings	1,542.3	2,023.9	2,388.4	2,311.2	2,391.3	2,452.8	2,410.5	2,419.9	2,453.9	2,676.6	2,772.4

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								
				Mar.	Apr.	May	June	July	Aug.r	Sept.r	Oct.r	Nov.
1 **Industrial production**	**125.1**	**129.8**	**137.2**	**140.7**	**141.7**	**141.6**	**142.0**	**141.9**	**142.5**	**142.1**	**141.3**	**141.5**
Market groupings												
2 Products, total	133.3	138.3	145.9	150.5	151.6	151.7	152.5	151.8	152.5	152.1	150.9	151.5
3 Final, total	132.5	136.8	144.3	148.9	150.2	150.4	151.2	150.2	151.1	150.5	148.8	149.4
4 Consumer goods	124.0	127.7	133.9	138.4	139.5	139.2	139.9	138.7	139.3	138.9	139.5	139.2
5 Equipment	143.6	148.8	158.2	162.8	164.3	165.4	166.1	165.5	166.8	165.9	161.1	163.1
6 Intermediate	136.2	143.3	151.5	156.1	156.5	156.3	157.0	157.5	157.5	157.7	158.4	158.5
7 Materials	113.8	118.3	125.3	127.3	128.2	127.9	127.7	128.3	128.8	128.5	128.2	128.0
Industry groupings												
8 Manufacturing	129.1	134.6	142.8	147.0	148.0	148.1	148.7	148.5	149.2	148.7	147.5	147.8
Capacity utilization (percent)[2]												
9 Manufacturing	79.7	81.1	83.5	84.1	84.5	84.3	84.4	84.0	84.2	83.7	82.8	82.7
10 Industrial materials industries	78.6	80.5	83.7	83.7	84.2	83.8	83.6	83.7	83.9	83.5	83.2	82.9
11 Construction contracts (1982 = 100)[3]	158.3	163.8	160.8	150.0	163.0	159.0	157.0	163.0	160.0	175.0	165.0	160.0
12 Nonagricultural employment, total[4]	120.7	124.1	128.6	130.8	131.1	131.3	131.7	131.9	132.0	132.3	132.4	132.7
13 Goods-producing, total	100.9	101.8	105.0	105.4	105.5	105.5	105.4	105.4	105.5	105.2	105.2	105.2
14 Manufacturing, total	96.4r	96.9r	99.3r	100.0	99.9	99.9	99.8	99.8	99.8	99.4	99.3	99.1
15 Manufacturing, production- worker	91.3r	92.1r	94.5r	95.1	95.0	95.0	94.8	94.8	94.8	94.2	94.1	94.0
16 Service-producing	129.0	133.4	138.5	141.5	141.8	142.2	142.7	143.0	143.1	143.6	143.8	144.2
17 Personal income, total	219.4	235.0	252.8r	271.3	272.9	273.5	274.8	276.4r	277.3	277.9	280.1	282.5
18 Wages and salary disbursements	210.8	226.3	244.4	259.5	261.7	262.0	263.8	266.1	266.7	268.5	271.4	271.6
19 Manufacturing	177.4	183.8	196.5	207.5	205.7	205.8	207.0	207.5	208.8	208.8	211.1	209.3
20 Disposable personal income[5]	218.5	232.4	252.1	270.3	269.6	271.7	273.8	275.4	276.1	276.5	278.6	281.1
21 Retail sales[6]	199.3	210.8	225.1	232.4	235.5	237.4	237.3	239.1	241.3	242.0	238.8	240.8
Prices[7]												
22 Consumer (1982–84 = 100)	109.6	113.6	118.3	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9
23 Producer finished goods (1982 = 100)	103.2	105.4	108.0	112.1	113.0	114.2	114.3	114.1r	113.3	113.5	114.8	114.8

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							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**182,822**	**185,010**	**186,837**	**188,228**	**188,377**	**188,518**	**188,672**	**188,808**	**188,948**	**189,096**	**189,238**
2 Labor force (including Armed Forces)[1]	120,078	122,122	123,893	125,863	125,806	126,291	126,145	126,228	126,262	126,330	126,736
3 Civilian labor force	117,834	119,865	121,669	123,659	123,610	124,102	123,956	124,018	124,040	124,105	124,515
Employment											
4 Nonagricultural industries[2]	106,434	109,232	111,800	114,009	114,102	114,445	114,240	114,290	114,199	114,327	114,644
5 Agriculture	3,163	3,208	3,169	3,104	3,112	3,096	3,219	3,307	3,257	3,217	3,141
Unemployment											
6 Number	8,237	7,425	6,701	6,546	6,395	6,561	6,497	6,421	6,584	6,561	6,729
7 Rate (percent of civilian labor force)	7.0	6.2	5.5	5.3	5.2	5.3	5.2	5.2	5.3	5.3	5.4
8 Not in labor force	62,744	62,888	62,944	62,365	62,571	62,227	62,527	62,580	62,686	62,766	62,502
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**99,525**	**102,310**	**106,039**	**108,101**	**108,310**	**108,607**	**108,767**	**108,887**	**109,096**[r]	**109,189**[r]	**109,399**
10 Manufacturing	18,965	19,065	19,536	19,672	19,667	19,650	19,649	19,644	19,559[r]	19,543	19,516
11 Mining	777	721	733	720	722	715	706	729	730	731[r]	738
12 Contract construction	4,816	4,998	5,294	5,279	5,283	5,283	5,314	5,321	5,325[r]	5,333[r]	5,350
13 Transportation and public utilities	5,255	5,385	5,584	5,682	5,700	5,716	5,736	5,618	5,709[r]	5,733[r]	5,744
14 Trade	23,683	24,381	25,362	25,695	25,750	25,781	25,823	25,877	25,896[r]	25,952[r]	26,003
15 Finance	6,283	6,549	6,679	6,776	6,790	6,808	6,815	6,836	6,852[r]	6,849[r]	6,864
16 Service	23,053	24,196	25,464	26,651	26,711	26,931	26,973	27,058	27,159[r]	27,195[r]	27,320
17 Government	16,693	17,015	17,387	17,626	17,687	17,723	17,751	17,804	17,866[r]	17,853[r]	17,864

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	Q3[r]	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]
	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	102.6	125.7	125.1	124.7	124.3	82.9	81.3	81.8	82.5
3 Utilities	114.3	116.0	115.7	113.9	140.7	141.0	141.4	141.7	81.3	82.3	81.8	80.4
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	128.9	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	161.1	189.5	191.0	192.6	194.2	82.7	83.0	83.5	83.0
7 **Materials**	**128.0**	**127.6**	**127.9**	**128.5**	**150.8**	**151.7**	**152.6**	**153.5**	**84.9**	**84.1**	**83.9**	**83.7**
8 Durable goods	139.2	138.6	139.0	140.4	169.0	170.1	171.3	172.5	82.4	81.5	81.1	81.4
9 Metal materials	92.3	90.9	88.2	89.6	102.6	103.1	103.7	104.3	70.0	88.2	85.1	85.8
10 Nondurable goods	135.4	136.3	137.1	137.9	151.2	152.7	154.2	155.8	89.5	89.3	88.9	88.5
11 Textile, paper, and chemical	138.1	139.2	139.8	141.1	151.8	153.5	155.3	157.0	91.0	90.7	90.0	89.9
12 Paper	148.6	148.4	146.1	149.9	152.3	154.0	155.8	157.6	97.6	96.4	93.8	95.1
13 Chemical	144.1	145.4	145.7	146.5	159.3	161.4	163.7	165.9	90.5	90.1	89.0	88.3
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

	Previous cycle[2]		Latest cycle[3]		1988	1989							
	High	Low	High	Low	Nov.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.[r]	Nov.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.6**	**72.1**	**86.9**	**69.5**	**84.1**	**83.8**	**84.2**	**84.0**	**84.0**	**83.7**	**83.9**	**83.4**	**82.8**	**82.7**
16 Mining	92.8	87.8	95.2	76.9	83.3	81.2	82.0	81.8	81.5	82.1	82.4	83.1	83.5	83.8
17 Utilities	95.6	82.9	88.5	78.0	80.8	83.3	82.9	81.8	80.8	80.5	80.0	80.6	81.1	80.9
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**84.4**	**84.1**	**84.5**	**84.3**	**84.4**	**84.0**	**84.2**	**83.7**	**82.8**	**82.7**
19 Primary processing	91.9	68.3	89.1	65.0	88.1	86.4	86.8	86.2	86.2	86.7	86.6	86.0	85.8	85.5
20 Advanced processing	86.0	71.1	85.1	69.5	82.6	83.0	83.5	83.4	83.5	82.9	83.2	82.8	81.4	81.4
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.5**	**85.1**	**83.7**	**84.2**	**83.8**	**83.6**	**83.7**	**83.9**	**83.5**	**83.2**	**82.9**
22 Durable goods	91.8	64.4	89.8	60.9	82.7	80.9	81.3	81.0	81.1	81.3	81.7	81.2	80.1	79.7
23 Metal materials	99.2	67.1	93.6	45.7	90.4	85.6	87.1	84.1	84.0	85.6	86.5	85.3	84.5	82.1
24 Nondurable goods	91.1	66.7	88.1	70.7	89.4	88.8	89.2	88.7	88.7	89.2	88.8	87.5	88.3	87.9
25 Textile, paper, and chemical	92.8	64.8	89.4	68.8	90.9	90.2	90.7	89.6	89.8	90.6	90.1	88.8	89.6	89.0
26 Paper	98.4	70.6	97.3	79.9	96.7	95.3	94.5	93.2	93.7	95.0	95.1	95.2	95.4	......
27 Chemical	92.5	64.4	87.9	63.5	90.5	89.7	90.1	88.4	88.5	89.5	88.6	86.7	87.9	......
28 Energy materials	94.6	86.9	94.0	82.3	86.2	85.4	86.0	85.5	83.8	83.9	84.3	85.1	85.5	85.3

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 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June	1989 July	1989 Aug.[r]	1989 Sept.[r]	1989 Oct.[p]	1989 Nov.[r]
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**137.2**	**139.9**	**140.4**	**140.8**	**140.5**	**140.7**	**141.7**	**141.6**	**142.0**	**141.9**	**142.5**	**142.1**	**141.3**	**141.5**
2 Products	57.72	145.9	148.4	149.4	150.1	150.0	150.5	151.6	151.7	152.5	151.8	152.5	152.1	150.9	151.5
3 Final products	44.77	144.3	146.8	147.7	148.2	148.6	148.9	150.2	150.4	151.2	150.2	151.1	150.5	148.8	149.4
4 *Consumer goods*	25.52	133.9	136.8	138.2	138.5	138.7	138.4	139.5	139.2	139.9	138.7	139.3	138.9	139.5	139.2
5 Equipment	19.25	158.2	159.9	160.4	161.1	161.6	162.8	164.3	165.4	166.1	165.5	166.8	165.9	161.1	163.1
6 Intermediate products	12.94	151.5	154.2	155.0	156.6	155.1	156.1	156.5	156.3	157.0	157.5	157.5	157.7	158.4	158.5
7 Materials	42.28	125.3	128.3	128.3	128.1	127.4	127.3	128.2	127.9	127.7	128.3	128.8	128.5	128.2	128.0
Consumer goods															
8 Durable consumer goods	6.89	125.4	129.2	131.9	131.5	131.6	130.1	132.2	131.2	130.8	127.3	128.7	127.7	126.4	125.7
9 Automotive products	2.98	125.1	129.5	134.5	132.5	131.6	128.9	131.7	128.6	125.6	120.2	122.3	120.5	118.3	118.3
10 Autos and trucks	1.79	123.0	129.5	138.0	135.6	133.1	128.3	131.7	127.4	123.3	114.6	119.3	117.1	113.2	113.4
11 Autos, consumer	1.16	93.7	101.0	105.1	99.6	96.0	95.0	98.8	96.0	91.4	81.2	86.4	92.7	91.6	84.3
12 Trucks, consumer	.63	177.4	182.4	199.1	202.3	201.9	190.0	192.8	185.5	182.5	176.7	180.5	162.4	153.3	167.3
13 Auto parts and allied goods	1.19	128.3	129.5	129.3	127.9	129.4	129.8	131.7	130.4	129.1	128.7	126.7	125.7	126.0	125.8
14 Home goods	3.91	125.6	128.9	130.0	130.7	131.6	131.1	132.6	133.3	134.8	132.7	133.5	133.1	132.5	131.4
15 Appliances, A/C and TV	1.24	144.1	150.4	151.0	151.0	153.9	151.6	151.7	151.3	155.6	148.1	152.1	151.8	151.0	147.0
16 Appliances and TV	1.19	143.5	148.9	150.0	149.5	153.0	152.3	152.5	151.4	155.0	147.0	149.4	148.3	146.6	....
17 Carpeting and furniture	.96	136.2	139.8	140.5	141.1	141.3	140.7	142.8	144.3	143.1	141.3	139.8	140.0	140.8	....
18 Miscellaneous home goods	1.71	106.3	107.3	108.9	110.1	110.1	110.9	113.0	114.1	115.0	116.8	116.6	115.8	114.5	....
19 Nondurable consumer goods	18.63	137.0	139.7	140.5	141.1	141.4	141.4	142.2	142.1	143.3	142.8	143.2	143.1	144.3	144.2
20 Consumer staples	15.29	144.8	147.9	148.9	149.4	149.7	149.9	150.7	150.7	151.9	151.4	152.0	151.8	153.4	153.3
21 Consumer foods and tobacco	7.80	141.0	143.7	144.5	144.8	144.3	143.3	144.7	144.7	145.7	144.2	145.6	146.0	147.2	....
22 Nonfood staples	7.49	148.9	152.2	153.6	154.2	155.4	156.9	156.9	156.9	158.4	158.9	158.7	157.9	159.8	160.2
23 Consumer chemical products	2.75	179.8	185.7	186.8	187.6	187.8	188.9	187.3	189.1	191.0	193.1	192.5	188.8	192.0	....
24 Consumer paper products	1.88	163.3	167.8	169.0	174.2	177.0	180.4	180.9	180.9	183.6	183.0	184.7	185.4	186.5	....
25 Consumer energy	2.86	109.8	109.8	111.6	109.1	110.1	110.7	112.0	110.1	110.7	110.4	109.2	110.3	111.4	110.3
26 Consumer fuel	1.44	95.4	94.1	96.3	96.7	95.0	95.6	97.3	93.6	95.6	97.0	96.0	95.7	96.9	....
27 Residential utilities	1.42	124.5	125.8	127.1	121.7	125.4	126.1	127.0	127.0	126.1	124.0	122.7	125.1	....	....
Equipment															
28 Business and defense equipment	18.01	163.3	165.5	166.2	167.1	167.9	168.9	170.3	171.5	172.0	171.3	172.5	171.5	166.5	168.5
29 Business equipment	14.34	157.6	161.2	162.6	163.8	165.0	166.3	167.8	169.1	169.6	168.5	169.9	168.7	164.1	166.2
30 Construction, mining, and farm	2.08	71.9	74.5	74.6	74.3	75.6	76.9	77.6	76.3	74.8	73.0	72.1	74.5	74.5	75.2
31 Manufacturing	3.27	131.3	136.2	137.0	136.3	137.8	138.6	139.7	140.9	142.8	143.8	143.5	141.9	141.6	142.3
32 Power	1.27	89.4	92.1	91.8	92.8	92.7	93.0	93.6	93.3	92.5	92.8	94.2	93.6	95.1	95.7
33 Commercial	5.22	245.0	247.0	248.9	252.4	254.3	257.6	260.1	263.2	264.5	263.8	265.6	263.7	257.9	262.0
34 Transit	2.49	115.4	122.3	124.9	125.7	125.2	123.9	124.8	125.3	124.8	120.1	124.4	122.2	107.5	109.3
35 Defense and space equipment	3.67	185.9	182.2	180.5	180.0	179.3	178.7	179.9	180.7	181.1	182.0	182.7	182.1	175.7	177.1
Intermediate products															
36 Construction supplies	5.95	138.6	140.7	141.4	142.3	139.5	139.3	140.2	140.2	141.2	142.2	141.5	140.7	141.4	142.0
37 Business supplies	6.99	162.4	165.7	166.7	168.8	168.4	170.4	170.4	170.0	170.4	170.6	171.2	172.2	172.9	....
38 General business supplies	5.67	168.5	172.9	173.8	175.9	175.4	177.4	177.9	177.3	177.9	177.8	178.8	180.0	180.4	....
39 Commercial energy products	1.31	136.3	134.3	135.8	138.2	138.3	140.3	138.0	138.2	138.4	139.6	138.1	138.5	140.4	....
Materials															
40 Durable goods materials	20.50	135.5	139.8	139.0	139.4	138.6	137.9	139.0	138.7	139.4	139.9	140.9	140.4	138.8	138.5
41 Durable consumer parts	4.92	109.0	113.9	112.5	111.7	112.1	110.7	110.8	111.8	111.6	109.9	111.9	110.8	108.0	106.9
42 *Equipment parts*	5.94	171.6	175.0	174.1	175.2	175.2	175.3	176.9	177.1	177.5	179.1	180.0	179.8	177.0	178.5
43 Durable materials n.e.c.	9.64	126.8	131.3	130.9	131.5	129.7	128.8	130.0	128.9	130.0	131.0	131.6	131.2	130.9	130.0
44 Basic metal materials	4.64	96.1	101.4	99.8	100.8	98.4	95.9	98.0	94.4	95.5	97.7	98.4	97.4	96.4	94.0
45 Nondurable goods materials	10.09	132.0	135.1	136.3	137.1	135.9	136.0	137.1	136.8	137.3	138.5	138.3	136.7	138.5	138.3
46 Textile, paper, and chemical materials	7.53	134.4	137.9	139.1	139.9	138.6	139.0	140.3	139.1	140.0	141.8	141.5	140.0	141.7	141.3
47 Textile materials	1.52	110.0	110.1	110.0	112.1	110.7	111.8	114.6	116.4	117.2	116.4	117.0	115.6	115.6	....
48 Pulp and paper materials	1.55	147.3	147.2	150.3	150.4	147.5	147.3	146.7	145.2	146.5	149.1	149.9	150.6	151.5	....
49 Chemical materials	4.46	138.2	144.2	145.1	145.7	145.0	145.4	146.8	144.7	145.5	147.9	147.0	144.6	147.2	....
50 Miscellaneous nondurable materials	2.57	125.0	127.0	128.0	129.1	128.0	127.2	127.8	129.9	129.4	129.0	128.9	127.2	....	....
51 Energy materials	11.69	101.5	102.3	102.6	100.5	100.5	101.0	101.7	101.1	99.1	99.1	99.5	100.5	100.9	100.7
52 Primary energy	7.57	106.3	108.6	107.6	105.2	104.4	103.7	104.1	104.6	103.0	103.2	104.2	104.9	105.4	....
53 Converted fuel materials	4.12	92.7	90.7	93.3	92.0	93.3	96.1	97.4	94.7	92.0	91.6	91.0	92.3	92.6	....

