VOLUME 69 □ NUMBER 6 □ JUNE 1983

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 Unit headed by Mendelle T. Berenson, the Graphic Communications Section under the direction of Peter G. Thomas, and Publications Services supervised by Helen L. Hulen.

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Developments in Consumer Electronic Fund Transfers

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Ever since the telegraph and telephone came into public use, commercial participants in the nation's payment system have been able to use electronic communication to facilitate the transfer of funds among themselves. In the public sector, the Federal Reserve System has been actively involved in electronic fund transfers since 1918, when the first Morse code wire transfer network was established for the movement of funds among reserve accounts of member banks at Federal Reserve Banks.

Only recently, however, have individual consumers been able to order convenient and inexpensive electronic payments to and from their accounts at financial institutions. Rapid improvements in electronic data processing and the development of low-cost, high-speed telecommunications have made possible the widespread use of electronic fund transfer (EFT) by consumers. In many transactions, EFT can now largely displace other methods of payment, such as cash, checks, and credit cards. Nonetheless, at this time consumer EFTs still collectively account for only a small portion—less than 1 percent—of all payments in the retail economy.

With the technology of payments poised for further advances and with major changes coming in the structure of the financial services industry as new competitors enter and new rules take effect, further displacement of traditional paper-based payment methods by EFT is likely. All evidence points to continuing rapid growth in the volume of consumer EFTs.

This article describes the extent to which consumers use EFT, reviews the rationale for public regulation of EFT, and presents new evidence on the costs and benefits associated with the efforts financial institutions make to achieve compliance with consumer EFT regulation.

CONSUMER USE OF EFT

The extent to which electronic fund transfer spreads depends primarily on three elements. The first—and the precondition—is the automation of operations by financial institutions. The second is the extent to which institutions make EFT services available to consumers by providing accessible systems and promoting their use. The third is the willingness of consumers to accept the new means of payment. This factor will ultimately determine the growth of the electronic payments system.

Consumers have, in fact, quickly taken to EFTs, and the use of them is likely to grow dramatically, for two reasons (see the inset). The first lies in the price of EFTs relative to alternative means of payment, particularly checks. The cost to the banking system of operating the check-clearing mechanism was estimated to be about $0.50 per check in 1979. According to a 1981 Treasury-sponsored study of bank handling of social security payments, checks deposited by mail had an average incremental processing cost of $0.59, while preauthorized direct deposits by EFT had an average incremental processing cost of $0.07. Preauthorized electronic deposits and debits are the most automatic type of EFT and therefore the least costly to process; the costs of other types of EFT are greater and may vary widely, depending on the size and efficiency of the transfer systems involved. As institutions move toward pricing checking services to reflect costs, however, and as average EFT costs fall with the expansion of EFT volume, electronic transactions will become more competitive with checks.

Developments in consumer use of electronic fund transfers

Consumer use of EFTs has grown vigorously over the past few years, as demonstrated by the following evidence:

- A Board-sponsored survey conducted in April 1983 found that of the households with a checking, savings, NOW, or share draft account, more than 68 percent had an account with an EFT feature and used it at least occasionally. In March 1981 the proportion was 54 percent.

- A recent survey of automation by commercial banks confirms the trend toward expansion of EFT services. Many small banks offer EFT services, and nearly all banks engage in computerized operations, a necessary condition for the spread of EFT.[1]

- The number of automated teller machines (ATMs) in use has grown rapidly. At the end of 1982, financial institutions were operating an estimated 36,000 ATMs, 38 percent more than at the end of 1981. The average annual volume of transactions, excluding inquiries about balances, rose 32 percent to 86,000 transactions per machine. Total volume increased 74 percent to an annual rate of 3.1 billion transactions at the end of 1982.[2]

- The number of financial institutions offering ATM access increased dramatically during 1981. According to a recent survey, 29 percent of the nation's 14,400 commercial banks were offering ATM services in 1982, up from 19 percent a year earlier; and 14 percent planned to offer ATM services. Of banks offering such services, more than half were engaged in some form of ATM sharing with other institutions.[3]

- Telephone bill-payment services were offered by more than 450 financial institutions in 1982, compared with 403 institutions in 1981. These providers accounted for about one-fifth of the assets of all depository institutions in the nation. Telephone bill payments grew approximately 20 percent in 1982 to an annual rate of 72 million transactions.[4]

- The volume of transactions through automated clearinghouses (ACHs) continued to grow substantially during the past year. Of the more than 49 million payments of federal salaries and benefits in December 1982, nearly 18 million, or 36 percent, were made by EFT.[5] Another 16 million electronic payments were originated each month last year by about 20,000 private organizations. Total ACH volume reached an annual rate of 408 million electronic transactions, an increase of 30 percent over the year.[6]

- Surveys indicate that 71 percent of all households now have at least one account at a financial institution that offers ATM access, and that at least one person in 32 percent of all households used an ATM in November 1982.[7]

- Point-of-sale EFT and home banking systems are developing at an increasingly rapid pace. Of commercial banks with total deposits exceeding $500 million, 13 percent supported some form of EFT at point of sale, and 14 percent more planned to support such a system. Of banks with deposits between $100 million and $500 million, 3 percent supported and 10 percent planned to support point-of-sale EFT.[8] Experiments with home banking systems are spreading: in 1980, 2 institutions operated pilot projects; by 1982, 80 institutions had pilots.[9] About 25 systems are expected to be in full operation by 1986.

1. *National Operations Automation Survey 1981* (Washington, D.C.: American Bankers Association, 1981).
2. Linda Fenner Zimmer, "ATMs: In the Wake of the Network Scramble," *Magazine of Bank Administration*, vol. 59 (May 1983), pp. 26–30.
3. *1982 Retail Deposit Services Report* (Washington, D.C.: American Bankers Association, 1982).
4. "Is Pay-By-Phone Reaching a Flashpoint?" *Bank Network News*, vol. 1, November 23, 1982.
5. *Direct Deposit Volume Report* (U.S. Department of the Treasury, December 1982).
6. *NACHA SurePay Update* (Washington, D.C.: National Automated Clearing House Association, December 1982).
7. *ATM Appeal and Usage—One-Year Update* (Atlanta, Georgia: The Unidex Reports, November 1982).
8. Richard R. Dart, *Point of Sale, Current Status, Trends, and the Task Force Approach* (Cambridge, Maryland: Trans Data Corporation, 1982).
9. Robert W. Price, "Videotex Home Banking, Current Status and Trends," *TransDatagram* (Cambridge, Maryland: Trans Data Corporation, October 30, 1982).

Many consumers prefer convenience and self-service in retail transactions generally because of the price or quality advantages. The success of supermarkets, self-service gasoline stations, and direct-dial telephone systems amply demonstrates that preference. In many of their dealings with financial institutions, too, consumers prefer convenience and the opportunity to serve themselves. Those EFT services that have satisfied these preferences have been swiftly adopted by consumers. The most successful automated teller machine programs have offered around-the-clock access to funds through highly reliable terminals in convenient locations. Similarly, direct deposit programs have offered consumers greater reliability and more convenient, more immediate access to funds than alternative means of deposit. Bill payments can be ordered by telephone in any amount at any time of the day through the computerized systems offered by most providers, and the consumer can specify the date on which each transfer is to be made by his or her institution. As more merchants accept EFTs as a means of payment at point of sale (POS), consumers are likely to make heavy use of them there as well. Complete documentation of transfers for recordkeeping and proof of payment is yet another convenience that attracts consumers to EFT.

Automated teller machines (ATMs) are currently the most prominent of the five principal forms of consumer EFT (the others are telephone bill payment, home banking, point-of-sale payments, and transfers through automated clearinghouses). Despite their popularity, ATMs have limited usefulness because they are not designed for use at the point of sale, the site of most retail transactions. Moreover, they cannot in most circumstances handle payments to and from third parties. Nevertheless, ATMs are a significant step in the long-run development of EFT systems. First, they have already familiarized people with debit cards and remote electronic terminals, providing experience that can be applied in point-of-sale transactions and home banking. Second, ATM networks will proliferate and form a national system of telecommunication links and interconnected message switches capable of handling large volumes of POS and home-banking transactions.

REGULATION OF CONSUMER EFT

The Electronic Fund Transfer Act, which became law in November 1978, introduced a new factor into the development of consumer EFT services. Broad in its coverage of financial institutions and technically exacting in its requirements, the act had as its primary purpose the establishment of consumer rights and protections. Although it provided certain protections for financial institutions involved in EFT, the act principally imposed regulatory duties and liabilities on institutions. Before its implementation, no one knew how costly compliance with the act would be for individual institutions or the industry as a whole. Similarly, no one knew the extent of the benefits the act would engender.

The Congress gave the Federal Reserve Board the responsibility for writing regulations to implement the Electronic Fund Transfer Act. The Board also was given the responsibility for administering and enforcing the act for state member banks. In Regulation E, the Board sets out the rules for issuance of EFT access devices, liability limits for losses from unauthorized transfers, disclosures to account holders, documentation of transfers, notice of preauthorized credits, error-resolution procedures, and other matters. Among the Board's statutory obligations is a requirement that it analyze the act's economic effects, particularly the costs and benefits of the act to consumers and to other users of EFT systems. To improve the quality of the analysis, in 1981 and 1982 the Board's staff conducted a survey of financial institutions to determine their costs of complying with Regulation E and their perceptions of its benefits.