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Groups	SIC code	1977 proportion	1988 avg.	1988		1989										
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.[p]	Nov.[e]
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	15.79	107.5	108.1	108.9	107.2	106.8	107.5	107.9	107.2	106.3	106.6	106.5	107.4	107.9	107.9
2 Mining	......	9.83	103.5	104.7	104.9	103.0	100.9	101.5	102.4	102.0	101.5	102.1	102.4	103.1	103.6	103.7
3 Utilities	......	5.96	114.0	113.7	115.4	114.0	116.5	117.5	117.1	115.6	114.3	114.0	113.3	114.3	115.1	114.8
4 Manufacturing	......	84.21	142.8	145.8	146.3	147.2	146.8	147.0	148.0	148.1	148.7	148.5	149.2	148.7	147.5	147.8
5 Nondurable	......	35.11	143.9	146.7	147.1	148.5	148.1	148.6	149.6	149.5	150.5	150.8	151.1	151.2	152.0	151.7
6 Durable	......	49.10	142.0	145.2	145.7	146.2	145.9	145.8	146.9	147.1	147.4	146.8	147.8	146.9	144.3	145.1
Mining																
7 Metal	10	.50	93.6	104.6	111.9	106.9	98.6	98.1	96.8	94.0	101.2	106.2	103.7	104.2	....	....
8 Coal	11.12	1.60	138.2	149.7	155.1	144.7	134.7	137.7	145.5	137.1	129.2	130.2	135.4	144.2	144.4	144.5
9 Oil and gas extraction	13	7.07	93.0	90.8	88.9	88.9	89.5	89.6	89.1	90.5	90.6	90.8	90.3	89.9	90.0	....
10 Stone and earth minerals	14	.66	140.0	144.0	149.4	150.8	142.5	143.5	144.5	146.6	150.2	152.1	151.5	144.8	150.0	....
Nondurable manufactures																
11 Foods	20	7.96	142.7	145.7	145.8	146.6	146.3	145.4	146.6	147.2	147.9	147.3	148.3	148.8	150.0	....
12 Tobacco products	21	.62	105.4	102.4	107.0	105.0	104.7	101.5	109.2	105.9	104.2	97.1	99.9	....	....	....
13 Textile mill products	22	2.29	116.4	117.2	117.9	120.2	119.4	119.7	122.5	123.6	123.8	123.5	123.2	123.2	122.3	....
14 Apparel products	23	2.79	109.1	110.1	108.8	110.2	110.2	109.9	111.3	111.5	111.9	111.4	111.1	111.0	110.0	....
15 Paper and products	26	3.15	150.2	150.7	151.7	153.8	151.7	151.7	150.7	150.1	150.2	152.4	152.8	153.4	154.0	....
16 Printing and publishing	27	4.54	183.8	188.5	188.0	193.0	194.6	198.5	200.1	199.0	200.5	199.9	200.6	202.7	202.8	203.0
17 Chemicals and products	28	8.05	152.0	157.5	158.1	159.0	158.5	159.2	159.3	158.2	159.9	162.2	161.5	159.6	161.8	....
18 Petroleum products	29	2.40	96.0	95.0	98.0	98.0	96.3	97.0	97.3	96.9	97.9	98.3	97.7	98.3	99.8	99.0
19 Rubber and plastic products	30	2.80	174.4	177.5	177.5	175.9	175.0	176.4	178.0	180.5	182.3	182.3	183.6	183.8	184.1	....
20 Leather and products	31	.53	59.4	61.5	60.2	62.9	62.9	61.2	61.4	60.3	60.5	60.8	60.2	60.2	59.9	....
Durable manufactures																
21 Lumber and products	24	2.30	137.6	139.4	143.0	139.9	132.8	133.4	135.1	135.5	137.2	136.9	136.5	135.3	136.2	....
22 Furniture and fixtures	25	1.27	162.0	165.4	165.4	166.3	164.8	165.8	168.0	170.2	170.8	169.0	168.0	168.4	168.7	....
23 Clay, glass, and stone products	32	2.72	122.6	124.7	125.1	126.6	125.4	125.5	124.7	123.9	123.9	122.9	123.9	122.6	123.5	....
24 Primary metals	33	5.33	89.4	92.7	90.0	93.2	91.1	88.4	90.1	87.2	87.3	89.2	90.3	89.2	88.5	86.2
25 Iron and steel	331.2	3.49	78.2	80.8	77.6	82.2	79.1	75.9	77.0	73.2	72.9	75.4	75.9	75.4	75.7	....
26 Fabricated metal products	34	6.46	120.9	124.6	125.1	124.5	124.5	123.8	123.1	124.8	125.2	125.4	125.5	124.7	123.9	124.1
27 Nonelectrical machinery	35	9.54	170.7	175.4	177.8	178.7	180.8	183.0	184.7	186.5	187.5	186.7	187.8	186.8	183.2	187.3
28 Electrical machinery	36	7.15	180.1	182.2	180.9	180.9	181.7	181.6	182.2	181.6	181.9	181.4	183.7	182.8	181.5	181.0
29 Transportation equipment	37	9.13	132.2	135.2	136.8	136.7	136.4	134.8	136.4	135.5	134.2	131.3	133.2	131.8	123.3	124.3
30 Motor vehicles and parts	371	5.25	117.4	122.9	125.5	124.9	123.4	120.4	122.0	119.7	116.4	110.4	114.2	112.7	110.1	109.6
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	152.4	151.9	152.2	152.7	154.0	154.4	155.9	157.1	158.4	159.6	159.0	157.8	141.3	144.3
32 Instruments	38	2.66	154.4	160.4	159.1	161.0	161.3	161.8	163.0	164.3	165.7	166.0	164.1	162.9	163.0	162.9
33 Miscellaneous manufactures	39	1.46	107.1	108.4	111.0	111.8	107.6	110.0	114.5	114.7	117.1	119.6	118.5	117.8	116.4	....
Utilities																
34 Electric	......	4.17	131.9	131.6	132.9	131.0	135.3	137.0	137.1	135.8	134.6	134.9	134.2	135.3	136.3	136.0
		Gross value (billions of 1982 dollars, annual rates)														
MAJOR MARKET																
35 Products, total	......	**517.5**	**145.9**	**148.4**	**149.4**	**150.1**	**150.0**	**150.5**	**151.6**	**151.7**	**152.5**	**151.8**	**152.5**	**152.1**	**150.9**	**151.5**
36 Final	......	405.7	144.3	146.8	147.7	148.2	148.6	148.9	150.2	150.4	151.2	150.2	151.1	150.5	148.8	149.4
37 Consumer goods	......	272.7	133.9	136.8	138.2	138.5	138.7	138.4	139.5	139.2	139.9	138.7	139.3	138.9	139.5	139.2
38 Equipment	......	133.0	158.2	159.9	160.4	161.1	161.6	162.8	164.3	165.4	166.1	165.5	166.8	165.9	161.1	163.1
39 Intermediate	......	111.9	151.5	154.2	155.0	156.6	155.1	156.1	156.5	156.3	157.0	157.5	157.5	157.7	158.4	158.5

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	1989 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,750	1,535	1,456	1,486	1,403	1,230	1,334	1,347	1,308	1,281	1,328	1,319	1,356
2 1-family	1,071	1,024	994	1,052	989	870	954	905	874	906	927	946	961
3 2-or-more-family	679	511	462	434	414	360	380	442	434	375	401	373	395
4 Started	1,805	1,621	1,488	1,678	1,465	1,409	1,343	1,308	1,406	1,420	1,329	1,264	1,428
5 1-family	1,180	1,146	1,081	1,199	1,029	981	1,029	977	972	1,026	990	971	1,024
6 2-or-more-family	626	474	407	479	436	428	314	331	434	394	339	293	404
7 Under construction, end of period[1]	1,074	987	919	957	951	942	924	911	914	918	902	895	899
8 1-family	583	591	570	602	594	586	579	572	572	576	565	568	569
9 2-or-more-family	490	397	350	355	357	356	345	339	342	342	337	327	330
10 Completed	1,756	1,669	1,530	1,537	1,610	1,459	1,552	1,442	1,355	1,372	1,439	1,360	1,312
11 1-family	1,120	1,123	1,085	1,141	1,189	1,050	1,115	1,041	964	965	1,040	952	978
12 2-or-more-family	636	546	445	396	421	409	437	401	391	407	399	408	334
13 Mobile homes shipped	244	233	218	232	212	207	198	205	202	178	194	185	191
Merchant builder activity in 1-family units													
14 Number sold	748	672	675	700	621	555	607	653	647	738[r]	726	652	649
15 Number for sale, end of period[1]	357	365	366	369	375	377	377	380	377	369[r]	365	366	364
Price (thousands of dollars)[2]													
Median													
16 Units sold	92.2	104.7	113.3	113.0	118.0	123.0	116.7	119.0	122.8	116.0[r]	122.7	121.5	127.9
Average													
17 Units sold	112.2	127.9	139.0	138.6	145.3	149.0	144.7	145.1	153.6	140.3[r]	159.0	151.9	151.9
EXISTING UNITS (1-family)													
18 Number sold	3,566	3,530	3,594	3,550	3,480	3,400	3,400	3,210	3,360	3,330	3,480	3,520	3,480
Price of units sold (thousands of dollars)[2]													
19 Median	80.3	85.6	89.2	89.7	91.9	92.0	92.9	92.6	93.4	96.7	94.8	94.3	92.6
20 Average	98.3	106.2	112.5	113.0	117.8	116.1	118.0	118.0	118.8	122.1	120.8	118.4	117.2
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**387,043**	**397,721**	**409,663**	**422,979[r]**	**416,597[r]**	**416,779[r]**	**411,891[r]**	**416,540[r]**	**412,523[r]**	**409,601**	**415,773**	**415,917**	**420,060**
22 Private	315,313	320,108	328,738	337,669[r]	333,169[r]	338,065[r]	332,537[r]	330,591[r]	329,035[r]	328,046	331,528	329,418	332,043
23 Residential	187,147	194,656	198,101	202,895[r]	200,454[r]	202,083[r]	200,735[r]	196,984[r]	194,229[r]	194,257	193,565	191,776	193,639
24 Nonresidential, total	128,166	125,452	130,637	134,774	132,715	135,982	131,802	133,607[r]	134,806[r]	133,789	137,963	137,642	138,404
Buildings													
25 Industrial	13,747	13,707	14,931	15,890	15,098	15,698	16,245	15,945	16,302	16,390	17,560	18,010	18,314
26 Commercial	56,762	55,448	58,104	59,350	58,749	60,653	55,581	56,796	57,434	56,499	57,706	57,265	58,040
27 Other	13,216	15,464	17,278	17,976	17,484	17,634	16,645	17,343	17,179	16,792	18,443	17,945	18,072
28 Public utilities and other	44,441	40,833	40,324	41,558	41,384	41,997	43,331	43,523[r]	43,891[r]	44,108	44,254	44,422	43,978
29 Public	71,727	77,612	80,922	85,310	83,428	78,714	80,420	85,130	81,914	81,555	84,246	86,499	88,017
30 Military	3,868	4,327	3,579	3,440	3,433	3,740	2,054	3,870	4,324	3,264	3,689	4,226	3,251
31 Highway	22,971	25,343	28,524	30,792	27,936	26,091	27,772	27,432	27,321	26,128	27,167	27,445	26,863
32 Conservation and development	4,646	5,162	4,474	4,121	4,742	4,210	3,068	6,053	4,699	4,535	4,653	4,976	5,791
33 Other	40,242	42,780	44,345	46,957	47,317	44,673	47,526	47,775	45,570	47,628	48,737	49,852	52,112

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 Nov. 1989[1]
	1988 Nov.	1989 Nov.	1988	1989			1989					
			Dec.	Mar.	June	Sept.	July	Aug.	Sept.	Oct.	Nov.	
Consumer Prices[2] (1982–84=100)												
1 **All items**	**4.2**	**4.7**	**4.1**	**6.1**	**5.7**	**1.6**	**.2**	**.0**	**.2**	**.5**	**.4**	**125.9**
2 Food	5.3	5.6	3.0	8.2	5.6	2.9	.3	.2	.2	.4	.6	126.9
3 Energy items	−.1	4.8	−.4	10.2	24.8	−13.4	−.7	−2.0	−.9	.6	−.1	93.2
4 All items less food and energy	4.4	4.4	4.9	5.2	3.8	3.1	.4	.2	.2	.5	.4	131.3
5 Commodities	3.6	2.9	4.2	4.1	2.0	.7	.1	−.3	.4	.6	.2	121.6
6 Services	4.9	5.1	5.4	5.9	4.3	4.5	.6	.3	.2	.4	.5	137.0
Producer Prices (1982=100)												
7 Finished goods	3.3	4.6	3.0	10.2	5.8	−.3	−.5[r]	−.4	.9	.4	−.1	114.8
8 Consumer foods	4.6	4.6	2.1	13.1	−1.3	−1.3	−.1	.3	−.6	1.4	.8	120.2
9 Consumer energy	−4.0	7.5	1.4	41.0	31.8	−16.8	−3.2	−7.3	6.5	.2	−3.3	64.5
10 Other consumer goods	4.3	4.4	4.4	5.4	5.7	2.6	−.3[r]	.4[r]	.6	.2	.0	125.9
11 Capital equipment	3.2	3.9	1.7	4.6	4.5	4.8	.0[r]	.2[r]	1.0	−.3	.3	120.6
12 Intermediate materials[3]	4.9	3.1	4.5	8.7	2.9	−1.1	−.4	−.3	.4	.1	−.1	112.1
13 Excluding energy	7.2	1.8	6.7	5.5	.3	−.7	−.2	.0[r]	.1	.1	.0	120.1
Crude materials												
14 Foods	13.3	1.3	−7.9	16.9	−17.8	−2.2	−.9[r]	1.2[r]	−.8	−.6	1.7	109.4
15 Energy	−15.8	22.1	12.3	48.3	23.6	−6.5	1.8	−6.7	3.5	.5	.3	76.8
16 Other	6.7	−1.0	12.5	10.3	−9.3	−.6	−1.2[r]	.8[r]	.3	.3	−2.3	134.3

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers and reflect a rental equivalence measure of homeownership after 1982.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

Source. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1986	1987	1988	1988		1989		
				Q3	Q4	Q1	Q2	Q3[r]
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**	**5,281.0**
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	3,508.1
3 Durable goods	406.0	421.0	455.2	452.5	467.4	466.4	471.0	486.1
4 Nondurable goods	942.0	998.1	1,052.3	1,066.2	1,078.4	1,098.3	1,121.5	1,131.4
5 Services	1,449.5	1,591.7	1,727.6	1,744.7	1,778.2	1,816.7	1,851.7	1,890.6
6 Gross private domestic investment	659.4	699.9	750.3	771.1	752.8	769.6	775.0	779.1
7 Fixed investment	652.5	670.6	719.6	726.5	734.1	742.0	747.6	751.7
8 Nonresidential	435.2	444.3	487.2	493.2	495.8	503.1	512.5	519.6
9 Structures	139.0	133.8	140.3	142.0	142.5	144.7	142.4	146.2
10 Producers' durable equipment	296.2	310.5	346.8	351.3	353.3	358.5	370.1	373.4
11 Residential structures	217.3	226.4	232.4	233.2	238.4	238.8	235.1	232.1
12 Change in business inventories	6.9	29.3	30.6	44.6	18.7	27.7	27.4	27.4
13 Nonfarm	8.6	30.5	34.2	41.5	40.8	19.1	23.6	19.8
14 Net exports of goods and services	−97.4	−112.6	−73.7	−66.2	−70.8	−54.0	−50.6	−45.1
15 Exports	396.5	448.6	547.7	556.8	579.7	605.6	626.1	628.5
16 Imports	493.8	561.2	621.3	623.0	650.5	659.6	676.6	673.6
17 Government purchases of goods and services	872.2	926.1	968.9	958.6	1,011.4	1,016.0	1,033.2	1,038.9
18 Federal	366.5	381.6	381.3	367.5	406.4	399.0	406.0	402.7
19 State and local	505.7	544.5	587.6	591.0	604.9	617.0	627.2	636.2
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	5,253.6
21 Goods	1,686.7	1,785.2	1,931.9	1,955.8	1,987.4	2,030.9	2,079.1	2,096.3
22 Durable	724.2	777.6	863.6	884.0	888.5	894.7	905.2	930.1
23 Nondurable	962.5	1,007.6	1,068.3	1,071.8	1,098.9	1,136.2	1,173.9	1,166.2
24 Services	2,119.3	2,304.5	2,499.2	2,520.3	2,570.0	2,620.8	2,667.5	2,728.1
25 Structures	425.6	434.6	449.5	450.8	459.9	461.3	455.1	456.6
26 Change in business inventories	6.9	29.3	30.6	44.6	18.7	27.7	27.4	27.4
27 Durable goods	1.2	22.0	25.0	41.4	32.0	22.0	6.0	5.2
28 Nondurable goods	5.6	7.2	5.6	3.2	−13.3	5.7	21.4	22.2
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**	**4,162.9**
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**	**4,287.3**
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	3,171.9
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	2,654.7
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	2,174.5
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	343.3
39 Business and professional[1]	247.2	270.0	288.0	289.3	296.3	300.3	304.2	307.2
40 Farm[1]	34.7	41.6	39.8	37.7	32.0	59.0	51.3	36.1
41 Rental income of persons[2]	11.6	13.4	15.7	16.3	16.1	11.8	9.8	5.4
42 Corporate profits[1]	282.1	298.7	328.6	330.9	340.2	316.3	307.8	295.2
43 Profits before tax[3]	221.6	266.7	306.8	314.4	318.8	318.0	296.0	275.0
44 Inventory valuation adjustment	6.7	−18.9	−25.0	−30.4	−20.1	−38.3	−20.7[r]	n.a.
45 Capital consumption adjustment	53.8	50.9	46.8	46.9	41.5	36.6	32.3	26.5
46 Net interest	325.5	351.7	392.9	396.4	415.7	436.1	458.4	471.5

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[r]
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**	**4,455.9**
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	2,654.7
3 Commodity-producing industries	625.6	649.9	696.3	701.6	714 7	726.6	733.7	742.6
4 Manufacturing	473.2	490.3	524.0	527.2	538.1	546.3	549.9	555.7
5 Distributive industries	498.8	531.9	571.9	578.0	587.5	598.8	610.8	619.4
6 Service industries	576.7	648.3	714.4	723.0	746.7	768.4	790.8	812.4
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	343.3
10 Business and professional[1]	247.2	270.0	288.0	289.3	296.3	300.3	304.2	307.2
11 Farm[1]	34.7	41.6	39.8	37.7	32.0	59.0	51.3	36.1
12 Rental income of persons[2]	11.6	13.4	15.7	16.3	16.1	11.8	9.8	5.4
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	667.8
15 Transfer payments	521.5	548.2	584.7	587.4	593.8	616.4	626.8	636.4
16 Old-age survivors, disability, and health insurance benefits	269.2	282.9	300.5	301.4	304.0	316.9	322.9	327.9
17 LESS: Personal contributions for social insurance	161.9	172.9	194.9	196.4	199.6	210.0	213.0	215.4
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	4,455.9
19 LESS: Personal tax and nontax payments	512.9	571.7	586.6	585.9	597.8	628.3	652.6	649.1
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	3,806.8
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	3,611.7
22 EQUALS: Personal saving	124.9	101.8	144.7	149.6	163.4	205.7	200.7	195.1
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	16,711.8
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	10,799.3
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	11,717.0
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**	**709.9**
28 Gross private saving	669.5	663.8	738.6	742.4	769.3	792.1	793.7	809.7
29 Personal saving	124.9	101.8	144.7	149.6	163.4	205.7	200.7	195.1
30 Undistributed corporate profits[1]	84.5	75.3	80.3	77.6	81.7	53.4	52.0	49.3
31 Corporate inventory valuation adjustment	6.7	-18.9	-25.0	-30.4	-20.1	-38.3	-20.7[r]	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	-99.8
35 Federal	-206.9	-161.4	-145.8	-122.5	-167.6	-147.5	-145.4	-144.7
36 State and local	62.8	51.3	49.7	49.8	45.7	48.8	47.5	44.9
37 **Gross investment**	**523.6**	**549.0**	**632.8**	**661.2**	**630.8**	**669.3**	**677.5**	**684.3**
38 Gross private domestic	659.4	699.9	750.3	771.1	752.8	769.6	775.0	779.1
39 Net foreign	-135.8	-150.9	-117.5	-109.9	-122.0	-100.3	-97.5	-94.8
40 **Statistical discrepancy**	**-1.8**	**-4.7**	**-9.6**	**-8.6**	**-16.6**	**-24.1**	**-18.3**	**-25.5**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1986	1987	1988	1988		1989		
				Q3	Q4	Q1	Q2	Q3^p
1 Balance on current account	−133,249	−143,700	−126,548	−32,340	−28,677	−30,390	−32,084	−22,687
2 Not seasonally adjusted	....	....	....	−36,926	−28,191	−25,994	−31,888	−27,718
3 Merchandise trade balance[2]	−145,058	−159,500	−127,215	−30,339	−32,019	−28,378	−27,554	−27,751
4 Merchandise exports	223,367	250,266	319,251	80,604	83,729	87,919	91,423	91,569
5 Merchandise imports	−368,425	−409,766	−446,466	−110,943	−115,748	−116,297	−118,977	−119,320
6 Military transactions, net	−4,577	−2,856	−4,606	−1,006	−1,604	−1,498	−1,518	−968
7 Investment income, net	60,629	71,151	61,974	12,806	21,329	15,527	13,400	21,096
8 Other service transactions, net	10,517	10,585	17,702	4,971	5,475	5,428	5,977	7,077
9 Remittances, pensions, and other transfers	−4,049	−4,063	−4,279	−1,088	−1,090	−1,186	−1,011	−1,099
10 U.S. government grants (excluding military)	−11,730	−10,149	−10,377	−2,288	−3,928	−2,340	−1,857	−2,557
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−2,024	997	2,999	1,961	3,413	1,049	−309	644
12 Change in U.S. official reserve assets (increase, −)	312	9,149	−3,566	−7,380	2,271	−4,000	−12,095	−5,996
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−246	−509	474	−35	173	−188	68	−211
15 Reserve position in International Monetary Fund	1,501	2,070	1,025	202	307	316	−159	337
16 Foreign currencies	−942	7,588	−5,064	−7,547	1,791	−4,128	−12,004	−6,122
17 Change in U.S. private assets abroad (increase, −)	−97,953	−86,363	−81,544	−32,467	−38,332	−28,367	12,781	−41,804
18 Bank-reported claims[3]	−59,975	−42,119	−54,481	−26,229	−30,916	−22,132	27,238	−20,702
19 Nonbank-reported claims	−7,396	5,201	−1,684	255	4,569	1,835	−2,954	....
20 U.S. purchase of foreign securities, net	−4,271	−5,251	−7,846	−1,592	−3,047	−2,568	−5,737	−10,138
21 U.S. direct investments abroad, net	−26,311	−44,194	−17,533	−4,901	−8,938	−5,502	−5,766	−10,964
22 Change in foreign official assets in United States (increase, +)	35,594	45,193	38,882	−2,234	10,589	7,477	−5,201	11,246
23 U.S. Treasury securities	34,364	43,238	41,683	−3,769	11,897	4,634	−9,738	12,068
24 Other U.S. government obligations	−1,214	1,564	1,309	572	697	721	−97	190
25 Other U.S. government liabilities[4]	2,141	−2,520	−1,284	−232	−232	−304	417	−547
26 Other U.S. liabilities reported by U.S. banks[3]	1,187	3,918	−331	1,703	−1,036	1,974	3,620	−1,117
27 Other foreign official assets[5]	−884	−1,007	−2,495	−508	−737	452	597	652
28 Change in foreign private assets in United States (increase, +)	186,011	172,847	180,417	48,413	70,170	52,529	3,412	61,236
29 U.S. bank-reported liabilities[3]	79,783	89,026	68,832	23,291	32,223	13,261	−21,422	25,688
30 U.S. nonbank-reported liabilities	−2,641	2,450	6,558	2,350	2,702	2,852	−361	....
31 Foreign private purchases of U.S. Treasury securities, net	3,809	−7,643	20,144	3,422	5,336	8,590	2,252	13,034
32 Foreign purchases of other U.S. securities, net	70,969	42,120	26,448	7,454	6,871	8,665	9,676	11,082
33 Foreign direct investments in United States, net	34,091	46,894	58,435	11,896	23,038	19,161	13,267	11,432
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 *Discrepancy*	11,308	1,878	−10,641	24,047	−19,434	1,702	33,496	−2,639
36 Owing to seasonal adjustments	....	....	....	−4,556	4,431	4,127	−2,311	−5,115
37 Statistical discrepancy in recorded data before seasonal adjustment	11,308	1,878	−10,641	28,603	−23,865	−2,425	35,807	2,476
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	312	9,149	−3,566	−7,380	2,271	−4,000	−12,095	−5,996
39 Foreign official assets in United States (increase, +) excluding line 25	33,453	47,713	40,166	−2,002	10,821	7,781	−5,618	11,793
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22 above)	−9,327	−9,955	−3,109	−459	672	7,143	433	3,776
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	96	53	92	7	40	12	13	15

1. Seasonal factors are not calculated for lines 6, 10, 12–16, 18–20, 22–34, and 38–41.
2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise data and are included in line 6.
3. 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 Apr.	May	June	July	Aug.	Sept.[r]	Oct.[p]
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value	227,158	254,073	322,426	30,759	30,455	31,286	30,468	30,562	30,680	31,010
GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses										
2 Customs value	365,438	406,241	440,952	39,045	40,534	39,293	38,709	40,662	39,194	41,210
Trade balance										
3 **Customs value**	**−138,279**	**−152,169**	**−118,526**	**−8,286**	**−10,079**	**−8,007**	**−8,241**	**−10,101**	**−8,513**	**−10,201**

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 May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Total**	**43,186**	**48,511**	**45,798**	**54,941**	**60,502**	**63,462**	**62,364**	**68,418**	**70,809**	**72,572**
2 Gold stock, including Exchange Stabilization Fund[1]	11,090	11,064	11,078	11,060	11,063	11,066	11,066	11,065	11,062	11,060
3 Special drawing rights[2,3]	7,293	8,395	10,283	9,134	9,034	9,340	9,240	9,487	9,473	9,751
4 Reserve position in International Monetary Fund[2]	11,947	11,730	11,349	8,513	8,888	9,055	8,644	8,786	8,722	9,059
5 Foreign currencies[4]	12,856	17,322	13,088	26,234	31,517	34,001	33,413	39,080	41,552	42,702

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 May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 Deposits	287	244	347	428	275	371	265	325	252	307
Assets held in custody										
2 U.S. Treasury securities[2]	155,835	195,126	232,547	232,004	229,914	233,170	238,007	235,597	230,804	231,059
3 Earmarked gold[3]	14,048	13,919	13,636	13,612	13,545	13,530	13,516	13,506	13,460	13,458

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 Apr.	May	June	July	Aug.	Sept.	Oct.
	All foreign countries									
1 **Total, all currencies**	**456,628**	**518,618**	**506,062**	**517,276**	**521,436**	**523,674**	**534,200**	**522,489r**	**520,845r**	**533,641**
2 Claims on United States	114,563	138,034	169,111	171,136	177,987	177,445	179,615	177,299r	182,440r	183,156
3 Parent bank	83,492	105,845	129,856	128,567	134,026	132,380	133,135	134,479r	142,339r	142,422
4 Other banks in United States	13,685	16,416	14,918	13,459	13,040	14,218	15,744	15,225	14,164	14,143
5 Nonbanks	17,386	15,773	24,337	29,110	30,921	30,847	30,736	27,595	25,937	26,591
6 Claims on foreigners	312,955	342,520	299,728	305,483	302,808	303,720	310,426	299,265r	289,996r	303,426
7 Other branches of parent bank	96,281	122,155	107,179	113,824	116,506	115,913	117,438	108,893r	104,683r	113,296
8 Banks	105,237	108,859	96,932	96,830	94,042	94,902	95,621	92,465r	90,510r	93,357
9 Public borrowers	23,706	21,832	17,163	16,101	16,095	16,709	16,948	16,656r	16,215r	16,721
10 Nonbank foreigners	87,731	89,674	78,454	78,728	76,165	76,196	80,419	81,251r	78,588r	80,052
11 Other assets	29,110	38,064	37,223	40,657	40,641	42,509	44,159	45,925r	48,409r	47,059
12 **Total payable in U.S. dollars**	**317,487**	**350,107**	**358,040**	**359,841**	**366,315**	**367,562**	**371,851**	**369,287r**	**359,924r**	**368,643**
13 Claims on United States	110,620	132,023	163,456	163,964	169,796	169,520	171,041	170,497	174,628r	174,879
14 Parent bank	82,082	103,251	126,929	124,268	128,771	127,352	128,063	130,168	137,481r	136,612
15 Other banks in United States	12,830	14,657	14,167	12,539	11,909	13,207	14,734	14,688	13,217	13,597
16 Nonbanks	15,708	14,115	22,360	27,157	29,116	28,961	28,244	25,641	23,930	24,670
17 Claims on foreigners	195,063	202,428	177,685	178,298	177,308	180,013	181,441	177,911r	164,461r	173,048
18 Other branches of parent bank	72,197	88,284	80,736	86,767	86,625	88,874	90,077	83,036r	77,858r	85,302
19 Banks	66,421	63,707	54,884	50,815	49,793	50,627	49,913	50,885r	46,786r	47,349
20 Public borrowers	16,708	14,730	12,131	11,467	11,282	11,815	11,616	11,774r	11,646	11,579
21 Nonbank foreigners	39,737	35,707	29,934	29,249	29,608	28,697	29,835	32,216r	28,171	28,818
22 Other assets	11,804	15,656	16,899	17,579	19,211	18,029	19,369	20,879r	20,835r	20,716
	United Kingdom									
23 **Total, all currencies**	**140,917**	**158,695**	**156,835**	**153,146**	**155,532**	**153,968**	**161,882**	**158,860r**	**157,673r**	**164,155**
24 Claims on United States	24,599	32,518	40,089	39,475	39,599	38,014	42,147	41,914	40,085	43,687
25 Parent bank	19,085	27,350	34,243	34,741	35,642	33,763	37,713	38,031	36,046	38,938
26 Other banks in United States	1,612	1,259	1,123	1,227	1,243	1,125	1,121	1,112	1,265	1,200
27 Nonbanks	3,902	3,909	4,723	3,507	2,714	3,126	3,313	2,771	2,774	3,549
28 Claims on foreigners	109,508	115,700	106,388	102,438	104,504	103,773	106,586	102,231r	102,097r	106,430
29 Other branches of parent bank	33,422	39,903	35,625	32,954	35,537	34,948	35,440	32,392	32,611r	35,252
30 Banks	39,468	36,735	36,765	37,079	37,412	37,357	36,519	36,073r	37,146	38,048
31 Public borrowers	4,990	4,752	4,019	3,471	3,627	3,599	3,788	3,586	3,265	3,346
32 Nonbank foreigners	31,628	34,310	29,979	28,934	27,928	27,869	30,839	30,180	29,075	29,784
33 Other assets	6,810	10,477	10,358	11,233	11,429	12,181	13,149	14,715r	15,491r	14,038
34 **Total payable in U.S. dollars**	**95,028**	**100,574**	**103,503**	**98,463**	**101,612**	**99,028**	**103,512**	**104,036r**	**99,238r**	**106,869**
35 Claims on United States	23,193	30,439	38,012	36,772	36,675	34,990	38,506	39,135	37,108	40,978
36 Parent bank	18,526	26,304	33,252	33,499	34,119	32,059	36,041	36,375	34,537	37,404
37 Other banks in United States	1,475	1,044	964	872	862	844	821	1,007	1,017	951
38 Nonbanks	3,192	3,091	3,796	2,401	1,694	2,087	1,644	1,753	1,554	2,623
39 Claims on foreigners	68,138	64,560	60,472	56,227	58,395	58,746	59,137	57,706r	55,340r	59,389
40 Other branches of parent bank	26,361	28,635	28,474	25,389	26,036	26,541	27,955	25,368	25,542r	28,084
41 Banks	23,251	19,188	18,494	17,680	18,458	18,745	17,080	18,298r	17,612	18,275
42 Public borrowers	3,677	3,313	2,840	2,696	2,737	2,606	2,702	2,679	2,521	2,553
43 Nonbank foreigners	14,849	13,424	10,664	10,462	11,164	10,854	11,400	11,361	9,665	10,477
44 Other assets	3,697	5,575	5,019	5,464	6,542	5,292	5,869	7,195r	6,790r	6,502
	Bahamas and Caymans									
45 **Total, all currencies**	**142,592**	**160,321**	**170,639**	**172,324**	**173,137**	**171,780**	**172,789**	**165,401**	**164,684**	**164,836**
46 Claims on United States	78,048	85,318	105,320	105,273	111,823	109,800	107,831	106,693	111,043	109,910
47 Parent bank	54,575	60,048	73,409	68,969	73,627	70,735	67,417	69,404	76,426	75,900
48 Other banks in United States	11,156	14,277	13,145	11,563	10,807	12,116	13,712	13,294	12,141	11,954
49 Nonbanks	12,317	10,993	18,766	24,741	27,389	26,949	26,702	23,995	22,476	22,056
50 Claims on foreigners	60,005	70,162	58,393	60,103	53,984	54,537	57,135	50,808	45,962	47,214
51 Other branches of parent bank	17,296	21,277	17,954	26,261	21,962	22,324	24,462	16,802	14,688	16,961
52 Banks	27,476	33,751	28,268	22,641	21,184	21,202	21,591	20,688	20,162	19,579
53 Public borrowers	7,051	7,428	5,830	5,374	5,280	5,540	5,405	5,407	5,435	5,289
54 Nonbank foreigners	8,182	7,706	6,341	5,827	5,558	5,471	5,677	7,911	5,677	5,385
55 Other assets	4,539	4,841	6,926	6,948	7,330	7,443	7,823	7,900	7,679	7,712
56 **Total payable in U.S. dollars**	**136,813**	**151,434**	**163,518**	**166,389**	**166,869**	**165,676**	**167,259**	**160,821**	**160,274**	**159,643**

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 Apr.	1989 May	1989 June	1989 July	1989 Aug.	1989 Sept.	1989 Oct.
					All foreign countries					
57 **Total, all currencies**	**456,628**	**518,618**	**506,062**	**517,276**	**521,436**	**523,674**	**534,200**	**522,489r**	**520,845r**	**533,641**
58 Negotiable CDs	31,629	30,929	28,511	30,278	29,425	28,116	28,882	29,524	26,679	26,776
59 To United States	152,465	161,390	185,577	179,292	178,821	179,858	177,706	177,485r	183,129r	182,438
60 Parent bank	83,394	87,606	114,720	109,164	110,579	113,395r	110,326r	110,917r	121,003r	122,141
61 Other banks in United States	15,646	20,355	14,737	14,307	13,564	12,951	13,323	13,269	13,015	11,476
62 Nonbanks	53,425	53,429	56,120	55,821	54,678	53,512r	54,057r	53,299r	49,111	48,821
63 To foreigners	253,775	304,803	270,923	282,920	288,291	289,603	301,422	288,623r	283,509r	295,624
64 Other branches of parent bank	95,146	124,601	111,267	115,380	121,135	118,950	119,571	113,352r	104,382r	114,607
65 Banks	77,809	87,274	72,842	72,155	72,903	74,213	80,070	75,992r	78,089r	76,420
66 Official institutions	17,835	19,564	15,183	17,933	17,795	17,559	18,846	17,591r	17,349	19,361
67 Nonbank foreigners	62,985	73,364	71,631	77,452	76,458	78,881	82,935	81,688r	83,689r	85,236
68 Other liabilities	18,759	21,496	21,051	24,786	24,899	26,097	26,190	26,857r	27,528r	28,803
69 **Total payable in U.S. dollars**	**336,406**	**361,438**	**367,483**	**372,788**	**376,474**	**378,331**	**381,879**	**379,771r**	**371,301r**	**384,809**
70 Negotiable CDs	28,466	26,768	24,045	25,970	25,411	24,129	24,914	25,483	22,927	22,260
71 To United States	144,483	148,442	173,190	166,666	166,134	167,217	163,771	165,984r	170,438r	170,320
72 Parent bank	79,305	81,783	107,150	100,897	102,643	105,074r	100,726r	103,396r	112,255r	114,226
73 Other banks in United States	14,609	18,951	13,468	12,781	11,944	11,537	11,845	11,964	11,837	10,273
74 Nonbanks	50,569	47,708	52,572	52,988	51,547	50,606r	51,200r	50,624r	46,346	45,821
75 To foreigners	156,806	177,711	160,766	169,758	173,228	175,393	181,005	175,327r	165,395r	179,155
76 Other branches of parent bank	71,181	90,469	84,021	87,716	90,123	90,850	91,713	86,723r	77,516r	86,522
77 Banks	33,850	35,065	28,493	28,445	29,567	29,686	31,216	32,342r	30,703	32,648
78 Official institutions	12,371	12,409	8,224	9,591	9,255	9,852	11,176	10,680	10,195	11,445
79 Nonbank foreigners	39,404	39,768	40,028	44,006	44,283	45,005	46,900	45,582r	46,981r	48,540
80 Other liabilities	6,651	8,517	9,482	10,394	11,701	11,592	12,189	12,977r	12,541r	13,074
					United Kingdom					
81 **Total, all currencies**	**140,917**	**158,695**	**156,835**	**153,146**	**155,532**	**153,968**	**161,882**	**158,860r**	**157,673r**	**164,155**
82 Negotiable CDs	27,781	26,988	24,528	26,157	25,539	24,396	25,342	25,905	23,122	23,152
83 To United States	24,657	23,470	36,784	29,715	30,867	30,013	29,954	31,551	31,076	34,181
84 Parent bank	14,469	13,223	27,849	20,455	20,329	22,037r	19,885r	21,841r	24,013	25,061
85 Other banks in United States	2,649	1,536	2,037	1,551	1,720	1,648	1,852	1,767	1,687	2,002
86 Nonbanks	7,539	8,711	6,898	7,709	8,818	6,328r	8,217r	7,943r	5,376	7,118
87 To foreigners	79,498	98,689	86,026	87,478	88,985	88,381	94,335	88,661	91,101	93,700
88 Other branches of parent bank	25,036	33,078	26,812	25,800	26,867	24,974	26,556	24,326	24,769	26,936
89 Banks	30,877	34,290	30,609	30,714	30,925	31,066	33,047	30,790	31,330	30,688
90 Official institutions	6,836	11,015	7,873	8,637	8,946	8,650	9,586	8,868	8,878	10,132
91 Nonbank foreigners	16,749	20,306	20,732	22,327	22,247	23,691	25,146	24,677	26,124	25,944
92 Other liabilities	8,981	9,548	9,497	9,796	10,141	11,178	12,251	12,743r	12,374r	13,122
93 **Total payable in U.S. dollars**	**99,707**	**102,550**	**105,907**	**102,065**	**104,356**	**101,742**	**105,700**	**106,915**	**102,361r**	**110,358**
94 Negotiable CDs	26,169	24,926	22,063	24,073	23,568	22,324	23,132	23,679	21,156	20,433
95 To United States	22,075	17,752	32,588	25,493	26,554	25,401	24,618	27,232	26,592	30,433
96 Parent bank	14,021	12,026	26,404	18,524	18,545	19,556r	16,909r	19,580r	21,588	23,247
97 Other banks in United States	2,325	1,308	1,752	1,227	1,368	1,393	1,477	1,502	1,511	1,835
98 Nonbanks	5,729	4,418	4,432	5,742	6,641	4,452r	6,232r	6,150r	3,493	5,351
99 To foreigners	48,138	55,919	47,083	47,781	49,006	48,491	52,179	49,913	48,557	52,902
100 Other branches of parent bank	17,951	22,334	18,561	17,755	18,030	16,467	18,388	17,060	16,673	18,926
101 Banks	15,203	15,580	13,407	13,439	13,930	13,545	14,173	13,578	12,331	13,177
102 Official institutions	4,934	7,530	4,348	4,365	4,796	5,579	6,131	5,825	5,532	6,605
103 Nonbank foreigners	10,050	10,475	10,767	12,222	12,250	12,900	13,487	13,450	14,021	14,194
104 Other liabilities	3,325	3,953	4,173	4,718	5,228	5,526	5,771	6,091	6,056r	6,590
					Bahamas and Caymans					
105 **Total, all currencies**	**142,592**	**160,321**	**170,639**	**172,324**	**173,137**	**171,780**	**172,789**	**165,401**	**164,684**	**164,836**
106 Negotiable CDs	847	885	953	1,025	872	696	717	691	669	669
107 To United States	106,081	113,950	122,332	118,164	120,175	117,737	116,261	113,122	117,537r	114,651
108 Parent bank	49,481	53,239	62,894	59,762	64,908	61,642	61,263	58,765	64,859r	66,292
109 Other banks in United States	11,715	17,224	11,494	11,346	10,398	10,034	10,197	10,076	10,026	8,088
110 Nonbanks	44,885	43,487	47,944	47,056	44,869	46,061	44,801	44,281	42,652	40,271
111 To foreigners	34,400	43,815	45,161	50,606	48,989	50,477	52,881	48,769	43,892	46,956
112 Other branches of parent bank	12,631	19,185	23,686	27,655	26,478	27,763	29,085	25,370	20,207	22,425
113 Banks	8,617	10,769	8,336	8,203	8,233	8,322	8,309	9,016	9,273	9,647
114 Official institutions	2,719	1,504	1,074	1,722	1,164	1,102	1,223	1,081	928	1,003
115 Nonbank foreigners	10,433	12,357	12,065	13,026	13,114	13,290	14,264	13,302	13,484	13,881
116 Other liabilities	1,264	1,671	2,193	2,529	3,101	2,870	2,930	2,819	2,586r	2,560
117 **Total payable in U.S. dollars**	**138,774**	**152,927**	**162,950**	**166,489**	**166,954**	**165,593**	**166,988**	**160,800**	**160,133**	**160,028**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1987	1988	1989 Apr.	1989 May	1989 June	1989 July	1989 Aug.	1989 Sept.[r]	1989 Oct.[p]
1 **Total**[1]	**259,556**	**299,677**	**307,667**	**313,637**	**306,420**	**302,048**	**307,369[r]**	**317,403**	**313,843**
By type									
2 Liabilities reported by banks in the United States[2]	31,838	31,414	33,594	39,116	38,036	37,214	39,044[r]	37,958	36,098
3 U.S. Treasury bills and certificates[3]	88,829	103,722	95,478	96,109	91,798	87,190	87,734	88,325	85,775
U.S. Treasury bonds and notes									
4 Marketable	122,432	149,056	161,923	161,081	160,013	160,462	163,281	173,238	173,934
5 Nonmarketable[4]	300	523	534	538	542	545	549	553	557
6 U.S. securities other than U.S. Treasury securities[5]	16,157	14,962	16,138	16,793	16,031	16,637	16,761	17,329	17,479
By area									
7 Western Europe[1]	124,620	125,097	125,584	129,254	126,222	122,502	126,361	134,140	133,174
8 Canada	4,961	9,584	10,156	9,994	9,938	9,604	9,424	9,560	8,989
9 Latin America and Caribbean	8,328	10,099	7,524	7,168	6,091	5,925	7,166	7,986	8,924
10 Asia	116,098	145,504	156,264	158,564	156,073	155,372	155,811[r]	157,100	154,308
11 Africa	1,402	1,369	1,119	1,065	1,182	1,271	949	810	867
12 Other countries[6]	4,147	7,501	6,485	7,053	6,371	6,830	7,113	7,257	7,024