From the Board's perspective, an understanding of the economic and institutional effects of Regulation E is important, for a number of reasons. First, the Board requires information on compliance efforts to ensure that the consumer protections established in the act are implemented. Second, the Board seeks to ensure that its regulations are not unduly burdensome or complex. Third, recent laws, in particular the Financial Regulation Simplification Act of 1980 and the Regulatory Flexibility Act of 1980, require that the Board review all its regulations in order to minimize compliance costs and eliminate unnecessary burdens that compliance imposes on small businesses. Fourth, a regulation that affects so fast-growing a sector of the payment system as consumer EFT must be monitored to determine its effect on growth and efficiency in the payment mechanism. Finally, because it is relatively new, Regulation E can serve as a paradigm for the study of the costs of compliance associated with similar new regulations and thereby provide insight into the economic effects of the regulatory process.

To meet these informational needs the Board undertook a survey of a sample of financial institutions to assess their costs of and benefits from complying with Regulation E. The design and findings of that survey are summarized in the following sections. The newness of the regulation and of compliance efforts enhanced the chances for meaningful results from the survey. Financial institutions were expected to have better, more complete information on the costs of complying with Regulation E than on the costs associated with older, more established regulations, to which the institutions had adjusted long ago.

Survey Design

Survey questions were formulated to collect information on incremental compliance costs, or costs above and beyond what would have been incurred in the absence of Regulation E. Respondents were asked to classify their incremental compliance costs into start-up and ongoing expenses using the following functional categories: administration, training, legal services, labor, changes in data processing systems, postage, telephone statements, disclosures, and premises and equipment. In addition, each respondent was asked which EFT services it offered, its annual total volume of EFT transactions, and its perceptions regarding the benefits and costs of Regulation E. Participation in the survey was wholly voluntary. General announcements of the survey and calls for participants were published in the FEDERAL RESERVE BULLETIN and the *Federal Register*. The 67 institutions that subsequently supplied complete responses to the survey questionnaire were located in 33 states and the District of Columbia; they represented a wide variety of sizes, geographic regions, state branching laws, and bank holding company affiliations.

Characteristics of Respondents

The total domestic deposits of survey respondents ranged from less than $25 million to more than $25 billion. The classes used to aggregate and report the data were chosen using two criteria: (1) the classes should group respondents that could be expected to be roughly similar in such size-related aspects as operating methods, organizational type, access to capital, scope of markets, and attainable level of automation; and (2) the classes should divide the respondents into groups of approximately equal number to facilitate statistical cross-class comparisons. The same size classes are used throughout this report so that comparisons can be made across tables.

Of particular importance for the analysis of compliance costs is information on the types of EFT services an institution offers. Compliance with Regulation E may be achieved at varying levels of expense and effort, depending on the level and complexity of EFT services an institution offers. Table 1 shows the number and percentage of respondents that offered each of the major EFT services covered by Regulation E.

Several characteristics of the survey respondents are evident in table 1. First, all but one of the institutions offered direct deposit programs and therefore became subject to the regulation's basic provisions, which specify error-resolution procedures and periodic statement documentation, among other things. Second, three-fourths of all respondents also offered automated teller machines or cash dispensers, thereby becoming subject to additional regulatory provisions, such as those governing liability exposure, the issuance of terminal access devices (mainly debit cards), and the dispensing of terminal receipts. Third, some institutions provided more complicated forms of EFT, including telephone bill payment, point-of-sale debit cards, or automatic payment features; because they usually involve on-line telecommunications or special use of the automated clearinghouse network, these services may have required additional efforts to comply with Regulation E and, consequently, additional compliance costs.

Table 1 also shows that the smaller institutions tended to offer fewer EFT services than the larger institutions, although that observation

1. Percentage of survey respondents offering EFT services, by size of deposits

EFT service	Deposits (millions of dollars)					All respondents
	Less than 100	100–500	500–1,000	1,000–3,000	3,000 or more	
Automated teller machine or cash dispenser	46	47	93	92	93	75
Telephone bill payment	9	7	14	31	29	18
Automatic payment features	54	80	57	77	86	72
Check authorization or guarantee	18	7	14	23	21	16
Point-of-sale debit card	18	7	14	31	14	16
Direct deposit program	100	100	93	100	100	98
Other	0	0	14	8	0	4
MEMO: Number of respondents in size class	11	15	14	13	14	67

does not hold for every kind of service. Taken together, smaller institutions did, in fact, offer every type of EFT service, and they were not seriously underrepresented in any type. Almost half of the smaller respondents offered ATMs, an EFT service offered by virtually all respondents with more than $500 million in deposits. With the proliferation of ATM networks, smaller institutions are likely to find it increasingly easy to offer ATMs to their customers. It is apparent that their size does not preclude some small institutions from offering EFT services. Differences between institutions in services offered may become less pronounced as sharing and franchising relationships develop and as the cost of providing services falls.

Although the survey respondents represent a broad range of institutional sizes and types, generalizations from their experiences about the compliance costs likely for other institutions should be cautiously made. The survey was a voluntary one, and it was not based on random-sampling techniques. Respondents may have been more likely to have active compliance programs than most institutions at the time of the survey. Moreover, the costs of setting up a compliance program and complying with the regulation may have changed since the survey. If interpreted with these cautions in mind, the survey findings nevertheless may be considered indicative of the compliance costs other institutions experience.

Costs of Compliance

The survey was designed to determine start-up and ongoing compliance costs separately because expenditure patterns were presumed to be substantially different for the two kinds of cost. Start-up expenses were thought to be analogous to fixed costs, and ongoing expenses were thought to be analogous to variable costs in the classic cost model.

Table 2 shows the average start-up and ongoing costs that were reported by respondents in each size class. It also shows the percentage of total compliance costs incurred for each kind of cost for each size class. Several conclusions may be drawn. First, the ratio of total start-up costs to total ongoing costs tended to rise with the size of the institution, a pattern that might develop because larger institutions have a more complicated organizational structure to prepare for compliance or invest more heavily in preparations for compliance in hopes of selling such services to their correspondents. Second, smaller institutions devoted, on average, larger shares of their expenditures on compliance to legal, administrative, and training costs than larger institutions did, possibly because the smaller ones had to assign a larger proportion of their managers to compliance activities or had to hire outside consultants. Third, for the aggregate of all respondents, the change in data processing systems was the most expensive start-up function; and labor, probably for preparation of the extra periodic statements and for error resolution, was the most costly ongoing function.

Although the relationship does not hold for all comparisons between size classes, larger financial institutions seem to enjoy lower compliance costs per EFT transaction (table 3), as they do *per million dollars of total deposits* (table 4). A possible inference from these data is that some financial institutions suffer from a cost disadvantage in compliance merely because they are small: they must incur the same costs as larger institutions do in setting up and maintaining their compliance programs, which thus claim a larger proportion of their resources. The recent increased availability of shared EFT networks, EFT services packaged for resale, and assistance in complying with Regulation E from a variety of vendors may mitigate such disadvantages.

Regulatory relief may also help offset the cost disadvantages that smaller institutions face in complying with Regulation E. For example, the Federal Reserve Board recently amended Regulation E to provide relief to small institutions: for the 26,000 depository institutions with assets of $25 million or less, all preauthorized electronic transfers to and from any consumer account are fully exempt from the regulation.

While the total cost of compliance per EFT transaction, shown in the last line of table 3, may appear to be high relative to the cost of an EFT transaction, it is probably not high enough to compromise the cost advantage EFT transactions may otherwise have over check-based transactions. In the long run, additional EFT transactions can probably be made at little incremental cost either for the payment system or for compliance. Consequently, as EFT systems mature and are more heavily utilized, the average compliance cost per transaction will fall. The larger survey respondents were likely to have more heavily utilized systems and, therefore, lower costs per transaction.

A rigorous statistical analysis of the survey findings about the effects on compliance cost of bank size, transaction volume, and level of EFT services offered will be presented in a forthcoming Board staff study.

2. Average costs per institution for compliance with Regulation E, by cost category and size of deposits of survey respondents