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 Dec.	1989 Mar.	1989 June	1989 Sept.
1 Banks' own liabilities	15,368	29,702	55,438	74,836	76,262	68,483	72,560
2 Banks' own claims	16,294	26,180	51,271	68,983	72,812	62,808	70,711
3 Deposits	8,437	14,129	18,861	25,100	25,846	23,825	23,983
4 Other claims	7,857	12,052	32,410	43,884	46,966	38,983	46,728
5 Claims of banks' domestic customers[2]	580	2,507	551	364	376	723	2,558

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						
				Apr.	May	June	July	Aug.	Sept.[r]	Oct.[p]
1 **All foreigners**	**540,996**	**618,874**	**684,444**	**682,850**	**678,059**	**672,049**	**663,725**	**679,568[r]**	**693,954**	**700,787**
2 Banks' own liabilities	406,485	470,070	513,840	516,025	512,334	510,524	501,541	516,458[r]	530,162	540,512
3 Demand deposits	23,789	22,383	21,863	22,325	21,920	21,224	21,351	19,718	21,551	21,093
4 Time deposits[2]	130,891	148,374	152,020	156,982	154,768	152,801	149,355	155,461[r]	157,048	162,300
5 Other[3]	42,705	51,677	51,525	56,413	58,822	61,317	64,636	63,489[r]	56,167	65,359
6 Own foreign offices[4]	209,100	247,635	288,432	280,304	276,824	275,183	266,200	277,790[r]	295,397	291,760
7 Banks' custody liabilities[5]	134,511	148,804	170,604	166,825	165,725	161,525	162,184	163,111[r]	163,792	160,275
8 U.S. Treasury bills and certificates[6]	90,398	101,743	115,056	106,916	102,734	98,893	99,365	99,683	99,254	95,291
9 Other negotiable and readily transferable instruments[7]	15,417	16,776	16,426	17,278	18,541	17,078	16,893	17,260[r]	17,051	16,344
10 Other	28,696	30,285	39,121	42,631	44,451	45,555	45,925	46,168	47,487	48,640
11 **Nonmonetary international and regional organizations[8]**	**5,807**	**4,464**	**3,224**	**4,002**	**3,415**	**3,617**	**4,240**	**4,418**	**4,945**	**6,281**
12 Banks' own liabilities	3,958	2,702	2,527	3,216	2,980	2,695	2,716	3,402	3,347	4,274
13 Demand deposits	199	124	71	163	76	32	41	66	90	53
14 Time deposits[2]	2,065	1,538	1,183	1,502	1,202	1,254	918	1,079	1,702	1,615
15 Other[3]	1,693	1,040	1,272	1,551	1,702	1,409	1,756	2,257	1,554	2,606
16 Banks' custody liabilities[5]	1,849	1,761	698	786	435	922	1,524	1,016	1,598	2,007
17 U.S. Treasury bills and certificates[6]	259	265	57	77	95	181	345	107	84	539
18 Other negotiable and readily transferable instruments[7]	1,590	1,497	641	693	305	731	1,179	909	1,479	1,454
19 Other	0	0	0	16	35	10	0	1	35	14
20 **Official institutions[9]**	**103,569**	**120,667**	**135,136**	**135,225**	**129,835**	**124,404**	**126,778**	**126,506[r]**	**122,593**	**122,497**
21 Banks' own liabilities	25,427	28,703	27,004	33,036	31,738	31,891	33,960	33,248[r]	31,465	35,995
22 Demand deposits	2,267	1,757	1,915	1,782	1,761	1,801	1,947	1,625	2,026	2,057
23 Time deposits[2]	10,497	12,843	9,657	12,439	11,144	9,924	9,937	8,837[r]	8,994	11,877
24 Other[3]	12,663	14,103	15,432	18,815	18,833	20,166	22,077	22,786[r]	20,445	22,062
25 Banks' custody liabilities[5]	78,142	91,965	108,132	102,189	98,097	92,513	92,818	93,258	91,127	86,502
26 U.S. Treasury bills and certificates[6]	75,650	88,829	103,722	96,109	91,798	87,190	87,734	88,325	86,350	81,465
27 Other negotiable and readily transferable instruments[7]	2,347	2,990	4,130	5,875	6,114	5,080	4,821	4,735	4,588	4,734
28 Other	145	146	280	205	185	244	263	198	189	303
29 **Banks[10]**	**351,745**	**414,280**	**458,672**	**453,554**	**454,442**	**451,337**	**441,639**	**457,351[r]**	**475,733**	**478,644**
30 Banks' own liabilities	310,166	371,665	408,854	401,646	399,823	395,603	385,773	400,863[r]	415,467	417,806
31 Unaffiliated foreign banks	101,066	124,030	120,422	121,342	122,999	120,421	119,574	123,073[r]	120,070	126,047
32 Demand deposits	10,303	10,898	9,950	10,560	11,162	9,677	10,145	9,101	10,695	9,887
33 Time deposits[2]	64,232	79,717	80,155	80,796	78,901	77,231	74,929	80,606[r]	80,599	83,525
34 Other[3]	26,531	33,415	30,318	29,987	32,936	33,513	34,499	33,367[r]	28,776	32,635
35 Own foreign offices[4]	209,100	247,635	288,432	280,304	276,824	275,183	266,200	277,790[r]	295,397	291,760
36 Banks' custody liabilities[5]	41,579	42,615	49,818	51,908	54,619	55,734	55,865	56,488[r]	60,265	60,838
37 U.S. Treasury bills and certificates[6]	9,984	9,134	7,602	6,921	7,114	7,759	7,674	7,838	9,077	9,258
38 Other negotiable and readily transferable instruments[7]	5,165	5,392	5,725	5,051	5,686	5,314	5,326	5,284[r]	5,050	4,415
39 Other	26,431	28,089	36,491	39,936	41,819	42,662	42,866	43,365	46,138	47,165
40 **Other foreigners**	**79,875**	**79,463**	**87,411**	**90,068**	**90,366**	**92,691**	**91,068**	**91,293[r]**	**90,684**	**93,364**
41 Banks' own liabilities	66,934	67,000	75,456	78,126	77,792	80,335	79,092	78,944[r]	79,883	82,437
42 Demand deposits	11,019	9,604	9,928	9,820	8,921	9,714	9,218	8,926	8,739	9,096
43 Time deposits[2]	54,097	54,277	61,025	62,245	63,521	64,392	63,571	64,938[r]	65,752	65,284
44 Other[3]	1,818	3,119	4,503	6,060	5,351	6,229	6,303	5,080	5,392	8,057
45 Banks' custody liabilities[5]	12,941	12,463	11,956	11,942	12,574	12,356	11,976	12,349	10,801	10,928
46 U.S. Treasury bills and certificates[6]	4,506	3,515	3,675	3,809	3,725	3,763	3,612	3,413	3,743	4,028
47 Other negotiable and readily transferable instruments[7]	6,315	6,898	5,929	5,658	6,436	5,953	5,566	6,332	5,934	5,741
48 Other	2,120	2,050	2,351	2,474	2,412	2,639	2,797	2,604	1,125	1,159
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	7,496	7,314	6,425	5,554	5,625	5,337	5,261	5,199[r]	5,238	5,162

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 Apr.	May	June	July	Aug.	Sept.r	Oct.p
1	**Total**	**540,996**	**618,874**	**684,444**	**682,850**	**678,059**	**672,049**	**663,725**	**679,568r**	**693,954**	**700,787**
2	**Foreign countries**	**535,189**	**614,411**	**681,219**	**678,848**	**674,644**	**668,432**	**659,485**	**675,150r**	**689,010**	**694,506**
3	Europe	180,556	234,641	235,989	230,769	228,141	226,058	226,264	226,491r	221,836	232,571
4	Austria	1,181	920	1,155	1,608	1,405	1,505	1,417	1,404	1,345	1,224
5	Belgium-Luxembourg	6,729	9,347	10,022	10,115	8,819	8,624	8,949	9,286	10,088	10,819
6	Denmark	482	760	2,180	1,615	1,642	1,179	1,348	1,956r	1,265	1,079
7	Finland	580	377	284	397	432	450	435	460r	526	464
8	France	22,862	29,835	24,762	25,629	24,199	23,864	22,290	24,864	22,965	23,934
9	Germany	5,762	7,022	6,772	6,967	7,791	9,198	8,715	7,651r	8,345	9,326
10	Greece	700	689	672	927	1,172	889	862	828	797	842
11	Italy	10,875	12,073	14,599	12,959	12,527	13,951	12,892	14,597	14,492	14,426
12	Netherlands	5,600	5,014	5,316	5,610	5,870	4,875	5,029	5,106	4,944	5,418
13	Norway	735	1,362	1,559	1,783	1,479	1,485	1,522	1,453	1,698	1,342
14	Portugal	699	801	903	824	985	1,089	1,419	1,945	2,206	2,291
15	Spain	2,407	2,621	5,494	5,795	5,419	5,085	5,910	5,390	5,277	4,985
16	Sweden	884	1,379	1,274	1,730	1,552	1,478	1,248	2,002	1,706	1,671
17	Switzerland	30,534	33,766	34,179	29,239	28,448	28,806	28,581	28,931r	28,975	29,552
18	Turkey	454	703	1,012	1,051	785	737	1,053	1,022r	1,086	1,199
19	United Kingdom	85,334	116,852	115,954	111,492	112,622	107,300	109,601	104,180r	102,379	107,137
20	Yugoslavia	630	710	529	465	478	558	604	691	774	857
21	Other Western Europe[1]	3,326	9,798	8,598	11,519	11,887	14,322	13,655	13,824	12,162	15,030
22	U.S.S.R.	80	32	138	91	193	164	175	201	244	338
23	Other Eastern Europe[2]	702	582	591	953	435	499	559	699r	562	638
24	Canada	26,345	30,095	21,040	23,024	18,353	17,514	17,472	16,958	17,960	16,885
25	Latin America and Caribbean	210,318	220,372	266,803	266,446	270,431	266,509	260,712	275,418r	284,891	282,955
26	Argentina	4,757	5,006	7,804	6,280	6,459	6,320	7,397	8,047	8,446	8,068
27	Bahamas	73,619	74,767	86,863	86,057	90,979	82,104	84,526	90,317	90,622	93,119
28	Bermuda	2,922	2,344	2,621	2,373	2,451	2,356	2,269	2,209r	2,124	2,436
29	Brazil	4,325	4,005	5,304	5,554	5,302	5,026	5,396	5,539	5,892	6,079
30	British West Indies	72,263	81,494	109,507	111,969	111,270	116,607	107,579	115,731r	122,539	117,350
31	Chile	2,054	2,210	2,936	2,933	2,988	2,733	2,683	2,739	2,765	3,013
32	Colombia	4,285	4,204	4,374	4,173	4,033	4,127	4,235	4,365	4,199	4,887
33	Cuba	7	12	10	10	15	10	9	10	14	10
34	Ecuador	1,236	1,082	1,379	1,376	1,285	1,351	1,411	1,376	1,363	1,342
35	Guatemala	1,123	1,082	1,195	1,272	1,232	1,251	1,297	1,279	1,293	1,275
36	Jamaica	136	160	269	222	188	294	227	231	233	206
37	Mexico	13,745	14,480	15,185	14,367	14,060	14,211	13,679	13,769r	14,981	14,658
38	Netherlands Antilles	4,970	4,975	6,420	5,769	6,072	6,316	6,434	6,071	6,096	5,948
39	Panama	6,886	7,414	4,353	4,355	4,454	4,278	4,357	4,400	4,424	4,382
40	Peru	1,163	1,275	1,671	1,763	1,724	1,761	1,770	1,778	1,828	1,910
41	Uruguay	1,537	1,582	1,898	2,263	2,344	2,429	2,152	2,121	2,340	2,214
42	Venezuela	10,171	9,048	9,147	9,565	9,435	9,431	9,500	9,398r	9,520	9,550
43	Other	5,119	5,234	5,868	6,145	6,140	5,903	5,790	6,039r	6,213	6,505
44	Asia	108,831	121,288	147,230	148,676	147,353	148,339	144,073	145,505r	153,524	150,085
	China										
45	Mainland	1,476	1,162	1,892	1,809	1,652	1,432	1,522	1,700	1,804	1,989
46	Taiwan	18,902	21,503	26,058	28,284	26,928	27,025	27,125	25,427r	24,119	22,399
47	Hong Kong	9,393	10,180	11,738	11,403	12,215	12,132	11,346	12,268r	12,292	11,826
48	India	674	582	699	1,787	1,009	812	871	940	875	1,133
49	Indonesia	1,547	1,404	1,180	1,154	1,306	1,232	1,096	1,042	1,042	1,144
50	Israel	1,892	1,292	1,461	967	1,103	1,088	1,058	953	1,041	2,221
51	Japan	47,410	54,322	73,957	72,689	70,468	71,130	68,670	70,616r	78,824	72,700
52	Korea	1,141	1,637	2,541	3,023	3,166	3,047	3,556	2,907	3,037	3,099
53	Philippines	1,866	1,085	1,163	973	991	984	936	1,083	1,055	1,148
54	Thailand	1,119	1,345	1,236	1,165	1,162	1,274	1,254	1,776	1,430	1,692
55	Middle-East oil-exporting countries[3]	12,352	13,988	12,083	12,098	13,505	13,612	12,368	12,524	13,026	13,443
56	Other	11,058	12,788	13,223	13,324	13,851	14,571	14,271	14,270	14,979	17,292
57	Africa	4,021	3,945	3,991	3,665	3,802	3,904	3,618	3,265	3,536	3,486
58	Egypt	706	1,151	911	721	702	748	738	549	574	577
59	Morocco	92	194	68	82	68	67	66	72	96	71
60	South Africa	270	202	437	256	324	188	231	201	246	219
61	Zaire	74	67	85	73	92	98	92	87	81	71
62	Oil-exporting countries[4]	1,519	1,014	1,017	1,017	879	1,100	942	897	1,036	1,046
63	Other	1,360	1,316	1,474	1,516	1,737	1,702	1,548	1,459	1,502	1,501
64	Other countries	5,118	4,070	6,165	6,267	6,563	6,108	7,346	7,513	7,261	8,524
65	Australia	4,196	3,327	5,293	5,471	5,700	5,192	6,620	6,721	6,517	7,972
66	All other	922	744	872	796	863	916	726	792	744	551
67	Nonmonetary international and regional organizations	5,807	4,464	3,224	4,002	3,415	3,617	4,240	4,418	4,945	6,281
68	International[5]	4,620	2,830	2,503	2,548	2,456	2,830	2,881	3,084	3,390	4,991
69	Latin American regional	1,033	1,272	589	981	564	613	961	690	1,201	890
70	Other regional[6]	154	362	133	472	395	175	397	644	353	400