Cost category	Deposits (millions of dollars)										All respondents	
	Less than 100		100–500		500–1,000		1,000–3,000		3,000 or more			
	Dollar amount	Percent of total	Dollar amount	Percent of total	Dollar amount	Percent of total	Dollar amount	Percent of total	Dollar amount	Percent of total	Dollar amount	Percent of total
	Start-up costs											
Administration	2,333	38	3,361	18	18,808	22	17,275	11	75,663	20	24,228	18
Training	1,102	18	2,421	13	6,010	7	10,521	7	28,374	8	9,949	8
Legal services	684	11	3,255	17	17,248	20	15,035	10	23,960	6	12,369	9
Changes in data processing systems	572	9	7,257	38	37,846	44	83,082	53	173,681	47	62,039	47
Premises, furniture, supplies, equipment	450	7	687	4	464	0	9,047	6	5,804	2	3,293	2
Statement forms and disclosure documents	634	10	1,698	9	3,769	4	15,187	10	50,835	14	14,841	11
Other	432	7	417	2	949	1	6,745	4	14,387	4	4,677	4
Total	**6,207**	**100**	**19,096**	**100**	**85,094**	**100**	**156,892**	**100**	**372,704**	**100**	**131,396**	**100**
	Ongoing costs											
Administration	2,992	23	7,143	33	42,995	41	4,107	6	23,282	10	16,946	19
Labor	6,351	50	7,370	34	39,197	37	15,787	24	80,310	36	31,186	35
Training	446	4	1,077	5	4,332	4	2,366	4	12,786	6	4,416	5
Legal services	168	1	1,017	5	1,676	2	1,550	2	9,891	4	3,014	3
Printing or purchase of statements	1,306	10	951	4	3,134	3	22,662	35	16,747	8	9,112	10
Postage	753	6	1,427	6	13,145	12	17,633	27	40,281	18	15,282	17
Premises, furniture, supplies, equipment	393	3	1,520	7	144	0	0	0	21,418	10	4,983	6
Telephone	122	1	909	4	485	0	385	1	468	0	492	0
Other	264	2	526	2	0	0	1,095	2	18,702	8	4,356	5
Total	**12,795**	**100**	**21,940**	**100**	**105,108**	**100**	**65,585**	**100**	**223,885**	**100**	**89,787**	**100**
	Total costs through first year of compliance											
Administration	5,325	28	10,504	26	61,803	32	21,382	10	98,945	17	41,174	19
Training	1,548	8	3,498	9	10,342	5	12,887	6	41,160	7	14,365	6
Labor	6,351	33	7,370	18	39,197	21	15,787	7	80,310	13	31,186	14
Legal services	852	4	4,272	10	18,924	10	16,585	7	33,851	6	15,383	7
Changes in data processing systems	572	3	7,257	18	37,846	20	83,082	37	173,681	29	62,039	28
Printing or purchase of statements	1,306	7	951	2	3,134	2	22,662	10	16,747	3	9,112	4
Postage	753	4	1,427	3	13,145	7	17,633	8	40,281	7	15,282	7
Premises, furniture, supplies, equipment	843	4	2,207	5	608	0	9,047	4	27,222	4	8,276	4
Statement forms and disclosure documents	634	3	1,698	4	3,769	2	15,187	7	50,835	9	14,841	7
Telephone	122	1	909	2	485	0	385	0	468	0	492	0
Other	696	4	943	2	949	0	7,840	4	33,089	5	9,033	4
Total	**19,002**	**100**	**41,036**	**100**	**190,202**	**100**	**222,477**	**100**	**596,589**	**100**	**221,183**	**100**

[illegible]

Cents

Cost category	Deposits (millions of dollars): Less than 100	100-500	500-1,000	1,000-3,000	3,000 or more	All respondents
	Start-up costs					
Administration	4.3	1.6	2.4	1.4	1.2	1.4
Training	2.1	1.2	.8	.8	.5	.6
Legal services	1.3	1.6	2.2	1.2	.4	.7
Changes in data processing systems	1.1	3.5	4.8	6.6	2.9	3.6
Premises, furniture, supplies, equipment	.8	.3	.1	.7	.1	.2
Statement forms and disclosure documents	1.2	.8	.5	1.2	.8	.9
Other	.8	.2	.1	.5	.2	.3
Total	**11.6**	**9.2**	**10.9**	**12.4**	**6.1**	**7.7**
	Ongoing costs					
Administration	5.1	3.0	5.1	.3	.4	.9
Labor	10.7	3.0	4.7	1.2	1.2	1.6
Training	.8	.4	.5	.2	.2	.2
Legal services	.3	.4	.2	[illegible]	.2	.2
Printing or purchase of statements	2.2	.4	.4	1.7	.3	.5
Postage	1.3	.6	1.6	1.3	.6	.8
Premises, furniture, supplies, equipment	.7	.6	0	0	.3	.3
Telephone	.2	.4	.1	0	0	0
Other	.4	.2	0	.1	.3	.2
Total	**21.7**	**9.0**	**12.6**	**4.9**	**3.5**	**4.7**
	Total costs through first year of compliance					
Administration	9.4	4.6	7.5	1.7	1.6	2.3
Training	2.9	1.6	1.3	1.0	.7	.8
Labor	10.7	3.0	4.7	1.2	1.2	1.6
Legal services	1.6	2.0	2.4	1.3	.6	.9
Changes in data processing systems	1.1	3.5	4.8	6.6	2.9	3.6
Printing or purchase of statements	2.2	.4	.4	1.7	.3	.5
Postage	1.3	.6	1.6	1.3	.6	.8
Premises, furniture, supplies, equipment	1.5	.9	.1	.7	.4	.5
Statement forms and disclosure documents	1.2	.8	.5	1.2	.8	.9
Telephone	.2	.4	.1	.0	.0	.0
Other	1.2	.4	.1	.6	.5	.5
Total	**33.3**	**18.2**	**23.5**	**17.3**	**9.6**	**12.4**

Benefits of Compliance

The survey of financial institutions also included questions regarding the benefits of Regulation E to consumers, financial institutions, and the payment system. Answers to those questions were necessarily subjective and nonquantifiable. Virtually all financial institutions that responded to the questions about benefits stated that no operating costs had been reduced or eliminated as a side benefit of compliance efforts. Some mentioned that consumers and the payment system in general would benefit from the standardization of error-resolution procedures, uniform limits on liability, and consumers' increased awareness of EFT issues, rights, and responsibilities.

Evidence on consumer benefits is available from two other sources. One is the Board's Consumer Complaint Control System, which in 1982 received only 75 complaints regarding EFT; 37 concerned banks not supervised by the Board and were referred to other supervisory agencies. Of the 38 complaints concerning banks supervised by the Board, only 3 involved a bank violation; the rest involved no bank error, a clerical error, or a factual dispute, or were in the process of being resolved. Measured against the 3 billion EFT transactions a year at ATMs alone, the number of official complaints is minute. It suggests that only few errors or problems occur and that financial institutions are able to resolve them.

Another source of evidence on consumer benefits is a pair of Board-sponsored consumer surveys based on random samples, one conducted in March 1981 and the other in April 1983 (table 5). The 1983 survey found that about 6 percent of households holding a transaction ac-

4. Average costs per million dollars of total deposits for compliance with Regulation E, by cost category and size of deposits of survey respondents

Dollars

Cost category	Deposits (millions of dollars)					All respondents
	Less than 100	100–500	500–1,000	1,000–3,000	3,000 or more	
	Start-up costs					
Administration	51.14	15.03	26.19	9.26	8.92	10.35
Training	24.16	10.82	8.37	5.64	3.35	4.25
Legal services	15.00	14.55	24.02	8.06	2.83	5.28
Changes in data processing systems	12.54	32.44	52.70	44.53	20.48	26.49
Premises, furniture, supplies, equipment	9.87	3.07	.65	4.85	.68	1.41
Statement forms and disclosure documents	13.90	7.59	5.25	8.14	5.99	6.34
Other	9.47	1.86	1.32	3.62	1.70	2.00
Total	**136.08**	**85.36**	**118.50**	**84.10**	**43.95**	**56.12**
	Ongoing costs					
Administration	59.64	27.68	55.59	2.03	2.55	6.59
Labor	126.59	28.55	50.68	7.81	8.79	12.13
Training	8.88	4.17	5.60	1.17	1.40	1.72
Legal services	3.35	3.94	2.17	.77	1.08	1.17
Printing or purchase of statements	26.03	3.68	4.05	11.21	1.83	3.54
Postage	15.00	5.53	17.00	8.72	4.41	5.94
Premises, furniture, supplies, equipment	7.82	5.89	.19	0	2.35	1.94
Telephone	2.43	3.52	.63	.19	.05	.19
Other	5.26	2.04	0	.54	2.05	1.69
Total	**255.00**	**85.00**	**135.91**	**32.44**	**24.51**	**34.91**
	Total costs through first year of compliance					
Administration	110.78	42.71	81.78	11.29	11.47	16.94
Training	33.04	14.99	13.97	6.81	4.75	5.97
Labor	126.59	28.55	50.68	7.81	8.79	12.13
Legal services	18.35	18.49	26.19	8.83	3.91	6.45
Changes in data processing systems	12.54	32.44	52.70	44.53	20.48	26.49
Printing or purchase of statements	26.03	3.68	4.05	11.21	1.83	3.54
Postage	15.00	5.53	17.00	8.72	4.41	5.94
Premises, furniture, supplies, equipment	17.69	8.96	.84	4.85	3.03	3.35
Statement forms and disclosure documents	13.90	7.59	5.25	8.14	5.99	6.34
Telephone	2.43	3.52	.63	.19	.05	.19
Other	14.73	3.90	1.32	4.16	3.75	3.69
Total	**391.08**	**170.36**	**254.41**	**116.54**	**68.46**	**91.03**

count with an EFT feature alleged that the institution had made an error in the past year because of the feature. Most of these alleged errors appeared to involve misunderstandings, mechanical malfunctions of ATMs, or accounting mistakes, rather than errors in the actual transfer of funds. Of those who complained to the institution about an alleged error, virtually all reported being satisfied with the way in which the institution resolved the complaint.

In the 1983 survey, fewer than 1 percent of households with an account subject to EFT alleged an unauthorized withdrawal in the past year because of that feature. Furthermore, none of those households lost any money in the end. Given the frequency of electronic transfers in the payment system, the number of EFT errors as defined in Regulation E seems to be negligible. Moreover, some of the alleged errors were not actually related to EFT.

A primary benefit intended by the act is the information conveyed to consumers by the disclosures that institutions must regularly send out. The 1983 survey revealed that 53 percent of households with an EFT account feature were aware of receiving notices of error-resolution procedures from the financial institution (up from 45 percent in 1981). Only 10 percent of those households were aware of a federal law or regulation concerning EFT-related errors, despite having received the required notices regularly (down from 14 percent in 1981). Fewer than 12 percent of the households with an EFT feature in their account had heard of any federal legislation or regulation limiting the amount of money a consumer could lose through an unauthorized electronic transfer. Although these findings suggest that consumers have little awareness of rules and regulations about EFTs, this apparent failure may in fact demonstrate that EFT sys-

5. Survey of consumer EFT accounts

Item	Number	Percent of total	Base for percentage[1]
Households interviewed	707	...	...
Had any checking, savings, NOW, or share draft accounts	635	93.2	681
Account had at least one EFT feature and that feature was used at least occasionally	435	68.5	635
Alleged an error by a financial institution in the past year because of an EFT feature[2]	26	6.0	435
Complained to the institution about the error	21	84.0	25
Were satisfied with the institution's resolution of the error	20	95.2	21
Were aware of receiving error-resolution procedure notice from the institution	232	53.3	435
Were aware of a federal law or regulation concerning EFT-related errors	43	9.9	435
Alleged unauthorized withdrawal from an account because of an EFT feature[3]	3	.7	435
Ultimately lost money because of the alleged withdrawal	0	0	3
Were aware of any federal law or regulation that limits the amount of money that a consumer would lose from an unauthorized withdrawal because of an EFT feature	51	11.7	435

1. For some responses the base for calculating percentages is smaller than the number interviewed because some respondents did not reply to those questions.
2. In some cases responses indicate that the error was actually made by the consumer or that the problem was a misunderstanding rather than an error by the institution.
3. In some cases responses indicate a misunderstanding or a withdrawal by another family member rather than a fraudulent withdrawal.

SOURCE. The survey was conducted for the Federal Reserve Board in April 1983 by the University of Michigan Survey Research Center. A national random sample of 707 households was interviewed by telephone; 681 usable responses were obtained. Because of sampling error normally encountered in a survey of this type and size, the sample response rates are likely to be within 2 percentage points of the underlying rates for the population 95 percent of the time.

tems have been working well, so that consumers do not feel they need to read or understand the disclosures. Moreover, many of the provisions in the regulation, such as limitations on liability for unauthorized transfers, provide benefits regardless of whether consumers are aware of them.

CONCLUSION

Regulation of consumer EFT began at a time when the number of financial institutions offering EFT services, the number of consumers demanding those services, and the volume of consumer electronic transactions were steadily accelerating. That acceleration shows no signs of abating. As institutions comply with EFT regulation, their costs will reflect their initial efforts to set up compliance programs as well as their ongoing expenses to maintain them. As EFT systems mature, as transaction volume builds, and as start-up costs for compliance are amortized, compliance costs for each EFT transaction are likely to fall. With regard to consumer rights in EFT, there appear to be few problems, and available evidence indicates that the number of account errors and unauthorized transfers is negligible both in absolute terms and relative to the volume of EFT transactions occurring in the payment system. □

Treasury and Federal Reserve Foreign Exchange Operations: Interim Report

This interim report, covering the period February through April 1983, is the twenty-first of a series providing information on Treasury and System foreign exchange operations to supplement the regular series of semiannual reports that are usually issued each March and September. It was prepared by Sam Y. Cross, Manager of Foreign Operations of the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York.

During the February–April period under review, the decline in global economic activity appeared to have ended, but questions remained about the breadth and scope of recovery and the prospects for a resumption in growth of world trade. Demand for oil remained weak and oil prices softened to the point of challenging the ability of the Organization of Petroleum Exporting Countries to set production quotas and price differentials and thereby effectively to limit price declines. Meanwhile, persistent concern about the divergence of economic performances within Europe generated a major speculative attack against the exchange rate relationships within the European Monetary System (EMS). This speculation prompted the heaviest central bank intervention in support of the EMS rate structure in the four-year history of the EMS before the rates were realigned on March 21.

As the exchange markets reacted to the cross-currents of these developments, the dollar generally held steady against most currencies. On balance, between the end of January and the end of April the dollar was little changed against the German mark and narrowly mixed vis-à-vis other currencies. Although trading below its highs of late 1982 against the major foreign currencies, the dollar remained well above its lows reached immediately preceding the reporting period in January 1983. This firm performance was contrary to the forecasts of the many experts and market observers who were anticipating a significant further easing of the dollar through early 1983.

The dollar's firmer-than-expected tone first emerged in response to definite signs that recession in the United States was giving way to a significant recovery. However, for a period after mid-February, those initial signs of a strong industrial upturn were superseded by later indications that the expansion was likely to be more moderately paced, confined largely to increased activity in a few sectors of the economy and to a turnaround in inventory investment. Thus, some skepticism reappeared that the recovery would prove durable in the face of continued high real interest rates.

Nevertheless, the economic outlook remained more promising for the United States than for most other industrialized countries. Moreover, shortly after the President's State of the Union and budget messages, the administration's economic advisers were suggesting that the projections for growth of real output for 1983, then estimated at 1.4 percent, should be revised strongly upward. By comparison, European officials forecast little or no growth in continental economies, and Japan's forecast growth rate of 3.4 percent for fiscal 1983–84 looked modest compared with that country's presumed potential.

The dollar was sustained in the market as a number of concerns subsided that had weighed against the currency during the late fall and early winter. In particular, the fear that economic recovery would necessarily be accompanied by a rekindling of inflation tended to dissipate as prospects for substantial gains in productivity improved. Market observers also became less concerned about cost pressures from basic materials, as expectations grew of a substantial reduction of world oil prices. The U.S. trade account turned out to be in smaller deficit during the first quarter than had generally been expected, and the deficit even narrowed somewhat from that recorded in the last three months of 1982. This result reflected a sharp drop in the oil import bill, which was expected to be largely temporary and was associated with reduced demand in response to the relatively warm winter and the liquidation of inventories in anticipation of lower prices later. Market forecasts of a large U.S. current account deficit for the year as a whole were not significantly revised. Nevertheless, the temporary respite from monthly releases of large deficit figures seemed to defuse what had previously been an important negative factor for the dollar, so that considerations of relative trade and current account performances received little attention in the exchange markets during the period under review.

The exchange markets were also influenced at times by shifting assessments of the prospects for dollar interest rates. During February the improving scenario for inflation, together with the prospect for only a moderate recovery, gave a lift to U.S. credit markets, and long-term interest rates began to turn down. In this environment, market operators considered the possibility that the Federal Reserve would not resist a decline in short-term interest rates and might lower its discount rate, both to lend support to the recovery at home and to help foster an international economic climate in which heavily indebted countries might be better able to meet the objectives of their stabilization programs. In fact, short-term rates held steady through April, and the Federal Reserve kept its discount rate at the level of 8½ percent established in December. But long-term rates did continue to ease, moving down in two stages—first during February and again in April. It appears that, as long-term rates eased, substantial amounts of funds were moved into the United States by investors hoping to realize further capital gains. At the same time, real interest rates remained relatively high, and foreign investment was attracted also by the bullish U.S. stock market, continuing safe-haven considerations, and the apparently better growth prospects in the United States than abroad.

In addition, the dollar frequently became caught up in developments primarily involving European currencies, particularly the events surrounding the realignment on March 21 of parities in the EMS. From early February, sentiment became increasingly favorable toward the German mark, which strengthened against other European currencies as well as the dollar, as market participants speculated first about the outcome of upcoming national elections in Germany and then about the likelihood that a long-anticipated realignment of EMS parities would take place shortly thereafter. Speculative buying of German marks and Dutch guilders, both considered virtually certain to be revalued in any restructuring of the EMS, intensified while the weaker currencies in the European joint float, including particularly the French and Belgian francs, came on offer.

The French franc, after having been maintained around the middle of the EMS band for some weeks, was allowed to drop to its mandatory lower intervention point after March 6, and, subsequently, Euro-French franc interest rates soared to unprecedented levels. The Belgian authorities, also faced with intensifying pressures, imposed stringent new foreign exchange controls. With speculation against these two currencies becoming prohibitively expensive, positioning in favor of the stronger EMS currencies increasingly took the form of sales of non-EMS currencies, including the dollar. At the same time, official intervention to defend the EMS parities, while primarily conducted in European currencies, also involved substantial sales of dollars by the central banks whose currencies were weak within the system. EMS-related sales by both private and official parties thus contributed to a tendency of the dollar to decline moderately during the first three weeks of March, particularly against the German mark. The reversal of these flows after the March 21 realignment similarly contributed to the dollar's subsequent recovery.

By April, as the new quarter opened and many of the reflows into dollars associated with the recent EMS realignment were completed, exchange market activity settled down to a subdued pace, and the dollar traded in a relatively narrow range. Some uncertainty was generated

1. Drawings and repayments[1]

Millions of dollars; drawings, or repayments (−)

Bank, or drawings	Outstanding, Jan. 1, 1982	1982: 1	1982: 2	1982: 3	1982: 4	1983: 1	1983 April	Outstanding, April 30, 1983
	Foreign central banks and the Bank for International Settlements under regular reciprocal currency arrangements							
Bank drawing on Federal Reserve System								
Bank of Mexico	0	0	800.0 −600.0	1,400.0 −900.0	−217.4	−482.6	0	0
Bank for International Settlements[2] (against German marks)	0	0	0	0	124.0 −124.0	0	0	0
	Bank of Mexico under special swap arrangements							
Drawings on								
U.S. Treasury special temporary facility for $1,000 million	...	...	...	825.0 −825.0	...	...	...	...
Special combined credit facility								
Federal Reserve special facility for $325 million	...	...	...	89.8 − 43.8	211.2	67.8	0	325.0
U.S. Treasury special facility for $600 million	...	...	...	166.8 − 81.3	392.2	122.3	0	600.0
Total	...	...	...	**1,081.6** **−950.0**	**603.5**	**190.00**	**0**	**925.0**
	Central Bank of Brazil under special swap arrangements with the U.S. Treasury							
Drawings on U.S. Treasury special facilities for								
$500 million	...	...	...	...	500.0 −500.0	...	...	...
$280 million	...	...	...	...	280.0	− 280.0	...	...
$450 million	...	...	...	...	450.0	− 450.0	...	...
$250 million	...	...	...	...	250.0 −104.2	− 145.8	...	...
$200 million	...	...	...	...	...	200.0 − 200.0	...	...
$200 million	...	...	...	...	...	200.0 − 200.0	...	...
Total	...	...	...	...	**1,480.0** **−604.2**	**400.0** **−1,275.8**	...	...