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						
				Apr.	May	June	July	Aug.	Sept.	Oct.r
1 **Total**	**444,745**	**459,877**	**491,275**	**495,060**	**490,811**	**490,395**	**480,634**	**488,635r**	**499,122**	**507,930**
2 **Foreign countries**	**441,724**	**456,472**	**489,205**	**493,225**	**487,029**	**486,918**	**476,846**	**485,511r**	**496,200**	**505,250**
3 Europe	107,823	102,348	117,048	111,170	112,975	112,240	106,451	107,359r	111,181	109,049
4 Austria	728	793	485	805	764	809	854	549	480	630
5 Belgium-Luxembourg	7,498	9,397	8,518	8,102	8,435	7,780	7,558	7,510	7,404	7,400
6 Denmark	688	717	480	770	470	774	562	768	557	513
7 Finland	987	1,010	1,065	1,214	1,280	1,175	1,433	1,401	1,233	1,707
8 France	11,356	13,548	13,243	16,524	16,092	15,574	15,970	16,415	16,249	15,441
9 Germany	1,816	2,039	2,326	3,529	3,959	3,695	3,460	3,316r	3,463	3,369
10 Greece	648	462	433	561	595	632	602	624	634	650
11 Italy	9,043	7,460	7,936	4,803	5,627	6,813	5,994	5,494	6,043	5,577
12 Netherlands	3,296	2,619	2,547	2,735	3,183	2,025	1,950	1,451r	1,992	1,897
13 Norway	672	934	455	551	567	667	796	665	644	647
14 Portugal	739	477	374	281	371	328	283	264	252	258
15 Spain	1,492	1,853	1,823	2,624	2,209	2,190	2,092	1,738	1,684	1,733
16 Sweden	1,964	2,254	1,977	2,164	2,158	1,946	2,003	2,046	2,286	2,087
17 Switzerland	3,352	2,718	3,895	4,540	3,975	5,485	4,123	4,479	5,018	4,575
18 Turkey	1,543	1,680	1,233	1,005	910	886	891	960	1,028	1,021
19 United Kingdom	58,335	50,823	65,708	56,057	58,076	56,891	53,463	54,811r	57,253	56,442
20 Yugoslavia	1,835	1,700	1,390	1,369	1,366	1,359	1,406	1,346	1,338	1,373
21 Other Western Europe[2]	....	619	1,152	1,415	966	1,161	974	1,247	1,249	1,478
22 U.S.S.R.	345	389	1,255	1,346	1,155	1,212	1,227	1,456	1,574	1,453
23 Other Eastern Europe[3]	948	852	754	775	820	838	810	819	799	796
24 Canada	21,006	25,368	18,889	19,150	16,072	16,089	14,493	15,073	14,758	13,722
25 Latin America and Caribbean	208,825	214,789	214,233	219,970	217,962	219,267	217,096	215,830r	219,665	219,837
26 Argentina	12,091	11,996	11,826	11,516	11,381	10,840	10,724	10,730r	10,460	10,444
27 Bahamas	59,342	64,587	67,006	75,665	70,552	66,611	70,468	68,113	70,906	71,422
28 Bermuda	418	471	483	361	449	391	463	522	1,104	804
29 Brazil	25,716	25,897	25,735	25,947	25,785	25,675	25,824	25,597	24,999	25,026
30 British West Indies	46,284	50,042	55,790	54,424	57,960	64,870	59,437	61,270r	63,292	62,774
31 Chile	6,558	6,308	5,217	5,224	5,266	4,841	4,770	4,803r	4,707	4,603
32 Colombia	2,821	2,740	2,944	2,661	2,600	2,581	2,523	2,504r	2,477	2,800
33 Cuba	0	1	1	2	1	1	9	1	1	1
34 Ecuador	2,439	2,286	2,075	2,025	1,944	1,894	1,932	1,918r	1,904	1,864
35 Guatemala[4]	140	144	198	210	207	200	188	203r	196	188
36 Jamaica[4]	198	188	212	266	265	286	270	272	282	270
37 Mexico	30,698	29,532	24,637	24,077	24,038	23,653	23,356	23,164r	22,813	22,693
38 Netherlands Antilles	1,041	980	1,321	1,009	999	1,183	1,162	1,021r	1,078	1,137
39 Panama	5,436	4,744	2,536	2,433	2,475	2,438	2,320	2,030	1,833	1,831
40 Peru	1,661	1,329	1,013	947	938	874	867	870	823	851
41 Uruguay	940	963	910	876	832	896	854	866	899	903
42 Venezuela	11,108	10,843	10,733	10,659	10,600	10,551	10,269	10,024	10,064	10,270
43 Other Latin America and Caribbean	1,936	1,738	1,597	1,668	1,670	1,482	1,659	1,922	1,827	1,957
44 Asia	96,126	106,096	130,906	134,439	131,578	130,578	130,235	137,705r	140,702	151,724
China										
Mainland	787	968	762	816	952	920	644	575	590	599
46 Taiwan	2,681	4,592	4,184	3,952	3,715	4,058	3,946	3,356	3,357	2,773
47 Hong Kong	8,307	8,218	10,148	8,293	8,855	8,557	8,153	8,806r	10,338	10,067
48 India	321	510	560	425	411	537	477	547	638	616
49 Indonesia	723	580	674	726	690	671	645	614	615	685
50 Israel	1,634	1,363	1,136	1,052	1,045	1,019	961	902	857	1,185
51 Japan	59,674	68,658	90,162	97,666	93,447	91,086	91,764	96,125r	97,706	108,367
52 Korea	7,182	5,148	5,219	5,198	5,338	5,615	5,774	6,007	5,686	5,748
53 Philippines	2,217	2,071	1,876	1,839	1,810	1,763	1,607	1,543	1,617	1,549
54 Thailand	578	496	849	1,018	975	1,058	1,061	1,130r	1,216	1,058
55 Middle East oil-exporting countries[5]	4,122	4,858	6,213	5,237	5,522	6,550	5,550	8,879	8,618	8,357
56 Other Asia	7,901	8,635	9,122	8,217	8,818	8,745	9,654	9,221r	9,465	10,722
57 Africa	4,650	4,742	5,718	6,087	6,084	6,075	6,066	6,032r	6,028	5,763
58 Egypt	567	521	507	541	541	534	577	494	501	475
59 Morocco	598	542	511	532	538	531	518	535	524	538
60 South Africa	1,550	1,507	1,681	1,742	1,753	1,746	1,702	1,713	1,709	1,679
61 Zaire	28	15	17	19	19	17	17	16	20	15
62 Oil-exporting countries[6]	694	1,003	1,523	1,474	1,504	1,503	1,587	1,608	1,629	1,546
63 Other	1,213	1,153	1,479	1,778	1,729	1,744	1,664	1,666r	1,645	1,510
64 Other countries	3,294	3,129	2,410	2,409	2,359	2,670	2,505	3,512	3,867	5,155
65 Australia	1,949	2,100	1,517	1,505	1,167	1,307	1,518	2,499	2,952	4,301
66 All other	1,345	1,029	894	905	1,192	1,363	987	1,013	915	854
67 Nonmonetary international and regional organizations[7]	3,021	3,404	2,071	1,835	3,782	3,477	3,787	3,124	2,922	2,680

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						
				Apr.	May	June	July	Aug.r	Sept.r	Oct.p
1 **Total**	**478,650**	**497,635**	**538,799**	....	....	**539,927**	....	....	**551,277**	....
2 Banks' own claims on foreigners	444,745	459,877	491,275	495,060	490,811	490,395	480,634	488,435	499,122	507,934
3 Foreign public borrowers	64,095	64,605	62,700	63,248	63,789	62,636	62,694	62,758	62,055	63,068
4 Own foreign offices[2]	211,533	224,727	257,405	259,693	257,271	258,020	248,716	252,058	265,561	270,097
5 Unaffiliated foreign banks	122,946	127,609	129,487	131,104	130,488	128,391	128,924	132,478	131,077	130,441
6 Deposits	57,484	60,687	65,898	69,283	67,407	68,306	68,888	72,576	72,642	71,977
7 Other	65,462	66,922	63,588	61,821	63,081	60,085	60,036	59,903	58,435	58,464
8 All other foreigners	46,171	42,936	41,684	41,016	39,263	41,349	40,300	41,340	40,429	44,325
9 Claims of banks' domestic customers[3]	33,905	37,758	47,524	....	....	49,531	....	....	52,154	....
10 Deposits	4,413	3,692	8,289	....	....	11,153	....	....	11,259	....
11 Negotiable and readily transferable instruments[4]	24,044	26,696	25,700	....	....	22,017	....	....	24,286	....
12 Outstanding collections and other claims	5,448	7,370	13,535	....	....	16,362	....	....	16,609	....
13 MEMO: Customer liability on acceptances	25,706	23,107	19,568	....	....	16,825	....	....	12,829	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	43,984	40,857	45,391	47,897	49,491	46,687	48,549r	49,634	47,447	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		
				Dec.	Mar.	June	Sept.p
1 **Total**	**227,903**	**232,295**	**235,130**	**233,280**	**231,454**	**231,468**	**236,346**
By borrower							
2 Maturity of 1 year or less[2]	160,824	160,555	163,997	172,730	168,377	167,441	169,240
3 Foreign public borrowers	26,302	24,842	25,889	26,602	24,135	23,688	24,218
4 All other foreigners	134,522	135,714	138,108	146,128	144,242	143,753	145,022
5 Maturity over 1 year[2]	67,078	71,740	71,133	60,550	63,077	64,028	67,106
6 Foreign public borrowers	34,512	39,103	38,625	35,315	37,922	38,050	41,863
7 All other foreigners	32,567	32,637	32,507	25,235	25,155	25,978	25,242
By area							
Maturity of 1 year or less[2]							
8 Europe	56,585	61,784	59,027	56,031	57,878	58,355	52,384
9 Canada	6,401	5,895	5,680	6,282	5,115	5,693	6,202
10 Latin America and Caribbean	63,328	56,271	56,535	58,004	53,268	50,717	52,198
11 Asia	27,966	29,457	35,919	46,188	45,675	45,309	51,188
12 Africa	3,753	2,882	2,833	3,337	3,610	3,601	3,510
13 All other[3]	2,791	4,267	4,003	2,888	2,831	3,765	3,757
Maturity of over 1 year[2]							
14 Europe	7,634	6,737	6,696	4,664	4,507	4,608	8,839
15 Canada	1,805	1,925	2,661	1,922	2,309	2,592	2,440
16 Latin America and Caribbean	50,674	56,719	53,817	47,548	49,790	50,133	48,574
17 Asia	4,502	4,043	3,830	3,613	3,699	3,815	4,197
18 Africa	1,538	1,539	1,747	2,301	2,292	2,408	2,472
19 All other[3]	926	777	2,381	501	480	472	584

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		
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.[p]
1 **Total**	**389.1**	**386.5**	**387.9**	**382.4**	**371.4**	**352.2**	**354.3**	**346.8**	**345.8**	**339.4[r]**	**345.7**
2 G-10 countries and Switzerland	147.0	156.6	154.8	159.7	156.8	151.0	148.9	153.1	145.7	144.7[r]	146.2
3 Belgium-Luxembourg	9.4	8.4	8.1	10.0	9.1	9.2	9.5	9.0	8.6	7.8	6.9
4 France	12.3	13.6	13.6	13.7	11.8	10.9	10.3	10.5	11.2	10.8	11.1
5 Germany	10.5	11.6	10.5	12.6	11.8	10.6	9.2	10.3	10.2	10.6	10.4
6 Italy	9.7	9.0	6.8	7.5	7.4	6.3	5.6	6.8	5.2	6.1	6.8
7 Netherlands	3.8	4.6	4.8	4.1	3.3	3.2	2.9	2.7	2.8	2.8	2.4
8 Sweden	2.8	2.4	2.6	2.1	2.1	1.9	1.9	1.8	2.3	1.8	2.0
9 Switzerland	4.4	5.8	5.4	5.6	5.1	5.6	5.2	5.4	5.1	5.3	6.1
10 United Kingdom	63.3	70.9	72.0	68.8	71.7	70.4	67.6	66.2	65.4	64.4[r]	63.8
11 Canada	6.8	5.2	4.6	5.5	4.7	5.3	4.9	5.0	4.0	5.1	5.9
12 Japan	24.1	25.1	26.4	29.8	29.7	27.6	31.8	35.3	30.9	30.1	30.8
13 Other developed countries	30.3	26.1	26.3	26.4	26.4	24.0	23.0	21.0	21.0	21.2	20.7
14 Austria	1.6	1.7	1.8	1.9	1.6	1.6	1.6	1.5	1.4	1.7	1.4
15 Denmark	2.4	1.7	1.6	1.7	1.4	1.1	1.2	1.1	1.1	1.4	1.1
16 Finland	1.6	1.4	1.4	1.2	1.0	1.2	1.3	1.1	1.0	1.0	1.1
17 Greece	2.6	2.3	1.9	2.0	2.3	2.1	2.1	1.8	2.1	2.3	2.3
18 Norway	2.9	2.4	2.0	2.2	1.9	1.9	2.0	1.8	1.6	1.8	1.4
19 Portugal	1.3	.9	.9	.6	.5	.4	.4	.4	.4	.6	.4
20 Spain	5.8	5.8	7.4	8.0	8.9	7.2	6.3	6.2	6.6	6.2	6.9
21 Turkey	2.0	2.0	1.9	2.0	2.0	1.8	1.6	1.5	1.3	1.2	1.1
22 Other Western Europe	2.0	1.5	1.6	1.6	1.9	1.7	1.9	1.3	1.1	1.1	1.0
23 South Africa	3.2	3.0	2.9	2.9	2.8	2.8	2.7	2.4	2.2	2.1	2.1
24 Australia	5.0	3.4	2.9	2.4	2.0	2.2	1.8	1.8	2.4	1.9	2.0
25 OPEC countries[3]	21.5	19.4	19.2	17.4	17.6	17.0	17.9	16.6	16.2	16.0	16.2
26 Ecuador	2.1	2.2	2.1	1.9	1.9	1.8	1.8	1.7	1.6	1.5	1.5
27 Venezuela	9.0	8.7	8.3	8.1	8.1	8.0	7.9	7.9	7.9	7.5	7.3
28 Indonesia	3.0	2.5	2.0	1.9	1.8	1.8	1.8	1.7	1.7	1.9	2.0
29 Middle East countries	5.4	4.3	5.0	3.6	3.9	3.5	4.6	3.4	3.3	3.4	3.5
30 African countries	2.0	1.8	1.8	1.9	1.9	1.9	1.9	1.9	1.7	1.6	1.9
31 Non-OPEC developing countries	105.0	99.6	98.0	97.8	94.4	91.8	87.2	85.3	85.4	83.1	80.8
Latin America											
32 Argentina	8.9	9.5	9.4	9.5	9.6	9.5	9.3	9.0	8.4	7.9	7.6
33 Brazil	25.5	25.3	25.1	24.7	23.8	23.7	22.4	22.4	22.7	22.0	20.8
34 Chile	7.0	7.1	7.1	6.9	6.6	6.4	6.3	5.6	5.7	5.1	4.9
35 Colombia	2.6	2.1	2.0	2.0	2.0	2.2	2.1	2.1	1.9	1.7	1.6
36 Mexico	24.3	24.0	24.7	23.5	22.4	21.1	20.4	18.8	18.0	17.5	17.0
37 Peru	1.8	1.4	1.2	1.1	1.1	.9	.8	.8	.7	.6	.6
38 Other Latin America	3.5	3.1	2.8	2.8	2.8	2.6	2.5	2.6	2.7	2.5	2.9
Asia											
China											
39 Mainland	.5	.4	.3	.3	.4	.4	.2	.3	.5	.3	.3
40 Taiwan	4.5	4.9	6.0	8.2	6.1	4.9	3.2	3.7	4.9	5.2	5.0
41 India	1.2	1.2	1.9	1.9	2.1	2.3	2.0	2.1	2.6	2.4	2.7
42 Israel	1.6	1.5	1.3	1.0	1.0	1.0	1.0	1.2	.9	.8	.7
43 Korea (South)	9.3	6.7	5.0	5.0	5.7	5.9	6.0	6.1	6.1	6.6	6.5
44 Malaysia	2.4	2.1	1.6	1.5	1.5	1.5	1.7	1.6	1.7	1.6	1.7
45 Philippines	5.7	5.4	5.4	5.2	5.1	4.9	4.7	4.5	4.4	4.4	4.0
46 Thailand	1.4	.9	.7	.7	1.0	1.1	1.2	1.1	1.0	1.0	1.3
47 Other Asia	1.0	.7	.7	.7	.7	.8	.8	.9	.8	.8	1.0
Africa											
48 Egypt	1.0	.7	.6	.6	.5	.6	.5	.4	.5	.6	.5
49 Morocco	.9	.9	.9	.9	.9	.9	.8	.9	.9	.9	.8
50 Zaire	.1	.1	.1	.0	.1	.1	.0	.0	.0	.0	.0
51 Other Africa[4]	1.9	1.6	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.0
52 Eastern Europe	4.4	3.5	3.6	3.2	3.1	3.3	3.1	3.6	3.5	3.4	3.6
53 U.S.S.R.	.1	.1	.4	.3	.3	.4	.4	.7	.7	.6	.8
54 Yugoslavia	2.4	2.0	1.9	1.8	1.9	1.9	1.8	1.8	1.7	1.7[r]	1.7
55 Other	1.9	1.4	1.2	1.1	1.0	1.0	1.0	1.1	1.1	1.1	1.2
56 Offshore banking centers	64.0	61.5	63.7	54.5	51.5	43.0	47.3	44.3	48.4	43.1[r]	49.4
57 Bahamas	21.5	22.4	25.7	17.3	15.9	8.9	12.9	11.1	15.8	11.0	11.5
58 Bermuda	.7	.6	.6	.6	.8	1.0	.9	.9	1.1	.7	1.3
59 Cayman Islands and other British West Indies	12.2	12.3	11.9	13.5	11.6	10.3	11.9	12.9	11.9	10.8	15.5
60 Netherlands Antilles	2.2	1.8	1.2	1.2	1.3	1.2	1.2	1.0	.9	.9	1.0
61 Panama[5]	6.0	4.0	3.7	3.7	3.2	3.0	2.7	2.6	2.3	1.9	1.5
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.5	11.1	12.3	11.2	11.3	11.6	10.5	9.6	9.6	10.4	10.7
64 Singapore	9.8	9.2	8.1	7.0	7.4	6.9	7.0	6.1	6.8	7.3	7.8
65 Others[6]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[7]	16.9	19.8	22.3	23.2	21.5	22.2	26.7	22.6	25.1	27.4	28.5

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
1	**Total**	**27,825**	**25,587**	**28,302**	**29,792**	**30,107**	**32,196**	**33,417**	**36,986**	**36,389r**
2	Payable in dollars	24,296	21,749	22,785	24,012	24,805	26,967	27,831	31,195	31,415r
3	Payable in foreign currencies	3,529	3,838	5,517	5,780	5,302	5,229	5,586	5,790	4,975
	By type									
4	Financial liabilities	13,600	12,133	12,424	14,139	13,894	14,877	14,917	17,164	16,454r
5	Payable in dollars	11,257	9,609	8,643	10,145	10,234	11,283	11,049	13,084	12,692r
6	Payable in foreign currencies	2,343	2,524	3,781	3,994	3,660	3,594	3,868	4,080	3,762
7	Commercial liabilities	14,225	13,454	15,878	15,653	16,213	17,319	18,500	19,822	19,935
8	Trade payables	6,685	6,450	7,305	6,454	6,768	6,480	6,454	6,921	6,228r
9	Advance receipts and other liabilities	7,540	7,004	8,573	9,200	9,446	10,839	12,045	12,901	13,708
10	Payable in dollars	13,039	12,140	14,142	13,867	14,571	15,684	16,782	18,111	18,722
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	10,849
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	7,799
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	1,216r
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]	82	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	7,812r
34	Belgium-Luxembourg	62	101	132	154	147	206	170	134	116
35	France	453	352	426	414	408	438	459	574	542r
36	Germany	607	715	908	810	791	1,185	1,699	1,361	1,178r
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	2,698r
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	6,938r
49	Japan	1,799	2,042	2,578	2,508	2,659	2,763	3,091	3,048	2,698r
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	1,639r

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
1 **Total**	**28,876**	**36,265**	**30,964**	**31,089**	**37,641**	**38,114**	**33,412**	**31,482**	**34,007r**
2 Payable in dollars	26,574	33,867	28,502	29,026	35,613	35,695	31,164	29,254	31,832r
3 Payable in foreign currencies	2,302	2,399	2,462	2,063	2,028	2,419	2,249	2,227	2,175
By type									
4 Financial claims	18,891	26,273	20,363	20,326	26,274	27,011	21,482	19,613	22,027r
5 Deposits	15,526	19,916	14,903	12,697	19,492	19,079	15,763	14,733	17,023r
6 Payable in dollars	14,911	19,331	13,775	12,121	18,775	18,145	14,744	13,886	16,143r
7 Payable in foreign currencies	615	585	1,128	576	718	934	1,019	847	879
8 Other financial claims	3,364	6,357	5,460	7,629	6,781	7,932	5,719	4,881	5,004r
9 Payable in dollars	2,330	5,005	4,646	6,509	5,886	6,990	4,995	4,007	4,187r
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	11,980r
12 Trade receivables	8,696	8,783	9,535	9,650	10,332	10,109	10,845	10,604	10,791r
13 Advance payments and other claims	1,290	1,209	1,065	1,113	1,036	993	1,085	1,264	1,189r
14 Payable in dollars	9,333	9,530	10,081	10,397	10,952	10,560	11,425	11,361	11,502r
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	8,536r
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	223r
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	7,292r
23 Canada	3,260	4,808	2,844	2,669	2,913	3,612	2,338	2,210	2,611
24 Latin America and Caribbean	7,846	9,291	7,012	6,483	10,854	11,814	8,128	7,216	9,298r
25 Bahamas	2,698	2,628	1,994	2,329	4,176	4,064	1,847	2,173	1,875
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	6,810r
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	1,219r
32 Japan	475	999	605	1,133	646	737	603	685	822r
33 Middle East oil-exporting countries[2]	4	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	4,889r
38 Belgium-Luxembourg	175	133	178	193	158	171	176	201	200
39 France	426	431	650	552	684	542	671	752	767
40 Germany	346	444	562	637	773	613	611	643	639
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	1,333
44 Canada	1,023	934	936	1,166	937	977	974	1,100	1,168
45 Latin America and Caribbean	1,753	1,857	1,930	1,930	2,067	2,104	2,229	2,100	2,082r
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	313r
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	3,095r
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	429r
55 Africa	437	500	401	419	425	425	435	386	405r
56 Oil-exporting countries[3]	130	139	144	126	136	137	122	95	111
57 All other[4]	257	222	238	225	250	273	328	290	341r

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.–Oct.	1989 Apr.	May	June	July	Aug.	Sept.[r]	Oct.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	249,122	181,185	183,611	14,101	17,904	24,311	17,115	22,097	19,588	22,350
2 Foreign sales	232,849	183,185	171,520	14,241	16,846	20,640	15,084	20,939	17,040	20,988
3 **Net purchases, or sales (−)**	**16,272**	**−2,000**	**12,090**	**−141**	**1,058**	**3,671**	**2,031**	**1,158**	**2,548**	**1,363**
4 **Foreign countries**	**16,321**	**−1,825**	**12,345**	**−134**	**1,060**	**3,689**	**2,047**	**1,141**	**2,600**	**1,340**
5 Europe	1,932	−3,350	2,174	181	−293	418	778	−110	1,459	−107
6 France	905	−281	−148	168	−123	−15	75	−251	−5	−265
7 Germany	−70	218	−704	17	−215	−155	−79	−238	−65	−117
8 Netherlands	892	−535	211	−125	−76	131	12	−64	37	226
9 Switzerland	−1,123	−2,243	−2,529	−141	−293	−114	−23	−344	64	−244
10 United Kingdom	631	−954	4,056	287	494	329	545	772	893	−34
11 Canada	1,048	1,087	−267	−66	−75	168	8	14	−265	−140
12 Latin America and Caribbean	1,318	1,238	3,604	120	391	168	108	250	601	149
13 Middle East[1]	−1,360	−2,474	3,157	−345	206	1,679	456	553	111	112
14 Other Asia	12,896	1,365	3,196	−28	784	1,201	729	423	633	1,138
15 Japan	11,365	1,922	3,091	−16	763	1,215	626	424	611	975
16 Africa	123	188	104	10	−1	16	2	22	24	−6
17 Other countries	365	121	376	−7	50	40	−34	−11	37	193
18 **Nonmonetary international and regional organizations**	**−48**	**−176**	**−255**	**−6**	**−2**	**−18**	**−17**	**17**	**−52**	**23**
BONDS[2]										
19 Foreign purchases	105,856	86,363	95,611	9,736	8,329	10,856	10,044	10,943	8,602	10,930
20 Foreign sales	78,312	58,395	69,541	5,270	8,776	9,043	7,526	9,281[r]	6,796	6,332
21 **Net purchases, or sales (−)**	**27,544**	**27,968**	**26,070**	**4,466**	**−447**	**1,813**	**2,518**	**1,662[r]**	**1,807**	**4,598**
22 **Foreign countries**	**26,804**	**28,510**	**25,789**	**4,465**	**−570**	**1,690**	**2,550**	**1,686[r]**	**1,801**	**4,540**
23 Europe	21,989	17,243	16,332	3,102	−55	2,132	1,976	−58[r]	1,461	2,426
24 France	194	143	380	27	93	6	121	−35	78	−41
25 Germany	33	1,344	−89	135	−170	−162	−53	−121	−33	113
26 Netherlands	269	1,514	667	51	9	395	−22	96	28	30
27 Switzerland	1,587	505	272	90	−114	−110	81	13	−27	74
28 United Kingdom	19,770	13,088	14,276	2,252	665	1,881	1,937	−259[r]	1,372	1,950
29 Canada	1,296	711	994	115	59	−188	79	76	155	175
30 Latin America and Caribbean	2,857	1,931	2,650	219	136	271	300	62	233	247
31 Middle East[1]	−1,314	−178	−356	3	−100	−613	36	43[r]	20	135
32 Other Asia	2,021	8,900	5,924	990	−615	83	53	1,574	−108	1,553
33 Japan	1,622	7,686	3,719	608	−722	−67	−25	1,167	−179	1,263
34 Africa	16	−8	21	4	0	1	3	5	−3	0
35 Other countries	−61	−89	225	33	5	4	103	−17	42	4
36 **Nonmonetary international and regional organizations**	**740**	**−542**	**281**	**1**	**122**	**123**	**−32**	**−23**	**6**	**58**
	Foreign securities									
37 Stocks, net purchases, or sales (−)[3]	1,081	−1,918	−10,482	−947	−1,322	−2,077	−748	−1,700[r]	−639	−1,361
38 Foreign purchases	95,458	75,211	83,549	6,686	7,748	9,111	7,595	9,488[r]	8,476	10,043
39 Foreign sales[3]	94,377	77,128	94,031	7,633	9,070	11,188	8,343	11,188[r]	9,115	11,404
40 Bonds, net purchases, or sales (−)	−7,946	−7,221	−6,314	−196	−107	−1,524	−1,414	1,005[r]	−1,842	−890
41 Foreign purchases	199,089	217,932	194,694	15,525	17,242	21,016	20,206	24,092[r]	18,331	21,260
42 Foreign sales	207,035	225,153	201,008	15,721	17,350	22,540	21,621	23,087[r]	20,173	22,150
43 **Net purchases, or sales (−), of stocks and bonds**	**−6,865**	**−9,138**	**−16,796**	**−1,143**	**−1,430**	**−3,601**	**−2,163**	**−694[r]**	**−2,481**	**−2,251**
44 **Foreign countries**	**−6,757**	**−9,619**	**−16,686**	**−1,350**	**−1,633**	**−3,401**	**−2,315**	**−880[r]**	**−1,913**	**−1,913**
45 Europe	−12,101	−7,632	−17,249	−1,757	−1,520	−3,876	−2,370	−853[r]	−2,088	−2,535
46 Canada	−4,072	−3,735	−3,043	194	−555	−699	−692	−250[r]	−201	655
47 Latin America and Caribbean	828	1,384	836	197	−90	27	−76	313	−61	218
48 Asia	9,299	985	3,239	70	700	1,191	805	327[r]	414	−242
49 Africa	89	−54	25	10	13	3	12	−4	−3	12
50 Other countries	−800	−567	−494	−64	−180	−47	7	−414	26	−21
51 **Nonmonetary international and regional organizations**	**−108**	**480**	**−111**	**207**	**203**	**−200**	**152**	**186**	**−568**	**−338**

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. As a result of the merger of a U.S. and U.K. company in July 1989, the former stockholders of the U.S. company received $5,453 million in shares of the new combined U.K. company. This transaction is not reflected in the data above.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions

Millions of dollars

Country or area	1987	1988	1989	1989						
			Jan.–Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total[2]**	**25,587**	**48,868**	**45,247**	**29**	**7,043**	**−5,202**	**−1,317**	**21,979**	**4,616[r]**	**−2,150**
2 Foreign countries[2]	30,889	48,206	44,667	291	5,520	−5,319	−773	22,406	5,699[r]	−3,399
3 Europe[2]	23,716	14,353	29,211	−1,814	4,498	−1,305	4,357	15,191	2,494	−2,268
4 Belgium-Luxembourg	653	923	927	−87	88	13	82	413	216	90
5 Germany[2]	13,330	−5,268	4,521	−693	−179	−1,106	2,622	2,503	510	137
6 Netherlands	−913	−356	−804	−643	−638	−674	100	1,304	302	−1,200
7 Sweden	210	−323	1,091	398	−69	647	110	241	−50	140
8 Switzerland[2]	1,917	−1,074	2,232	440	−83	378	−361	−748	374	−187
9 United Kingdom	3,975	9,674	15,011	−1,298	3,873	−133	1,024	9,863	339	−1,049
10 Other Western Europe	4,563	10,786	6,254	74	1,511	−423	786	1,614	802	−199
11 Eastern Europe	−19	−10	−21	−5	−5	−6	−5	0	0	0
12 Canada	4,526	3,761	82	114	157	−478	−533	1,028	−373	150
13 Latin America and Caribbean	−2,192	713	8	−133	−179	643	839	−280	23[r]	−1,439
14 Venezuela	150	−109	184	−18	0	1	71	120	29	72
15 Other Latin America and Caribbean	−1,142	1,130	−258	−231	−78	−14	104	217	−506[r]	34
16 Netherlands Antilles	−1,200	−308	81	117	−101	656	665	−617	500	−1,545
17 Asia	4,488	27,606	15,063	1,743	1,734	−5,577	−4,954	7,118	2,857[r]	−96
18 Japan	868	21,752	2,344	2,624	1,646	−7,780	−5,360	3,009	2,402[r]	1,330
19 Africa	−56	−13	68	32	−3	66	−5	−48	0	13
20 All other	407	1,786	236	350	−687	1,332	−477	−603	698	240
21 Nonmonetary international and regional organizations	−5,302	661	580	−262	1,523	117	−544	−427	−1,083[r]	1,249
22 International	−4,387	1,106	281	−252	1,340	−253	−546	−576	−719[r]	1,158
23 Latin America regional	3	−31	231	−21	70	191	3	75	−228	160
Memo										
24 Foreign countries[2]	30,889	48,206	44,667	291	5,520	−5,319	−773	22,406	5,699[r]	−3,399
25 Official institutions	31,064	26,624	23,991	−842	−1,068	449	2,819	9,957	799[r]	−990
26 Other foreign[2]	−176	21,582	20,676	1,133	6,588	−5,768	−3,592	12,449	4,900[r]	−2,409
Oil-exporting countries										
27 Middle East[3]	−3,142	1,963	8,813	−471	−299	670	422	3,677	695[r]	−2,178
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 Dec. 31, 1989		Country	Rate on Dec. 31, 1989		Country	Rate on Dec. 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	12.47	Dec. 1989	Japan	4.25	Dec. 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	1987	1988	1989	1989						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Eurodollars	7.07	7.85	9.16	9.28	8.85	8.71	8.85	8.67	8.42	8.39
2 United Kingdom	9.65	10.28	13.87	14.17	13.91	13.86	13.99	15.03	15.07	15.07
3 Canada	8.38	9.63	12.20	12.35	12.24	12.30	12.32	12.29	12.35	12.34
4 Germany	3.97	4.28	7.04	6.92	7.00	6.99	7.37	8.08	8.22	8.06
5 Switzerland	3.67	2.94	6.83	7.09	6.92	7.01	7.42	7.63	7.68	8.14
6 Netherlands	5.24	4.72	7.28	7.11	7.07	7.15	7.53	8.08	8.40	8.47
7 France	8.14	7.80	9.27	8.89	9.05	8.95	9.20	9.89	10.41	10.71
8 Italy	11.15	11.04	12.44	12.35	12.46	12.52	12.40	12.63	12.67	12.83
9 Belgium	7.01	6.69	8.65	8.51	8.46	8.44	8.66	9.51	9.81	10.03
10 Japan	3.87	3.96	4.73	4.46	4.71	4.80	4.88	5.25	5.71	5.80

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	1987	1988	1989	1989 July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Australia/dollar[2]	70.137	78.409	79.186	75.658	76.345	77.271	77.421	78.295	78.586
2 Austria/schilling	12.649	12.357	13.236	13.308	13.570	13.733	13.140	12.860	12.241
3 Belgium/franc	37.358	36.785	39.409	39.560	40.310	40.841	39.197	38.403	36.544
4 Canada/dollar	1.3259	1.2306	1.1842	1.1891	1.1758	1.1828	1.1749	1.1697	1.1613
5 China, P.R./yuan	3.7314	3.7314	3.7673	3.7314	3.7314	3.7314	3.7314	3.7314	4.1825
6 Denmark/krone	6.8478	6.7412	7.3210	7.3527	7.4938	7.5872	7.2781	7.1138	6.7610
7 Finland/markka	4.4037	4.1933	4.2963	4.2699	4.3504	4.4219	4.2817	4.2619	4.1231
8 France/franc	6.0122	5.9595	6.3802	6.4105	6.5085	6.5855	6.3339	6.2225	5.9391
9 Germany/deutsche mark	1.7981	1.7570	1.8808	1.8901	1.9268	1.9502	1.8662	1.8300	1.7378
10 Greece/drachma	135.47	142.00	162.60	163.84	166.26	169.03	165.88	164.97	160.32
11 Hong Kong/dollar	7.7986	7.8072	7.8008	7.8040	7.8078	7.8078	7.8081	7.8140	7.8102
12 India/rupee	12.943	13.900	16.213	16.416	16.609	16.745	16.819	16.925	16.932
13 Ireland/punt[2]	148.79	152.49	141.80	141.26	138.43	136.71	142.50	144.73	151.65
14 Italy/lira	1,297.03	1,302.39	1,372.28	1,367.39	1,384.24	1,404.18	1,369.24	1,343.83	1,291.93
15 Japan/yen	144.60	128.17	138.07	140.42	141.49	145.07	142.21	143.53	143.69
16 Malaysia/ringgit	2.5186	2.6190	2.7079	2.6809	2.6825	2.6980	2.6945	2.7028	2.7032
17 Netherlands/guilder	2.0264	1.9778	2.1219	2.1318	2.1726	2.1992	2.1072	2.0652	1.9619
18 New Zealand/dollar[2]	59.328	65.560	59.354	57.537	59.217	59.144	55.937	56.301	59.458
19 Norway/krone	6.7409	6.5243	6.9131	6.9478	7.0480	7.1264	6.9502	6.9010	6.7021
20 Portugal/escudo	141.20	144.27	157.53	158.31	161.15	163.36	159.08	157.65	152.34
21 Singapore/dollar	2.1059	2.0133	1.9511	1.9589	1.9604	1.9769	1.9622	1.9588	1.9183
22 South Africa/rand	2.0385	2.2773	2.6215	2.6909	2.7247	2.7882	2.6403	2.6295[r]	2.5679
23 South Korea/won	825.94	734.52	674.29	669.84	671.13	672.73	673.86	674.94	677.66
24 Spain/peseta	123.54	116.53	118.44	118.73	120.64	122.14	118.77	116.58	112.24
25 Sri Lanka/rupee	29.472	31.820	35.947	34.764	36.276	39.572	40.018	40.017	40.018
26 Sweden/krona	6.3469	6.1370	6.4559	6.4653	6.5481	6.6103	6.4580	6.4306	6.2920
27 Switzerland/franc	1.4918	1.4643	1.6369	1.6281	1.6605	1.6865	1.6302	1.6189	1.5686
28 Taiwan/dollar	31.753	28.636	26.407	25.816	25.685	25.737	25.739	26.029	26.139
29 Thailand/baht	25.775	25.312	25.725	25.771	25.912	26.012	25.868	25.877	25.778
30 United Kingdom/pound[2]	163.98	178.13	163.82	162.68	159.47	157.15	158.74	157.26	159.65
MEMO									
31 United States/dollar[3]	96.94	92.72	98.60	99.12	100.44	101.87	98.92	97.99	94.88

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

SPECIAL TABLES—Published Irregularly, with Latest Bulletin Reference

Special tables begin on page A72.

4.20 DOMESTIC AND FOREIGN OFFICES, Insured Commercial Bank Assets and Liabilities[1,2]
Consolidated Report of Condition, September 30, 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]**	**3,207,227**	**1,854,651**	**429,598**	**1,480,646**	**966,354**	**386,222**
2 Cash and balances due from depository institutions	328,281	235,754	117,469	118,285	64,473	28,054
3 Cash items in process of collection, unposted debits, and currency and coin		85,087	1,867	83,221	29,617	
4 Cash items in process of collection and unposted debits		n.a.	n.a.	70,954	21,618	
5 Currency and coin		n.a.	n.a.	12,266	7,999	n.a.
6 Balances due from depository institutions in the United States	n.a.	34,391	20,870	13,520	20,787	
7 Balances due from banks in foreign countries and foreign central banks		97,887	94,569	3,318	3,171	
8 Balances due from Federal Reserve Banks		18,389	163	18,227	10,897	
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.	8,228	13,193	9,507
10 **Total securities, loans and lease financing receivables, net**	**2,643,869**	**1,442,982**	n.a.	n.a.	**859,683**	**341,203**
11 Total securities, book value	552,131	239,086	33,076	206,011	200,902	112,142
12 U.S. Treasury securities and U.S. government agency and corporation obligations	358,772	137,509	2,866	134,643	136,655	84,608
13 U.S. Treasury securities	n.a.	50,289	950	49,340	63,542	n.a.
14 U.S. government agency and corporation obligations	n.a.	87,220	1,916	85,303	73,113	n.a.
15 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	116,598	67,566	1,717	65,849	32,886	16,147
16 All other	n.a.	19,654	200	19,454	40,227	n.a.
17 Securities issued by states and political subdivisions in the United States	98,505	42,172	1,772	40,400	37,966	18,367
18 Taxable	2,654	804	124	680	814	1,036
19 Tax-exempt	95,851	41,368	1,648	39,720	37,152	17,331
20 Other domestic debt securities	n.a.	28,083	1,777	26,306	21,698	n.a.
21 All holdings of private certificates of participation in pools of residential mortgages	3,790	1,689	0	1,689	1,614	488
22 All other	53,716	26,395	1,777	24,617	20,084	7,237
23 Foreign debt securities	n.a.	27,346	25,878	1,468	592	n.a.
24 Equity securities	9,410	3,977	783	3,194	3,991	1,443
25 Marketable	4,766	1,462	230	1,232	2,259	1,045
26 Investments in mutual funds	2,268	444	8	435	866	959
27 Other	2,902	1,156	222	934	1,560	187
28 Less: Net unrealized loss	405	137	0	137	167	101
29 Other equity securities	4,644	2,514	553	1,961	1,732	398
30 Federal funds sold and securities purchased under agreements to resell	129,795	65,325	687	64,638	41,397	23,073
31 Federal funds sold	110,523	50,011	n.a.	n.a.	37,808	22,704
32 Securities purchased under agreements to resell	19,272	15,314	n.a.	n.a.	3,589	369
33 Total loans and lease financing receivables, gross	2,029,919	1,184,601	211,791	972,810	633,756	211,562
34 LESS: *Unearned income on loans*	15,195	6,789	2,228	4,561	6,226	2,180
35 Total loans and leases (net of unearned income)	2,014,724	1,177,812	209,563	968,250	627,530	209,382
36 LESS: Allowance for loan and lease losses	52,568	39,029	n.a.	n.a.	10,145	3,393
37 LESS: Allocated transfer risk reserves	213	213	n.a.	n.a.	0	1
38 EQUALS: Total loans and leases, net	1,961,943	1,138,570	n.a.	n.a.	617,384	205,988
Total loans, gross, by category						
39 Loans secured by real estate	740,727	370,204	22,965	347,239	268,751	101,772
40 Construction and land development				89,931	38,124	7,940
41 Farmland				2,238	4,736	9,523
42 1–4 family residential properties				148,452	132,410	56,054
43 Revolving, open-end loans, extended under lines of credit	n.a.	n.a.	n.a.	26,261	19,398	2,824
44 All other loans				122,191	113,012	53,230
45 Multifamily (5 or more) residential properties				10,958	6,903	1,882
46 Nonfarm nonresidential properties				95,660	86,579	26,373
47 Loans to depository institutions	56,069	50,228	22,529	27,699	5,298	543
48 To commercial banks in the United States	n.a.	22,244	1,594	20,650	4,641	n.a.
49 To other depository institutions in the United States	n.a.	2,476	274	2,202	595	n.a.
50 To banks in foreign countries	n.a.	25,507	20,661	4,847	62	n.a.
51 Loans to finance agricultural production and other loans to farmers	31,713	5,529	227	5,302	7,347	18,837
52 Commercial and industrial loans	614,228	431,678	101,549	330,129	140,146	42,405
53 To U.S. addressees (domicile)	n.a.	349,526	22,033	327,493	139,796	n.a.
54 To non-U.S. addressees (domicile)	n.a.	82,151	79,516	2,636	350	n.a.
55 Acceptances of other banks	3,505	911	549	362	1,413	1,181
56 U.S. banks	n.a.	328	63	264	n.a.	n.a.
57 Foreign banks	n.a.	583	486	98	n.a.	n.a.
58 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	385,003	162,006	13,289	148,717	180,561	42,436
59 Credit cards and related plans	119,758	47,037	n.a.	n.a.	69,966	2,755
60 Other (includes single payment and installment)	265,245	114,969	n.a.	n.a.	110,595	39,681
61 Obligations (other than securities) of states and political subdivisions in the U.S. (includes nonrated industrial development obligations)	41,974	25,551	303	25,248	14,610	1,813
62 Taxable	1,346	817	121	696	464	65
63 Tax-exempt	40,628	24,734	182	24,552	14,146	1,748
64 All other loans	120,671	108,443	46,864	61,579	10,245	1,984
65 Loans to foreign governments and official institutions	n.a.	30,763	29,413	1,350	230	n.a.
66 Other loans	n.a.	77,680	17,451	60,229	10,014	n.a.
67 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	17,786	1,571	n.a.
68 All other loans	n.a.	n.a.	n.a.	42,443	8,444	n.a.
69 Lease financing receivables	36,029	30,052	3,516	26,536	5,386	591
70 Assets held in trading accounts	37,652	36,551	18,831	17,719	943	158
71 Premises and fixed assets (including capitalized leases)	46,796	24,940		n.a.	15,171	6,684
72 Other real estate owned	12,718	6,321		n.a.	3,918	2,478
73 Investments in unconsolidated subsidiaries and associated companies	2,967	2,188		n.a.	730	48
74 Customers' liability on acceptances outstanding	28,344	27,958	n.a.	n.a.	369	17
75 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.		38,312	n.a.	n.a.
76 Intangible assets	5,320	3,019		n.a.	2,085	216
77 Other assets	101,281	74,938		n.a.	18,979	7,363