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

2. BIS drawings and repayments of dollars against European currencies other than Swiss francs to meet temporary cash requirements.

by the persistent divergence between the dollar's apparent firmness and the still widely held view that the medium-term trend of the dollar would be downward because of the outlook for interest rates and current accounts. Adding to the uncertainty were concerns that trade protectionist pressures might be deepening in response to two years of declining world growth. In this context, talk spread among market participants that the major industrial countries might be preparing a coordinated intervention effort—now that the intervention study commissioned at last year's summit meeting had been completed and on speculation that exchange rates would be a major point of discussion at the Williamsburg summit. By late April, however, expectations of substantial changes in official intervention policy faded, and on April 29 the intervention study was released by the summit ministers, accompanied by a statement on intervention and related matters. But, in the cautious atmosphere that had prevailed during much of April, market professionals were prepared to sell dollars, thereby stemming any marked upward movement of the dollar, while commercial participants often were substantial buyers when the dollar eased. As a result, the dollar market was well balanced. There was a marked change of the dollar only against the pound sterling, which, in an environment of stabilizing oil prices, recovered nearly 7 percent from an earlier decline.

By the close of the period the dollar traded at DM 2.4615 in terms of the German mark and ¥ 237.80 against the yen, some ½ percent and 1 percent respectively below the levels of three months earlier. Against the pound sterling, the

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

Millions of dollars equivalent; issues, or redemptions (−)

Issues	Amount of commitments, Jan. 1, 1982	1982: 1	1982: 2	1982: 3	1982: 4	1983: 1	1983, April	Amount of commitments, April 30, 1983
Public series								
Germany ...	3,622.3	0	−451.0	−1,231.9	−664.1	0	0	1,275.2
Switzerland	458.5	0	0	0	0	−458.5	0	0
Total	**4,080.8**	**0**	**−451.0**	**−1,231.9**	**−664.1**	**−458.5**	**0**	**1,275.2**

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

dollar ended the period down nearly 3 percent as compared with three months earlier, while it increased 2 percent against the Swiss franc. In terms of a trade-weighted average, the dollar rose about 1 percent to close the period only slightly below the historically high levels it had reached in November 1982. The U.S. authorities did not intervene in the exchange markets during the period under review.

In other operations during the three-month period, the U.S. monetary authorities continued to provide credits to Mexico and Brazil. At the same time, both countries made repayments on earlier bridging credits provided by the U.S. monetary authorities as they drew on other financing arrangements.

As discussed in the previous report, both the Federal Reserve and the U.S. Treasury's Exchange Stabilization Fund had provided credits to Mexico during 1982–83. Funding was provided through the Bank of Mexicos' regular swap facility of $700 million with the Federal Reserve, and also through special swap facilities in cooperation with other central banks through the Bank for International Settlements. In February, Mexico drew the remaining portion of the special facility, receiving $44.25 million from the Treasury and $25.75 million from the Federal Reserve. As of April 30, drawings of $325 million and $600 million were outstanding from the Federal Reserve and the Treasury respectively, representing the entire $925 million available under the U.S. portion of the multilateral swap facility. On February 28, the Bank of Mexico fully repaid the remaining $373 million outstanding on its swap line under the Federal Reserve's regular reciprocal currency arrangement, which had been drawn last August before other arrangements had been put in place. Thus, on balance, during this three-month period, Mexico reduced its net outstanding borrowing from the Federal Reserve and the Treasury under these facilities by $303.0 million.

On February 1 the Central Bank of Brazil repaid $280 million of the $730 million outstanding on facilities made available to it earlier by the Treasury. The remaining $450 million facility was repaid on March 3. On February 28, the Treasury agreed to provide Brazil with two additional swap facilities of $200 million each in anticipation of Brazil's drawings under the compensatory financing facility and the extended Fund facility of the International Monetary Fund. These swaps were drawn on February 28 and March 3 and were repaid by March 11. Thus, at that point Brazil had repaid in full all Treasury swaps that had been made available to it since October 1982.

In April, the Bank for International Settlements, acting with the support of the U.S. Treasury and the monetary authorities in other countries, agreed to participate in an international financial support package for Yugoslavia. The Treasury, through the Exchange Stabilization Fund, as part of the liquidity-support arrangement for the BIS provided by the participating monetary authorities agreed to substitute for the BIS for $75 million in the unlikely event of delayed repayment by Yugoslavia.

In the period from February through April, the Federal Reserve and the Treasury realized no profits or losses from exchange transactions. As of April 30, cumulative bookkeeping or valuation losses on outstanding foreign currency balances were $578.1 million for the Federal Reserve and $951.3 million for the Treasury Exchange Stabilization Fund, while the Treasury general account showed valuation gains of $360.9 million related

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

Millions of dollars

Period	Federal Reserve	United States Treasury	
		Exchange Stabilization Fund	General account
February 1 through April 30, 1983	0	0	0
Valuation profits and losses on outstanding assets and liabilities as of April 30, 1983 ..	−578.1	−951.3	360.9

1. Data are on a value-date basis.

to outstanding issues of securities denominated in foreign currencies. These valuation gains and losses represent the decrease in the dollar value of outstanding currency assets and liabilities valued at end-of-period exchange rates, compared with the rates prevailing at the time the foreign currencies were acquired.

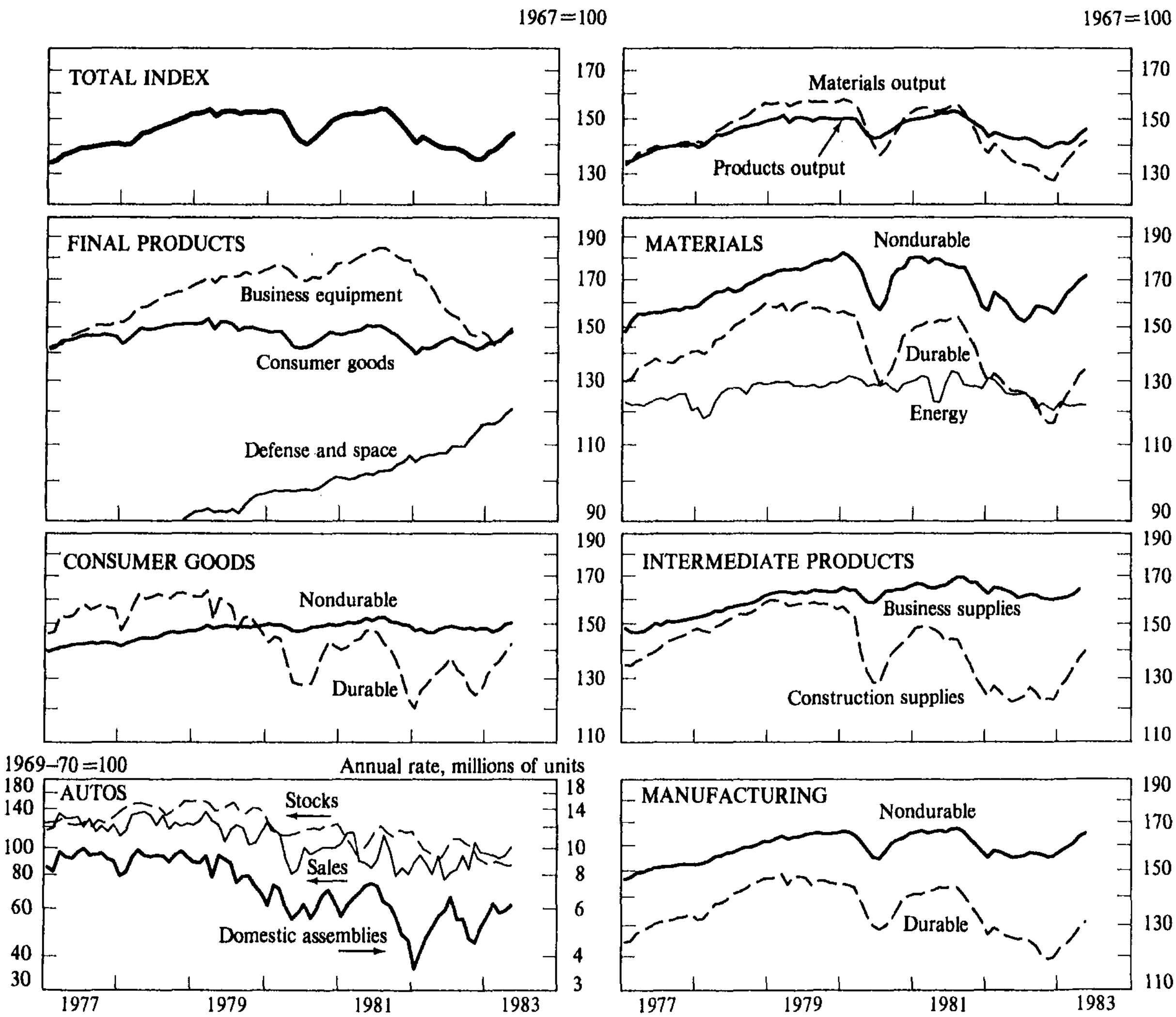
The Federal Reserve and the Treasury have invested foreign currency balances they had acquired in the market as a result of their foreign exchange operations in a variety of investments that yield market-related rates of return and have a high degree of quality and liquidity. Under the authority provided by the Monetary Control Act of 1980, the Federal Reserve had invested some of its own foreign currency resources and those held under warehousing agreements with the Treasury in securities issued by foreign governments. As of April 30, the Federal Reserve's holdings of such securities were equivalent to $1,509 million. In addition, the Treasury directly held the equivalent of $2,589 million in these securities as of the end of April. □

Industrial Production

Released for publication June 15

Industrial production increased an estimated 1.1 percent in May, with gains widespread among materials and products. Large advances occurred in the output of automotive products, business equipment, and construction supplies. Since the low in November 1982, total industrial output has increased 7 percent—about the average gain for six months after a cyclical low. At 144.3 percent of the 1967 average, the index for May was about 6 percent below the prerecession high in mid-1981.

In market groupings, output of durable consumer goods continued to advance strongly in May, while output of nondurable goods increased slightly. Autos were assembled at an annual rate of 6.2 million units compared with a



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

Grouping	1967 = 100, 1983, Apr.p	1967 = 100, 1983, Maye	Percentage change from preceding month, 1983, Jan.	Feb.	Mar.	Apr.	May	Percentage change, May 1982 to May 1983
			Major market groupings					
Total industrial production	**142.7**	**144.3**	**1.6**	**.5**	**1.3**	**2.0**	**1.1**	**3.7**
Products, total	144.3	146.0	.7	−.4	1.0	1.8	1.2	2.6
Final products	142.6	144.3	.4	−.9	.8	1.9	1.2	1.5
Consumer goods	146.8	148.1	1.1	−.1	.8	1.6	.9	3.1
Durable	139.1	142.4	4.5	2.1	1.2	2.3	2.4	7.4
Nondurable	149.9	150.4	−.1	−.9	.5	1.4	.3	1.7
Business equipment	147.2	149.7	−1.0	−2.7	.8	2.3	1.7	−6.4
Defense and space	119.4	120.9	.4	−.3	.9	2.0	1.3	12.3
Intermediate products	150.7	152.6	1.6	1.1	1.8	1.9	1.3	7.0
Construction supplies	137.0	139.6	3.3	2.1	3.1	2.5	1.9	14.2
Materials	140.1	141.5	3.3	2.2	1.7	2.1	1.0	5.4
			Major industry groupings					
Manufacturing	143.2	145.0	1.6	1.1	1.5	2.1	1.3	5.1
Durable	129.1	131.1	2.2	1.1	1.9	2.3	1.5	4.0
Nondurable	163.6	165.1	1.2	1.0	1.0	1.9	.9	6.5
Mining	111.9	113.1	3.0	−5.2	−2.7	−.5	1.1	−12.3
Utilities	167.5	167.3	−.7	−.7	2.3	1.1	−.1	−2.1

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

5.9 rate in April, and current industry schedules suggest a sizable further increase for June. The output of lightweight trucks for consumer use was also up sharply in May. Production of home goods, which had surged in both March and April, advanced further in May at a somewhat slower pace.

Output of business equipment increased 1.7 percent in May. Output of building and mining equipment rose sharply, as oil and gas well drilling activity increased and a strike at an equipment producer was resolved in late April. Production of manufacturing, commercial, and transit equipment also was up further in May. Output of construction supplies continued to advance rapidly, and the gain has averaged about 2.5 percent per month since last December.

Materials output increased 1.0 percent in May, reflecting gains in durable and nondurable materials and a small decline in energy materials. The strong pace of advance in the production of durable materials during the preceding four months lessened somewhat to an increase of 1.4 percent in May. Among nondurable materials, production of chemicals, paper, and textiles showed sizable increases.

In industry groupings, output of manufacturing increased 1.3 percent in May, reflecting gains of 1.5 percent in durable manufacturing and 0.9 percent in nondurable manufacturing. Mining activity turned upward, but output by utilities edged down.

Statement to Congress

Statement by Preston Martin, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, June 1, 1983.

I am pleased to have this opportunity to discuss the current employment situation, which, quite rightly, is a matter of great concern both to the members of this committee and to the Federal Reserve. As you are well aware, the nation's unemployment rate reached a postwar high during the recent recession; and although labor demand is now strengthening, one-tenth of our labor force was still unemployed when the most recent labor market surveys were conducted in mid-April. Similar problems of high unemployment characterize our trading partners because of a long period of slow growth in the world economy.

This recent period of high unemployment has disrupted the lives of millions of willing workers and their families. Many persons who had held jobs have lost them in the wake of declining economic activity. Others, seeking jobs for the first time, have been unable to find them, and have instead fallen into the ranks of the unemployed. Still others, discouraged by poor labor market conditions, have dropped out of the labor force altogether.

Obviously, an employment situation like this creates extensive strains within our society. We can point with considerable pride to our success in reducing inflation over the last two years. However, that gain would represent only a partial success if it were to leave a large part of our work force outside the mainstream of economic life for extended periods. Therefore, we at the Federal Reserve share this committee's interest in exploring the dimensions of the current employment situation and in seeking ways in which it might be constructively addressed. In my remarks today I will focus on the broad dimensions of the economic situation, particularly as they affect labor markets, and will indicate what, in my view, the Federal Reserve can do—and cannot do—to help establish a climate for sustainable improvement in economic activity and employment. My colleague, Mr. Silas Keehn, President of the Federal Reserve Bank of Chicago, will then focus on the particular employment problems of several of the states within his Reserve Bank's District.

At the present time our economy is emerging from a most trying and difficult period. Throughout the 1970s we were afflicted by an increasingly virulent inflation that, by the end of the decade, was threatening to undermine our economy in rather fundamental ways. The underlying inflation rate had accelerated to the double-digit level and seemed likely to go higher. Price speculation was spreading into the decisionmaking processes of both businesses and consumers, and the dollar had weakened considerably in foreign exchange markets. An even more troubling development was the high inflation that was coming to be viewed as a permanent feature of our economy; more and more, inflation was being built into the structure of interest rates, and rising inflationary expectations were exerting an increasingly strong hold on the behavior of savers and investors alike.

This gradual worsening of inflation, and the application of restrictive policies necessary to bring inflation under control, eventually culminated in a prolonged period of economic stagnation. On balance, from mid-1979 to late 1982, there was little change in real output, and our economy fell substantially beneath its potential to produce. In labor markets the total number of unemployed workers rose 5½ million from late 1979 to the end of 1982, and the unemployment rate reached a maximum of 10.8 percent, about 5 percentage points above the lowest point reached during the economic expansion of the late 1970s.

The long period of economic stagnation and rising unemployment affected most industries, regions, occupations, and demographic groups. The most serious impact, however, was felt by the cyclically sensitive construction and durable goods manufacturing industries, many of which already were facing difficult transitions because of heightened competition from foreign producers. In some key sectors—including steel, autos, and lumber—operating rates fell to extremely low levels, and economic hardships became widespread in the communities that were dependent on these industries. Unemployment rose especially rapidly among adult men, who hold a disproportionate number of jobs in the durable goods producing industries. Among blacks and teenagers, unemployment rose further from rates that already were far above the national average. As the period of economic recession became more prolonged, the number of long-term unemployed rose to an exceptionally high level.

At the same time, despite a discouraging labor market situation overall, there continued to be signs of underlying employment stability in several sectors—and even a few pockets of vitality—as the rapid growth of new industries led to expanding job opportunities. For example, the service sector of the economy continued to grow throughout the recession and now employs 1½ million more people than it did at the beginning of 1980. Over that period, the use of computers in our economy increased rapidly, and the number of workers providing computer and data processing services, though still a small share of total employment, has risen by more than a fourth in the past three years.

Because inflation had become so deeply embedded in our economy, prices kept rising rapidly in 1980 and 1981, even as the economy was falling into recession. Inflation in 1980 remained near the double-digit level, and in 1981 the slowing of prices was mainly confined to a few sectors of the economy.

In 1982, however, the application of policies to combat inflation began to bear substantial fruit. The slowing of price advances became more widespread and potentially more lasting, as all major price indexes advanced at considerably slower rates than in 1981. For some price measures, the increases in 1982 were the smallest in more than a decade, and price developments have continued to be favorable into early 1983.

It is true that part of that slowdown in inflation reflected the influence of special developments in agricultural and energy markets. However, there have also been strong indications of more fundamental gains, as the wage–price interactions that had helped perpetuate inflation through the 1970s began losing momentum. Many businesses have been adapting their pricing policies to the realities of a more competitive and less inflationary economy. Work rules are changing as firms strive to bolster productivity and trim costs. At the same time, workers are agreeing to smaller pay increases than in earlier years; but, happily, with inflation falling so rapidly, the slowing of nominal wage increases generally has been consistent with gains in real purchasing power. A slower rate of increase in labor costs is relieving pressures on prices, and in turn a slowing of prices is damping inflationary expectations and relieving workers' fears of falling behind in an inflationary spiral.