4.20—Continued

Item	Total	Banks with foreign offices[3,4]			Banks with domestic offices only[5]	
		Total	Foreign	Domestic	Over 100	Under 100
78 **Total liabilities, limited-life preferred stock, and equity capital**	**3,207,227**	**1,854,651**	n.a.	n.a.	**966,354**	**386,222**
79 **Total liabilities**[7]	**3,003,906**	**1,756,880**	**429,465**	**1,383,008**	**896,082**	**350,944**
80 Limited-life preferred stock	86	0	n.a.	n.a.	82	4
81 Total deposits	2,452,920	1,331,751	323,438	1,008,314	779,856	341,313
82 Individuals, partnerships, and corporations			188,462	918,781	718,304	312,687
83 U.S. government				2,348	1,363	533
84 States and political subdivisions in the United States				39,150	43,042	23,084
85 Commercial banks in the United States	n.a.	n.a.	n.a.	25,377	8,812	1,743
86 Other depository institutions in the United States				4,481	2,254	978
87 Banks in foreign countries				7,575	181	n.a.
88 Foreign governments and official institutions		24,149	22,889	1,260	303	n.a.
89 Certified and official checks	17,731	9,905	562	9,343	5,597	2,229
90 All other[8]	n.a.	n.a.	111,524	n.a.	n.a.	58
91 Total transaction accounts				311,049	207,041	87,977
92 Individuals, partnerships, and corporations				261,513	182,083	77,981
93 U.S. government				1,534	1,127	428
94 States and political subdivisions in the United States				8,866	10,669	6,148
95 Commercial banks in the United States	n.a.	n.a.	n.a.	18,923	6,185	892
96 Other depository institutions in the United States				3,192	1,238	279
97 Banks in foreign countries				6,873	122	n.a.
98 Foreign governments and official institutions				806	20	n.a.
99 Certified and official checks				9,343	5,597	2,229
100 All other				n.a.	n.a.	20
101 Demand deposits (included in total transaction accounts)				237,187	130,633	47,446
102 Individuals, partnerships, and corporations				190,117	111,356	41,572
103 U.S. government				1,515	1,098	416
104 States and political subdivisions in the United States				6,421	5,031	2,047
105 Commercial banks in the United States				18,923	6,185	891
106 Other depository institutions in the United States				3,192	1,225	270
107 Banks in foreign countries				6,872	122	n.a.
108 Foreign governments and official institutions				804	20	n.a.
109 Certified and official checks				9,343	5,597	2,229
110 All other				n.a.	n.a.	20
111 Total nontransaction accounts				697,265	572,815	253,336
112 Individuals, partnerships, and corporations	n.a.	n.a.	n.a.	657,267	536,221	234,706
113 U.S. government				813	236	105
114 States and political subdivisions in the United States				30,284	32,374	16,937
115 Commercial banks in the United States				6,454	2,627	851
116 U.S. branches and agencies of foreign banks				704	164	n.a.
117 Other commercial banks in the United States				5,751	2,463	n.a.
118 Other depository institutions in the United States				1,289	1,016	700
119 Banks in foreign countries				702	59	n.a.
120 Foreign branches of other U.S. banks				28	57	n.a.
121 Other banks in foreign countries				674	3	n.a.
122 Foreign governments and official institutions				454	282	n.a.
123 All other				n.a.	n.a.	38
124 Federal funds purchased and securities sold under agreements to repurchase	269,599	205,514	786	204,727	61,005	3,080
125 Federal funds purchased	167,996	135,343	n.a.	n.a.	31,236	1,417
126 Securities sold under agreements to repurchase	101,595	70,171	n.a.	n.a.	29,769	1,664
127 Demand notes issued to the U.S. Treasury	n.a.	n.a.	n.a.	21,698	4,839	650
128 Other borrowed money	122,902	89,647	36,404	53,243	32,079	1,176
129 Banks liability on acceptances executed and outstanding	28,452	28,065	4,992	23,074	369	17
130 Notes and debentures subordinated to deposits	19,295	16,448	n.a.	n.a.	2,675	173
131 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	17,280	n.a.	n.a.
132 All other liabilities	83,551	63,757	n.a.	n.a.	15,259	4,535
133 Total equity capital[9]	203,235	97,771	n.a.	n.a.	70,190	35,274
Memo						
134 Holdings of commercial paper included in total loans, gross		993	711	282	1,282	n.a.
135 Total individual retirement accounts (IRA) and Keogh plan accounts				46,985	42,896	17,468
136 Total brokered deposits				43,474	17,995	1,282
137 Total brokered retail deposits				12,609	11,491	1,188
138 Issued in denominations of $100,000 or less				4,234	7,456	1,054
139 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less				8,375	4,034	134
Savings deposits						
140 Money market deposit accounts (MMDAs)				177,733	119,608	39,393
141 Other savings deposits (excluding MMDAs)				80,158	72,945	29,814
142 Total time deposits of less than $100,000				212,281	256	141,089
143 Time certificates of deposit of $100,000 or more				194,899	119,325	41,652
144 Open-account time deposits of $100,000 or more	n.a.	n.a.	n.a.	32,193	4,485	1,388
145 All NOW accounts (including Super NOW)				72,149	74,009	39,053
146 Total time and savings deposits				771,127	649,222	293,867
Quarterly averages						
147 Total loans				934,587	616,363	205,868
148 Obligations (other than securities) of states and political subdivisions in the United States				25,598	14,546	n.a.
149 Transaction accounts in domestic offices (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)				74,565	75,905	40,333
Nontransaction accounts in domestic offices						
150 Money market deposit accounts (MMDAs)				174,976	119,051	39,302
151 Other savings deposits				79,113	72,891	29,710
152 Time certificates of deposit of $100,000 or more				195,420	119,143	40,894
153 All other time deposits				243,262	257,296	141,060
154 Number of banks	12,801	246	n.a.	n.a.	2,506	10,049

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, September 30, 1989
Millions of dollars

Item	Total	Members			Nonmembers
		Total	National	State	
1 **Total assets[6]**	**2,447,000**	**1,948,742**	**1,575,394**	**373,348**	**498,258**
2 Cash and balances due from depository institutions	182,758	150,481	120,056	30,425	32,277
3 Cash items in process of collection and unposted debits	92,573	82,889	66,954	15,935	9,683
4 Currency and coin	20,265	16,774	14,058	2,716	3,492
5 Balances due from depository institutions in the United States	34,307	22,572	17,391	5,181	11,735
6 Balances due from banks in foreign countries and foreign central banks	6,489	4,853	3,909	943	1,636
7 Balances due from Federal Reserve Banks	29,124	23,393	17,744	5,650	5,731
8 **Total securities, loans and lease financing receivables, (net of unearned income)**	**2,108,727**	**1,665,997**	**1,354,474**	**311,523**	**442,730**
9 Total securities, book value	406,913	307,185	238,884	68,302	99,727
10 U.S. Treasury securities	112,882	80,612	63,056	17,556	32,270
11 U.S. government agency and corporation obligations	158,416	126,061	101,298	24,763	32,355
12 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	98,735	84,844	69,364	15,480	13,891
13 All other	59,682	41,218	31,934	9,283	18,464
14 Securities issued by states and political subdivisions in the United States	78,366	61,861	46,358	15,503	16,505
15 Taxable	1,495	1,128	972	156	366
16 Tax-exempt	76,871	60,732	45,386	15,347	16,139
17 Other domestic debt securities	48,004	33,837	25,002	8,835	14,167
18 All holdings of private certificates of participation in pools of residential mortgages	3,303	2,425	1,728	697	878
19 All other	44,701	31,412	23,274	8,138	13,289
20 Foreign debt securities	2,060	1,536	560	976	524
21 Equity securities	7,185	3,278	2,609	669	3,906
22 Marketable	3,491	753	607	146	2,738
23 Investments in mutual funds	1,302	494	450	44	808
24 Other	2,494	324	210	114	2,170
25 Less: Net unrealized loss	304	64	53	11	240
26 Other equity securities	3,693	2,525	2,002	522	1,168
27 Federal funds sold and securities purchased under agreements to resell[10]	106,035	86,730	68,360	18,369	19,306
28 Federal funds sold	37,826	24,073	21,052	3,021	13,753
29 *Securities purchased under agreements to resell*	3,589	2,576	2,142	434	1,013
30 Total loans and lease financing receivables, gross	1,606,566	1,280,218	1,053,742	226,476	326,348
31 LESS: Unearned income on loans	10,787	8,137	6,512	1,624	2,651
32 Total loans and leases (net of unearned income)	1,595,779	1,272,082	1,047,230	224,852	323,697
Total loans, gross, by category					
33 Loans secured by real estate	615,990	469,740	402,811	66,928	146,250
34 Construction and land development	128,054	103,270	86,612	16,658	24,784
35 Farmland	6,974	4,715	4,132	583	2,258
36 1–4 family residential properties	280,862	209,079	179,230	29,848	71,783
37 Revolving, open-end and extended under lines of credit	45,659	35,680	30,297	5,383	9,979
38 All other loans	235,202	173,399	148,934	24,465	61,804
39 Multifamily (5 or more) residential properties	17,861	14,159	12,467	1,693	3,701
40 Nonfarm nonresidential properties	182,239	138,516	120,370	18,146	43,724
41 Loans to commercial banks in the United States	25,290	22,026	16,853	5,173	3,265
42 Loans to other depository institutions in the United States	2,797	2,606	2,345	261	191
43 Loans to banks in foreign countries	4,909	4,761	2,427	2,334	147
44 Loans to finance agricultural production and other loans to farmers	12,650	9,792	8,743	1,049	2,858
45 Commercial and industrial loans	470,275	386,605	307,588	79,016	83,670
46 To U.S. addressees (domicile)	467,289	383,905	305,656	78,249	83,384
47 To non-U.S. addressees (domicile)	2,986	2,700	1,933	767	286
48 Acceptances of other banks[11]	1,775	1,032	876	157	742
49 Of U.S. banks	647	451	376	74	197
50 Of foreign banks	209	173	141	32	36
51 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	329,278	257,794	218,670	39,124	71,484
52 Credit cards and related plans	70,009	51,550	49,166	2,384	18,458
53 Other (includes single payment and installment)	110,668	67,965	56,696	11,269	42,703
54 Loans to foreign governments and official institutions	1,580	1,498	1,008	490	83
55 Obligations (other than securities) of states and political subdivisions in the United States	39,858	33,532	24,842	8,690	6,326
56 Taxable	1,159	931	696	235	229
57 Tax-exempt	38,699	32,601	24,147	8,454	6,097
58 Other loans	70,243	63,230	44,755	18,475	7,013
59 Loans for purchasing and carrying securities	19,357	17,546	11,190	6,355	1,811
60 All other loans	50,887	45,684	33,564	12,120	5,202
61 Lease financing receivables	31,921	27,604	22,824	4,779	4,318
62 Customers' liability on acceptances outstanding	22,822	21,667	15,993	5,674	1,155
63 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	38,312	33,686	22,619	11,067	4,627
64 Remaining assets	132,693	110,597	84,871	25,726	22,096

4.21—Continued

Item	Total	Members			Nonmembers
		Total	National	State	
65 **Total liabilities and equity capital**	**2,447,000**	**1,948,742**	**1,575,394**	**373,348**	**498,258**
66 **Total liabilities**[4]	**2,279,089**	**1,819,278**	**1,471,686**	**347,592**	**459,812**
67 Total deposits	1,788,169	1,396,464	1,140,082	256,383	391,705
68 Individuals, partnerships, and corporations	1,637,085	1,274,385	1,045,818	228,567	362,699
69 U.S. government	3,711	3,124	2,767	358	586
70 *States and political subdivisions in the United States*	82,192	62,529	51,556	10,973	19,663
71 Commercial banks in the United States	34,190	30,553	22,572	7,982	3,636
72 Other depository institutions in the United States	6,735	5,379	4,531	848	1,356
73 Banks in foreign countries	7,756	7,039	3,562	3,477	716
74 Foreign governments and official institutions	1,562	1,450	975	475	112
75 Certified and official checks	14,939	12,004	8,300	3,704	2,935
76 Total transaction accounts	518,090	417,941	333,999	83,942	100,149
77 Individuals, partnerships, and corporations	443,597	353,541	286,955	66,585	90,056
78 U.S. government	2,661	2,173	1,859	314	488
79 *States and political subdivisions in the United States*	19,535	15,758	12,636	3,122	3,776
80 Commercial banks in the United States	25,108	23,401	17,626	5,775	1,707
81 *Other depository institutions in the United States*	4,430	3,649	2,898	751	780
82 Banks in foreign countries	6,994	6,622	3,299	3,323	373
83 Foreign governments and official institutions	826	793	424	368	33
84 Certified and official checks	14,939	12,004	8,300	3,704	2,935
85 Demand deposits (included in total transaction accounts)	367,820	301,689	236,062	65,627	66,131
86 Individuals, partnerships, and corporations	301,473	243,588	194,234	49,354	57,885
87 U.S. government	2,614	2,131	1,817	314	483
88 States and political subdivisions in the United States	11,451	9,511	7,471	2,040	1,941
89 Commercial banks in the United States	25,107	23,400	17,626	5,775	1,707
90 Other depository institutions in the United States	4,417	3,641	2,891	751	775
91 Banks in foreign countries	6,994	6,621	3,299	3,323	373
92 Foreign governments and official institutions	824	793	424	368	32
93 Certified and official checks	14,939	12,004	8,300	3,704	2,935
94 Total nontransaction accounts	1,270,080	978,524	806,083	172,441	291,556
95 Individuals, partnerships, and corporations	1,193,488	920,844	758,863	161,982	272,644
96 U.S. government	1,049	951	907	44	99
97 States and political subdivisions in the United States	62,657	46,771	38,920	7,851	15,887
98 Commercial banks in the United States	9,082	7,153	4,946	2,207	1,929
99 U.S. branches and agencies of foreign banks	868	527	305	222	340
100 Other commercial banks in the United States	8,214	6,625	4,640	1,985	1,589
101 Other depository institutions in the United States	2,305	1,730	1,633	97	576
102 *Banks in foreign countries*	761	418	264	154	344
103 Foreign branches of other U.S. banks	85	70	41	30	14
104 Other banks in foreign countries	677	347	223	124	329
105 Foreign governments and official institutions	736	658	551	107	79
106 Federal funds purchased and securities sold under agreements to repurchase[12]	265,732	230,387	181,569	48,818	35,345
107 Federal funds purchased	31,236	24,416	21,044	3,373	6,820
108 Securities sold under agreements to repurchase	29,769	15,585	12,877	2,708	14,184
109 Demand notes issued to the U.S. Treasury	26,538	24,270	18,135	6,135	2,267
110 Other borrowed money	85,323	67,636	58,221	9,415	17,687
111 Banks liability on acceptances executed and outstanding	23,443	22,288	16,571	5,717	1,155
112 Notes and debentures subordinated to deposits	2,676	1,759	1,647	112	917
113 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	17,280	15,154	13,200	1,954	2,126
114 Remaining liabilities	87,209	76,473	55,461	21,012	10,736
115 **Total equity capital**[9]	**167,910**	**129,464**	**103,708**	**25,756**	**38,446**
MEMO					
116 Holdings of commercial paper included in total loans, gross	1,564	645	591	55	919
117 Total individual retirement accounts (IRA) and Keogh plan accounts	89,880	70,243	58,334	11,909	19,637
118 *Total brokered deposits*	61,468	46,186	39,921	6,264	15,283
119 Total brokered retail deposits	24,099	15,590	12,640	2,950	8,509
120 Issued in denominations of $100,000 or less	11,690	6,358	5,829	529	5,332
121 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	12,409	9,232	6,811	2,421	3,177
Savings deposits					
122 Money market deposit accounts (MMDAs)	297,342	237,662	195,578	42,084	59,680
123 Other savings accounts	153,104	118,079	88,876	29,203	35,025
124 Total time deposits of less than $100,000	468,732	351,413	297,954	53,459	117,319
125 Time certificates of deposit of $100,000 or more	314,224	239,561	203,195	36,366	74,663
126 Open-account time deposits of $100,000 or more	36,678	31,808	20,479	11,330	4,870
127 All NOW accounts (including Super NOW accounts)	146,159	113,310	95,336	17,973	32,849
128 Total time and savings deposits	1,420,349	1,094,775	904,020	190,755	325,574
Quarterly averages					
129 Total loans	1,550,949	1,233,827	1,013,345	220,482	317,122
130 Obligations (other than securities) of states and political subdivisions in the United States	40,143	33,864	24,924	8,941	6,279
131 Transaction accounts (NOW accounts, ATS accounts, and telephone preauthorized transfer accounts)	150,470	116,643	97,312	19,331	33,827
Nontransaction accounts					
132 Money market deposit accounts (MMDAs)	294,027	234,604	192,844	41,759	59,423
133 Other savings deposits	152,004	117,076	88,648	28,428	34,928
134 Time certificates of deposits of $100,000 or more	314,563	241,140	204,438	36,702	73,423
135 All other time deposits	500,558	378,766	314,595	64,171	121,792
136 Number of banks	2,752	1,557	1,306	251	1,195

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, September 30, 1989
Millions of dollars