For the time being, at least, this cumulative process of disinflation appears to be continuing. Wage adjustments so far this year have been holding at a reduced pace similar to that of late 1982, and recent price developments have been exceptionally encouraging. The consumer price index rose at an annual rate of about 2 percent over the first four months of this year, and the producer price index actually fell at an annual rate of nearly 4 percent during that same period. Although these price data were influenced in part by declining oil prices early in the year, they also indicate a continued easing in underlying inflationary trends.

Curbing the momentum of inflation is now beginning to have the salutary effects on real activity that had long been anticipated. The halving of inflation rates during 1982, as well as a number of other factors, contributed to substantial declines in interest rates over the second half of last year. As a result, activity in housing began to improve last summer; gains in consumer spending started to appear last fall; and in recent months a number of other broad economic indicators have been pointing to a strengthening economy. Barometers of consumer attitudes and business sentiment have strongly improved, and increases in production and sales are now apparent in a wide range of industries.

The upturn in economic activity has, in turn, led to some firming of labor market conditions. The rate of layoffs began slackening in late 1982, and the unemployment rate has started to come down from its peak level. Total payroll employment has increased about 650,000 since the end of last year, with more than one-third of those gains occurring in the manufacturing sector, in which employment had previously declined steadily for a year and a half. So far, the gains have been about average for the early stages of a recovery.

The price and employment developments since the beginning of the year have been broadly in line with the economic expectations held by members of the Federal Open Market Committee and included in our February monetary policy report to the Congress. The general thrust of those projections, you may recall, was that activity and employment were expected to expand at a moderate rate this year and that the pace of the recovery would be consistent with further progress toward price stability. With the recovery apparently gaining momentum in recent months, I believe that there is an excellent chance that this year's economic performance will be at least as good as was projected in mid-February.

At the same time, a number of potential obstacles to sustained economic growth were apparent when the monetary policy report was prepared, and despite the favorable economic developments of the past few months, those obstacles still confront us today. Foremost among these is the prospect that federal budget deficits will persist at very substantial levels in the years ahead, even as the economy moves well into an expansion. The federal deficit in the current fiscal year is expected to exceed 6 percent of gross national product, and unless constructive action is taken, this share will remain extremely large in the years ahead. In part because of these prospective megadeficits, intermediate- and long-term interest rates remain high relative both to their historical levels and to current inflation rates, and financial markets remain unsettled, reflecting concerns that the deficits will keep pressures on interest rates and eventually lead to a renewed surge of price inflation.

Concern about a budget-induced resurgence of inflation is symptomatic of a more widespread and still-persistent fear that inflation has been brought under control only temporarily and that it will escalate again once a new expansion has gained momentum. To a considerable extent, that fear arises from more than a decade of failed efforts to reduce inflation for more than brief periods; and because such expectations of inflation are still very much in evidence, we must be especially prudent in designing monetary policy in the period ahead. In particular, focusing monetary policy solely on the need for rapid growth and ignoring the still-present threat of inflation would risk surrendering the gains that we have made against inflation at such a high social cost.

To be sure, the task of controlling inflation and restoring growth should not be viewed as the responsibility of monetary policy alone. Fiscal policy, too, must do its part. I am well aware that the Congress and the administration are sensitive to the dangers of the looming budget deficits; but at the same time the events of recent weeks illustrate the great difficulties of reaching a consensus on how best to reduce these deficits. While mindful of these difficulties, I would strongly urge you to continue seeking positive solutions that mitigate the dangers associated with persistent, huge structural deficits.

Other obstacles to an economic recovery reflect current difficulties in the world economy, into which we have become increasingly integrated in the past decade. Poor economic conditions in foreign nations, as well as a strong dollar, have limited U.S. exports in the past two years and have contributed importantly to the loss of jobs in several of our basic industries. This external drag on our economy, if it were to continue, would be an impediment to renewed expansion in the U.S. economy. Perhaps an even more serious development is that the prolonged period of slow growth worldwide has exacerbated debt-servicing problems in the developing nations and is causing a rise in protectionist sentiment in the industrial nations. The dangers inherent in this world economic situation are substantial; but they are not insurmountable, and I remain hopeful that we can deal with them successfully through the cooperative efforts of private and public institutions.

So long as we make progress toward solving these difficulties, both at home and in the international arena, the most likely outcome for our economy will be that of expanding activity and declining unemployment. Those gains, of course, may not be steady from month to month and will not show up evenly in all sectors. Indeed, because of the stresses and uncertainties spawned by many years of high inflation and slow growth, many businesses will likely be hesitant to expand investment and employment until there are more convincing signs that the recovery will prove lasting. Unemployment, therefore, will probably still be at a high level at the end of this year.

What matters most, though, is not the pace of the recovery in its first few months, but whether we can achieve a broad-based and sustained expansion; and it is to that end that our current policies must be directed. Monetary and fiscal policies must necessarily share responsibility for the long-run state of the economy, but at the same time we should be fully aware of the particular ways in which monetary policy can influence the economy and of the ways in which its influence is limited.

Economic analysis shows rather convincingly, I believe, that monetary policy can be a contributing factor determining the rate of growth in nominal income, but that there is no certainty that a particular monetary policy will have the intended effect on real economic activity and employment, particularly in the long run. One of the lessons learned in the past decade is that there is no reliable trade-off between inflation and unemployment; and because the dangers of inflation were neglected far too long, the process of moving back toward a more stable price environment has become lengthy and costly.

We would all agree, I think, that what we want ultimately for our citizens is an environment of rising real incomes and expanding job opportunities. I am convinced that the best way the Federal Reserve can help achieve that end is by working to establish the kind of noninflationary economic expansion that can be sustained for a long period. Given an economy in which there is confidence of continued price stability, a steady rise in employment and in living standards is likely to follow.

There remain, Mr. Chairman, the difficult questions of the extent to which the present recovery might reduce unemployment and, conversely, the extent to which "structural," as well as "frictional," unemployment would still persist even when the economy has returned to its long-run noninflationary growth path.

The concept of structural unemployment is obviously a useful one in that it seeks to identify that portion of total unemployment that is less related to the normal workings of the business cycle and for which special programs that seek to attain a better match between workers and jobs might prove effective.

Structural unemployment has long been a problem among certain groups—teenagers, for example—who often lack the training needed in a rapidly changing labor force. But it also arises as patterns of labor demand shift in association with such factors as changing population patterns, technological advances, and the increased competitiveness in international markets. Typically, these structural changes occur gradually, with diminished employment in some regions and industries being offset by an expansion of job opportunities in other areas. Because it takes time for dislocated workers to obtain new training, to relocate, or to revise their wage expectations, the spells of unemployment for these workers tend to be particularly long.

In practice, unfortunately, there has never been a clear-cut analytical or statistical distinction between structural unemployment and cyclical unemployment, and attempting to apply the distinction is especially difficult in the current period. It may well be, for instance, that structural change has occurred at an unusually rapid pace in recent years, and that some industries will continue to fall well short of their previous peak levels of activity, even with a healthy and sustained economic recovery. Presumably, some of the workers displaced from those industries will discover new employment opportunities in sectors that are expanding, such as the high-technology industries. But such employment shifts take time, and there is legitimate concern about whether the new industries can absorb expeditiously the workers dislocated from declining industries, especially given differences in geographic location and required job skills.

Our historical experience suggests that a portion of today's unemployment problem—probably a sizable portion—can best be alleviated through macroeconomic policies designed to encourage a sustainable recovery in activity, and some of the problems that now appear structural may disappear as activity recovers. Nevertheless, it appears that a significant unemployment problem is likely to persist even in a steadily expanding economy. In the late 1970s, for instance, the unemployment rate dipped only slightly below the 6 percent mark, even after four years of economic expansion, and at present it does not seem likely that the rate will drop back to that level any time soon. Indeed, the difficulties of reducing unemployment in the period ahead may be exacerbated by the deep-seated, and perhaps irreversible, changes that are affecting many of our primary industries.

Unfortunately, monetary and fiscal policies are ill-equipped to deal with the special problems of structural unemployment. However, over time a number of programs have evolved to address the difficulties of the structurally unemployed. The approaches taken have included training and educational programs, relocation assistance, and special job-creating policies. We are still learning whether some of these approaches, when carefully crafted to encompass the cooperative actions of business, labor, and government, can contribute to an easing of the unemployment problems that confront us. A particular challenge for the period ahead will be to adapt these approaches so as to best aid those workers displaced by the rapid changes now occurring in our industrial sector.

In conclusion, Mr. Chairman, monetary policy best serves by continuing to be focused on fostering a lasting expansion in business activity within the framework of continued progress against inflation. At the same time we recognize fully our responsibilities in promoting safety and soundness in the financial markets and in supporting a strengthening of the international financial system. This nation has experienced the difficult adjustment process of restructuring for a productive, less inflationary economy after a decade of low productivity and destructive inflationary pressures. The human and economic costs of this disinflation process have been high. We cannot step back now from our commitments and thus jeopardize the gains that we have garnered to date. The health and sustainability of the economic recovery depend, of course, not only on monetary policy, but also on fiscal policy, in particular on whether policymakers can reduce the dangers of massive out-year budget deficits. With a responsible fiscal policy to complement the monetary policies now in place, I am confident that the recovery can prove a durable one, associated with rising living standards and increased employment. □

Announcements

Nominations for Appointments to Consumer Advisory Council

The Federal Reserve Board has announced that it is seeking nominations of qualified individuals for eight appointments to its Consumer Advisory Council to replace members whose terms expire on December 31, 1983.