Item	Total	Members			Non-members
		Total	National	State	
1 **Total assets**[6]	**2,833,222**	**2,103,982**	**1,699,728**	**404,254**	**729,240**
2 Cash and balances due from depository institutions	210,812	162,123	129,564	32,559	48,688
3 Currency and coin	23,618	18,137	15,158	2,979	5,481
4 Noninterest-bearing balances due from commercial banks	30,928	17,599	14,110	3,490	13,329
5 Other	156,266	126,387	100,297	26,090	29,879
6 **Total securities, loans, and lease financing receivables (net of unearned income)**	**2,453,324**	**1,804,129**	**1,464,841**	**339,288**	**649,196**
7 Total securities, book value	519,055	350,981	274,686	76,295	168,074
8 U.S. Treasury securities and U.S. government agency and corporation obligations	355,906	239,724	191,370	48,354	116,181
9 Securities issued by states and political subdivisions in the United States	96,733	68,763	51,932	16,831	27,970
10 Taxable	2,530	1,502	1,273	229	1,028
11 Tax-exempt	94,202	67,260	50,658	16,602	26,942
12 Other debt securities	57,789	38,533	28,213	10,320	19,256
13 All holdings of private certificates of participation in pools of residential mortgages	3,829	2,661	1,880	781	1,168
14 All other	51,941	34,336	25,773	8,563	17,605
15 Equity securities	8,628	3,961	3,171	789	4,667
16 Marketable	4,536	1,136	927	209	3,400
17 Investments in mutual funds	2,261	876	772	104	1,384
18 Other	2,681	361	240	121	2,319
19 Less: Net unrealized loss	405	101	85	17	304
20 Other equity securities	4,091	2,825	2,244	581	1,267
21 Federal funds sold and securities purchased under agreements to resell[10]	129,108	97,314	76,849	20,465	31,794
22 Federal funds sold	60,530	34,452	29,392	5,060	26,078
23 Securities purchased under agreements to resell	3,958	2,781	2,291	490	1,177
24 Total loans and lease financing receivables, gross	1,818,129	1,364,910	1,120,523	244,387	453,219
25 LESS: Unearned income on loans	12,967	9,076	7,217	1,859	3,892
26 Total loans and leases (net of unearned income)	1,805,161	1,355,834	1,113,306	242,528	449,327
Total loans, gross, by category					
27 Loans secured by real estate	717,761	510,111	434,623	75,488	207,650
28 Construction and land development	135,994	106,585	89,211	17,374	29,409
29 Farmland	16,497	7,863	6,672	1,191	8,634
30 1–4 family residential properties	336,916	231,566	196,758	34,808	105,350
31 Revolving, open-end loans, and extended under lines of credit	48,483	36,924	31,241	5,683	11,559
32 All other loans	288,433	194,642	165,517	29,125	93,791
33 Multifamily (5 or more) residential properties	19,742	14,846	13,014	1,832	4,897
34 Nonfarm nonresidential properties	208,612	149,252	128,967	20,284	59,361
35 Loans to depository institutions	33,539	29,674	21,845	7,829	3,865
36 Loans to finance agricultural production and other loans to farmers	31,486	16,330	13,974	2,356	15,156
37 Commercial and industrial loans	512,680	404,616	321,513	83,103	108,064
38 Acceptances of other banks	2,956	1,527	1,320	208	1,429
39 *Loans to individuals for household, family, and other personal expenditures* (includes purchased paper)	371,714	275,122	232,494	42,627	96,593
40 Credit cards and related plans	72,764	52,741	50,247	2,495	20,022
41 Other (includes single payment installment)	150,349	84,102	69,440	14,661	66,247
42 Obligations (other than securities) of states and political subdivisions in the United States	41,671	34,191	25,397	8,794	7,480
43 Taxable	1,225	955	716	238	270
44 Tax-exempt	40,446	33,236	24,681	8,556	7,210
45 All other loans	73,808	65,549	46,384	19,165	8,259
46 Lease financing receivables	32,513	27,790	22,972	4,817	4,723
47 Customers' liability on acceptances outstanding	22,839	21,678	16,003	5,675	1,161
48 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	38,312	33,686	22,619	11,067	4,627
49 Remaining assets	146,247	116,052	89,319	26,732	30,195
50 **Total liabilities and equity capital**	**2,833,222**	**2,103,982**	**1,699,728**	**404,254**	**729,240**
51 **Total liabilities**[4]	**2,630,034**	**1,960,737**	**1,585,142**	**375,595**	**669,297**
52 Total deposits	2,129,482	1,533,935	1,250,411	283,523	595,547
53 Individuals, partnerships, and corporations	1,949,771	1,400,506	1,146,916	253,589	549,265
54 U.S. government	4,244	3,335	2,943	392	909
55 States and political subdivisions in the United States	105,277	71,169	58,653	12,516	34,108
56 Commercial banks in the United States	35,933	31,618	23,363	8,256	4,315
57 Other depository institutions in the United States	7,713	5,767	4,853	914	1,946
58 Certified and official checks	17,169	13,023	9,121	3,902	4,145
59 All other	9,376	8,516	4,562	3,954	860
60 Total transaction accounts	606,067	454,517	363,674	90,843	151,550
61 Individuals, partnerships, and corporations	521,578	385,823	313,189	72,634	135,755
62 U.S. government	3,089	2,347	2,003	344	742
63 States and political subdivisions in the United States	25,683	18,028	14,509	3,519	7,654
64 Commercial banks in the United States	26,000	24,088	18,107	5,981	1,912
65 Other depository institutions in the United States	4,709	3,791	3,020	770	918
66 Certified and official checks	17,169	13,023	9,121	3,902	4,145
67 All other	7,840	7,418	3,725	3,693	423
68 Demand deposits (included in total transaction accounts)	415,266	322,076	252,486	69,590	93,190
69 Individuals, partnerships, and corporations	343,046	261,195	208,460	52,734	81,851
70 U.S. government	3,030	2,302	1,958	343	728
71 States and political subdivisions in the United States	13,498	10,272	8,104	2,168	3,226
72 Commercial banks in the United States	25,999	24,087	18,107	5,981	1,912
73 Other depository institutions in the United States	4,687	3,780	3,010	769	907
74 Certified and official checks	17,169	13,023	9,121	3,902	4,145
75 All other	7,838	7,417	3,724	3,693	421
76 Total nontransaction accounts	1,523,415	1,079,418	886,737	192,680	443,998
77 Individuals, partnerships, and corporations	1,428,194	1,014,683	833,727	180,956	413,510
78 U.S. government	1,155	988	940	48	166
79 States and political subdivisions in the United States	79,594	53,141	44,144	8,997	26,453
80 Commercial banks in the United States	9,933	7,531	5,256	2,275	2,402
81 Other depository institutions in the United States	3,005	1,977	1,833	144	1,028
82 All other	1,535	1,098	837	261	437

4.22—Continued

Item	Total	Members Total	Members National	Members State	Non-members
83 Federal funds purchased and securities sold under agreements to repurchase[12]	268,812	232,011	182,758	49,253	36,801
84 Federal funds purchased	32,653	25,264	21,629	3,635	7,388
85 Securities sold under agreements to repurchase	31,432	16,361	13,480	2,880	15,072
86 Demand notes issued to the U.S. Treasury	27,188	24,555	18,363	6,192	2,633
87 Other borrowed money	86,498	67,912	58,468	9,444	18,586
88 Banks liability on acceptances executed and outstanding	23,460	22,299	16,581	5,719	1,161
89 Notes and debentures subordinated to deposits	2,849	1,807	1,688	119	1,041
90 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	17,280	15,154	13,200	1,954	2,126
91 Remaining liabilities	91,744	78,218	56,872	21,346	13,527
92 **Total equity capital[9]**	**203,188**	**143,245**	**114,586**	**28,659**	**59,943**
MEMO					
93 Assets held in trading accounts[13]	18,821	18,009	12,813	5,196	812
94 U.S. Treasury securities	8,891	8,682	5,770	2,912	209
95 U.S. government agency corporation obligations	2,212	2,185	1,860	324	28
96 Securities issued by states and political subdivisions in the United States	963	953	766	187	10
97 Other bonds, notes, and debentures	166	131	129	2	35
98 Certificates of deposit	502	502	309	193	0
99 Commercial paper	44	44	44	0	0
100 Bankers acceptances	1,697	1,662	970	691	36
101 Other	3,618	3,543	2,675	868	75
102 Total individual retirement accounts (IRA) and Keogh plan accounts	107,348	76,965	63,757	13,208	30,383
103 Total brokered deposits	62,750	46,553	40,242	6,312	16,197
104 Total brokered retail deposits	25,287	15,931	12,935	2,996	9,356
105 Issued in denominations of $100,000 or less	12,744	6,692	6,118	574	6,052
106 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	12,543	9,239	6,817	2,422	3,304
Savings deposits					
107 Money market deposit accounts (MMDAs)	336,734	254,659	209,287	45,372	82,075
108 Other savings deposits	182,918	130,090	98,385	31,705	52,827
109 Total time deposits of less than $100,000	609,821	405,015	340,711	64,304	204,806
110 Time certificates of deposit of $100,000 or more	355,875	257,360	217,479	39,881	98,516
111 Open-account time deposits of $100,000 or more	38,067	32,293	20,874	11,419	5,774
112 All NOW accounts (including Super NOW)	185,211	129,022	108,218	20,804	56,189
113 Total time and savings deposits	1,714,216	1,211,859	997,926	213,933	502,357
Quarterly averages					
114 Total loans	1,756,817	1,316,476	1,078,683	237,794	440,341
115 Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	190,803	132,765	110,502	22,263	58,038
Nontransaction accounts					
116 Money market deposit accounts (MMDAs)	333,329	251,584	206,564	45,020	81,745
117 Other savings deposits	181,714	129,051	98,127	30,924	52,662
118 Time certificates of deposit of $100,000 or more	355,457	258,670	218,544	40,125	96,787
119 All other time deposits	641,618	432,073	357,139	74,934	209,545
120 Number of banks	12,801	5,255	4,213	1,042	7,546

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.

4.31 Pro forma balance sheet for priced services of the Federal Reserve System[1]

Millions of dollars

Item	June 30, 1989		June 30, 1988	
Short-term assets[2]				
Imputed reserve requirement on clearing balances	217.9		218.4	
Investment in marketable securities	1,598.1		1,601.6	
Receivables	62.4		57.2	
Materials and supplies	6.6		5.9	
Prepaid expenses	11.0		11.3	
Items in process of collection	2,969.6		2,051.8	
Total short-term assets		4,865.6		3,946.2
Long-term assets[3]				
Premises	282.4		263.1	
Furniture and equipment	122.0		121.9	
Leases and leasehold improvements	7.7		5.8	
Prepaid pension costs	44.7		33.8	
Total long-term assets		456.9		424.6
Total assets		**5,322.4**		**4,370.8**
Short-term liabilities				
Clearing balances and balances arising from early credit of uncollected items	1,993.7		2,090.7	
Deferred available items	2,791.9		1,781.0	
Short-term debt	80.0		74.4	
Total short-term liabilities		4,865.6		3,946.2
Long-term liabilities				
Obligations under capital leases	1.2		1.2	
Long-term debt	130.7		123.9	
Total long-term liabilities		131.9		125.1
Total liabilities		**4,997.5**		**4,071.3**
Equity		325.0		299.5
Total liabilities and equity[4]		**5,322.4**		**4,370.8**

1. Details may not sum to totals because of rounding.

2. The imputed reserve requirement on clearing balances and investment in marketable securities reflect the Federal Reserve's treatment of clearing balances maintained on deposit with Reserve Banks by depository institutions. For presentation of the balance sheet and the income statement, clearing balances are reported in a manner comparable to the way correspondent banks report compensating balances held with them by respondent institutions. That is, respondent balances held with a correspondent are subject to a reserve requirement established by the Federal Reserve. This reserve requirement must be satisfied with either vault cash or with nonearning balances maintained at a Reserve Bank. Following this model, clearing balances maintained with Reserve Banks for priced service purposes are subjected to imputed reserve requirements. Therefore, a portion of the clearing balances held with the Federal Reserve is classified on the asset side of the balance sheet as required reserves and is reflected in a manner similar to vault cash and due from bank balances normally shown on a correspondent bank's balance sheet. The remainder of clearing balances is assumed to be available for investment. For these purposes, the Federal Reserve assumes that all such balances are invested in three-month Treasury bills.

The account "items in the process of collection" (CIPC) represents the gross amount of Federal Reserve CIPC as of the balance sheet date, stated on a basis comparable with a commercial bank. Adjustments have been made for intra-System items that would otherwise be double-counted on a consolidated Federal Reserve balance sheet; items associated with nonpriced items, such as items collected for government agencies; and items associated with providing fixed availability or credit prior to receipt and processing of items. The cost base for providing services that must be recovered under the Monetary Control Act includes the cost of float (the difference between the value of gross CIPC and the value of deferred availability items) incurred by the Federal Reserve during the period, valued at the federal funds rate. The amount of float, or net CIPC, represents the portion of gross CIPC that involves a financing cost.

3. Long-term assets on the balance sheet have been allocated to priced services with the direct determination method, which uses the Federal Reserve's Planning and Control System (PACS) to ascertain directly the value of assets used solely in priced services operations and to apportion the value of jointly used assets between priced services and nonpriced services. Also, long-term assets include an estimate of the assets of the Board of Governors directly involved in the development of priced services.

Long-term assets include amounts for capital leases and leasehold improvements and for prepaid pension costs associated with priced services. Effective January 1, 1987, the Federal Reserve Banks implemented Financial Accounting Standards Board Statement No. 87, Employer's Accounting for Pensions.

4. A matched-book capital structure has been used for those assets that are not "self-financing" in determining liability and equity amounts. Short-term assets are financed with short-term debt. Long-term assets are financed with long-term debt and equity in a proportion equal to the ratio of long-term debt to equity for the bank holding companies used in the model for the private sector adjustment factor (PSAF).

4.32 Pro forma income statement for priced services of the Federal Reserve System[1]

Millions of dollars

Item	Quarter ending June 30			
	1989		1988	
Income services provided to depository institutions[2]		180.7		165.2
Production expenses[3]		141.7		122.9
Income from operations		39.0		42.3
Imputed costs[4]				
Interest on float	13.9		5.2	
Interest on debt	8.4		8.1	
Sales taxes	1.8		2.1	
FDIC insurance	.4	24.6	.4	15.8
Income from operations after imputed costs		14.5		26.5
Other income and expenses[5]				
Investment income	42.4		30.5	
Earnings credits	40.0	2.5	28.9	1.7
Income before income taxes		16.9		28.1
Imputed income taxes[6]		5.7		9.1
Net income		**11.2**		**19.0**
MEMO				
Targeted return on equity[6]		8.2		8.2
	Six months ending June 30			
	1989		1988	
Income services provided to depository institutions[2]		357.8		328.4
Production expenses[3]		291.1		253.4
Income from operations		66.7		75.0
Imputed costs[4]				
Interest on float	25.3		16.4	
Interest on debt	16.8		16.2	
Sales taxes	3.7		4.2	
FDIC insurance	.8	46.7	.8	37.6
Income from operations after imputed costs		20.0		37.4
Other income and expenses[5]				
Investment income	80.7		59.6	
Earnings credits	74.3	6.3	56.2	3.4
Income before income taxes		26.3		40.8
Imputed income taxes[6]		11.8		14.5
Net income		**14.5**		**26.3**
MEMO				
Targeted return on equity[6]		16.4		16.4

1. The income statement reflects income and expenses for priced services. Included in these amounts are the imputed costs of float, imputed financing costs, and the income related to clearing balances.

Details may not add to totals because of rounding.

2. Income represents charges to depository institutions for priced services. This income is realized through one of two methods: direct charges to an institution's account or charges against accumulated earnings credits. Income includes charges for per-item fees, fixed fees, package fees, explicitly priced float, account maintenance fees, shipping and insurance fees, and surcharges.

3. Production expenses include direct, indirect, and other general administrative expenses of the Federal Reserve Banks for providing priced services. Also included are the expenses of staff members of the Board of Governors working directly on the development of priced services, which amounted to $0.4 million in the second quarter and $0.9 million in the first six months for both 1989 and 1988.

4. Imputed float costs represent the value of float to be recovered, either explicitly or through per-item fees, during the period. Float costs include those for checks, book-entry securities, noncash collection, ACH, and wire transfers.

The following table depicts the daily average recovery of float by the Federal Reserve Banks for the second quarter of 1989. In the table, unrecovered float includes that generated by services to government agencies or by other central bank services.

Float recovered through income on clearing balances represents increased investable clearing balances as a result of reducing imputed reserve requirements through the use of a deduction for float for cash items in process of collection when calculating the reserve requirement. This income then reduces the float required to be recovered through other means.

As-of adjustments and direct charges refer to midweek closing float and interterritory check float, which may be recovered from depositing institutions through adjustments to the institution's reserve or clearing balance or by valuing the float at the federal funds rate and billing the institution directly.

Float recovered through per-item fees is valued at the federal funds rate and has been added to the cost base subject to recovery in the second quarter of 1989

Total float	876.5
Unrecovered float	25.4
Float subject to recovery	851.1
Sources of float recovery	
Income on clearing balances	102.1
As of adjustments	301.1
Direct charges	142.9
Per-item fees	305.0

Also included in imputed costs is the interest on debt assumed necessary to finance priced-service assets and the sales taxes and FDIC insurance assessment that the Federal Reserve would have paid had it been a private-sector firm.

5. Other income and expenses consist of income on clearing balances and the cost of earnings credits granted to depository institutions on their clearing balances. Income on clearing balances represents the average coupon-equivalent yield on three-month Treasury bills applied to the *total* clearing balance maintained, adjusted for the effect of reserve requirements on clearing balances. Expenses for earnings credits are derived by applying the average federal funds rate to the *required* portion of the clearing balances, adjusted for the net effect of reserve requirements on clearing balances.

6. Imputed income taxes are calculated at the effective tax rate derived from a model consisting of the 25 largest bank holding companies. The targeted return on equity represents the after-tax rate of return on equity that the Federal Reserve would have earned had it been a private business firm, based on the bank holding company model.

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FEDERAL RESERVE BANK branch, or *facility*	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
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		Richard L. Taylor	Robert W. Eisenmenger	
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		Ellen V. Futter	James H. Oltman	
Buffalo	14240	Mary Ann Lambertsen		John T. Keane
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		Gunnar E. Sarsten	William H. Stone, Jr.	
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		John R. Miller	William H. Hendricks	
Cincinnati	45201	To be announced		Charles A. Cerino[1]
Pittsburgh	15230	Robert P. Bozzone		Harold J. Swart[1]
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		Anne Marie Whittemore	Jimmie R. Monhollon	
Baltimore	21203	John R. Hardesty, Jr.		Robert D. McTeer, Jr.[1]
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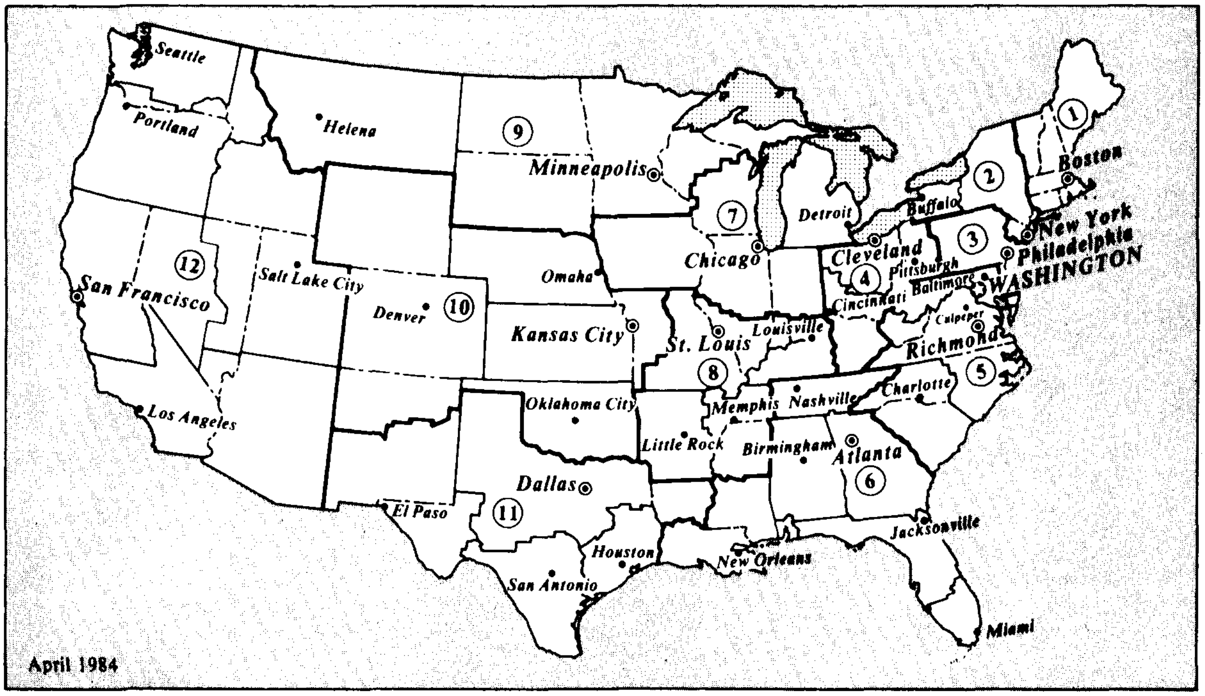
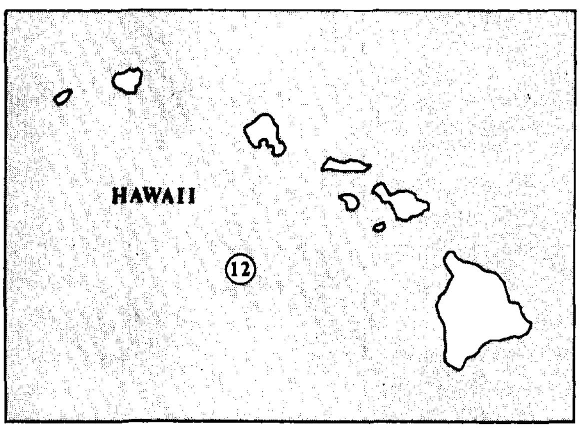
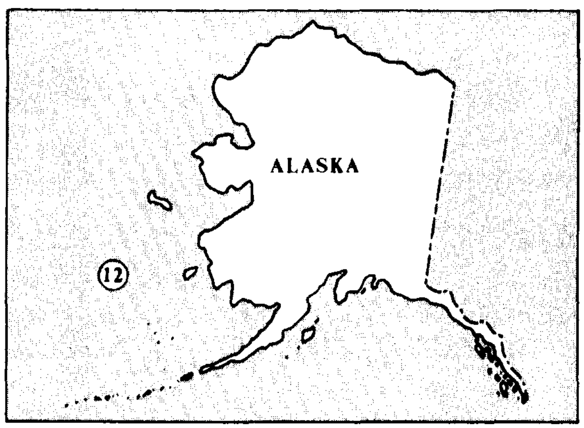
2. Executive Vice President.

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