Nominations should be submitted in writing to Dolores S. Smith, Assistant Director, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, and must be received no later than August 5, 1983. Nominations should include the name, address, and telephone number of the nominee; past and present positions held; and special knowledge, interests, and experience related to consumer financial matters.

The Consumer Advisory Council was established by the Congress in 1976, at the suggestion of the Board, to advise the Board on the exercise of its duties under the Consumer Credit Protection Act and on other consumer-related matters. The Council meets three times a year.

Regulation K: Amendments

The Federal Reserve Board issued on June 2, 1983, regulations implementing the Bank Export Services Act (BESA) authorizing investments in export trading companies. The BESA is part of the Export Trading Company Act of 1982.

Investment in export trading companies may be made by bank holding companies directly, or indirectly through an Edge or Agreement corporation subsidiary, but not through a bank.

The regulations, which are amendments to Regulation K (International Banking Operations), are limited in scope and are primarily designed to clarify ambiguities in the law and to provide key definitions and basic guidance to investors as to the policies and procedures the Board will follow in carrying out its responsibilities under the act. The regulations also incorporate an exemption from the collateral requirements of section 23A of the Federal Reserve Act for certain transactions between a bank and an affiliated export trading company to finance trade in goods by the export trading company.

Consistent with the purposes and objectives of the BESA, the regulations define an export trading company as one that is exclusively engaged in activities related to international trade and that derives more than half its revenues from the export of, or facilitiating the export of, goods or services produced in the United States by persons other than the export trading company or its subsidiaries. If the revenues test is not met over a two-year period, the company will be expected to provide an explanation and adopt and implement a plan to meet the requirement. The regulation defined revenues as including net sales revenues from trading of goods by the company and gross revenues from all other activities of the company. Under these regulations, an export trading company in which a banking organization invests can engage in a broad range of services, including but not limited to consulting, marketing, warehousing, freight forwarding, certain types of insurance activities, and taking title to goods, when these activities serve to facilitate trade in goods and services produced by others.

The BESA, in providing for Federal Reserve review of investments in export trading companies by eligible banking organizations, establishes expedited procedures requiring 60 days' prior written notice to the Board of an investment in an export trading company. If the Board does not disapprove the investment within this time (which the Board may extend 30 days if it needs additional information), the investment may be made.

The regulations provide for a further notification when the export trading company expands into new activities that would alter the fundamental character of the company's operation.

Under the regulations, companies filing notifications of investment will follow the checklist of information used for Regulation K notifications of proposed investments.

Notification procedures will not differ for investments in joint venture export trading companies. The regulations prohibit lending to a partner in a joint venture on terms more favorable than terms available to others. This applies to partners with at least 10 percent interest in the joint venture export trading company.

The Board also determined that, after more experience is gained with export trading companies and within at least one year, it will consider whether a general consent procedure should be provided for certain investments in export trading companies.

The Board may disapprove proposed investments to prevent unsafe or unsound banking practices, undue concentration of resources, decreased or unfair competition or conflicts of interest, material adverse effects on bank subsidiaries of bank holding companies, or failure to file accurate or material information.

Notifications must include information as to the leveraging characteristics of the export trading company. The Board stated that capital adequacy is a critical determinant of the financial strength of an export trading company and its ability to withstand unexpected adverse developments so as not to affect the financial resources of the parent organization or the safety or soundness of affiliated banks. Accordingly, the Board will consider the capital adequacy of an export trading company as an important factor to be taken into account in determining whether to disapprove a proposed bank holding company investment. After further experience with these companies, the Board will also consider whether to establish capital adequacy guidelines for export trading companies.

The Board noted that bank holding company investment in export trading companies also raises the need to review the adequacy of the capital of the parent organization. When a bank holding company seeks to expand its activities and operations through an export trading company, the Board will, in evaluating the proposed investment, also address the capital adequacy of the holding company.

Regulation T: Revision

The Federal Reserve Board has adopted a completely revised and simplified version of Regulation T (Credit by Brokers and Dealers).

The revision of Regulation T, one of the Board's four regulations concerning margin requirements, is part of the Board's Regulatory Improvement Program. Under this program, the Board is reviewing all of its regulations to update them, simplify their language, eliminate obsolete or unneeded language or provisions, and to lighten the burden of compliance. The revised regulation has been shortened approximately a third.

In 1982, the Board adopted several major substantive changes to Regulation T and published for comment a proposal to completely revise the regulation. The final regulation, as adopted after consideration of comment received, includes the following significant changes:

- Conformation of Regulation T to take cognizance of new instruments—options on foreign currency that are traded on securities exchanges and options on certificates of deposit and on stock indexes—that came within the Board's authority to set margins as a result of recent legislation.
- Setting the margin level of these instruments as the amount specified by the rules of the national securities exchange on which the option is traded, provided that all such rules have been approved by the Securities and Exchange Commission.
- Authorizing margin credit on over-the-counter (OTC) corporate debt securities, with at least $25 million outstanding at the time of original issue rather than at the time of the extension of the credit.
- Permission to use convertible or exchangeable securities as a proxy for the related security when call options are written in a cash account.
- Provisions that permit a clearing agency to accept as the required deposit any margin securities underlying options issued by the clearing agency.

• Revision of rules for extending credit to option specialists, to permit a "good faith" margin instead of the 25 percent margin on long and short positions in stocks underlying the option.

• Expansion of the class of brokers and dealers who may make loans to other brokers and dealers, as well as authorization for them to finance positions with other brokers and dealers.

• Authorization for a clearing broker to maintain separate margin accounts for a single person who is introduced by different brokers. Introducing brokers may maintain separate accounts for the same person if the accounts are cleared by different clearing brokers. In addition, separate accounts may also be established for the same person by a broker or dealer when the broker or dealer or a third-party investment advisor has investment discretion.

• Consolidation along functional lines of the 11 types of accounts currently required to be maintained by brokers and dealers into 7 types of accounts.

• Changes in terminology, throughout the regulation, from "maximum loan value/adjusted debit balance" to the use of "equity/margin requirements."

The new regulation will go into effect on November 21, 1983. However, creditors may begin to operate under its terms, at their option, as early as June 20, 1983.

The Board's revised Regulation T is available, upon request, from the Federal Reserve Banks.

Revised List of OTC Stocks

The Federal Reserve Board has published a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective June 20, 1983.

The list supersedes the revised list of OTC margin stocks that was issued July 26, 1982, and the amendments to that list effective on October 18, 1982, and February 22, 1983. Changes that have been made in the list, which now includes 1,649 OTC stocks, are the following: 96 stocks have been included for the first time; 19 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; and 24 stocks have been removed for reasons such as listing on a national securities exchange or acquisition of the companies by another firm.

The Board monitors the market activity of all OTC stocks to determine which stocks meet the requirements for inclusion and continued inclusion on the list of OTC margin stocks and periodically revises the list.

Margin regulations generally limit the amount of credit a person or firm may obtain to buy, or carry, securities. Stocks on the list of OTC margin stocks are subject to the same margin requirements (currently 50 percent) as stocks listed on national stock exchanges. These requirements mean that a person or firm buying a stock on credit must make a down payment equal to at least 50 percent of the purchase price of the stock and may obtain credit for the remaining 50 percent.

Margin requirements on OTC stocks apply only to credit extended on the date the stock becomes an OTC margin stock and thereafter. Credit extended by banks to purchase or carry OTC stocks before they appeared on the list becomes subject on that date to the retention and withdrawal requirements of the Board's Regulation U (Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks) if the credit is collateralized by any margin stock. Such credit previously extended by lenders subject to Regulation G (Securities Credit by Persons Other Than Banks, Brokers, or Dealers) becomes subject to retention and withdrawal requirements if collateralized by "margin securities."

It is unlawful for any person to cause any representation to be made that inclusion of a security on this list indicates that the Board or the Securities and Exchange Commission has in any way approved such security or any transaction therein. Any references to the Board in connection with the list or any securities thereon in any advertisement or similar communication is unlawful. The list is published by the Board for the information of lenders and the general public.

Proposed Actions

The Federal Reserve Board has proposed for public comment revisions of its rules regarding loans by state member banks to certain insiders, to implement recent legislative changes. Comments must be received by June 20, 1983.

The Board also proposed for public comment a complete overhaul and updating of the Board's Regulation Y (Bank Holding Companies and Change in Bank Control). The Board requested comments by July 18, 1983.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

The following banks were admitted to membership in the Federal Reserve System during the period May 11, 1983, through June 10, 1983:

Colorado

Eagle .... Alpine Bank
Rangely .... Rio Blanco State Bank

Ohio

Columbus .... Independent State Bank of Ohio

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON MARCH 28–29, 1983

1. Domestic Policy Directive

Based on partial information available for the first quarter, it appeared that real GNP rose moderately in the first three months of the year, following a decline at an annual rate of about 1 percent in the fourth quarter of 1982. The turnaround in economic activity reflected a considerable slowing in the pace of inventory liquidation. Meanwhile, private final sales in real terms, which had risen in the fourth quarter, continued to increase. The rise in average prices, as measured by the fixed-weight price index for gross domestic business product, slowed further.

Final sales were sustained by a marked strengthening in housing activity in early 1983. Private housing starts rose to an average annual rate of 1.7 million units in January and February, up nearly 40 percent from the pace in the fourth quarter. Newly issued permits for residential construction also rose substantially over the two-month period. Sales of new homes increased in January, the latest month for which data were available; although sales of existing homes dipped in February, they were appreciably higher in the first two months combined than in the fourth quarter.

Other elements of final sales were not quite so strong on balance as in the fourth quarter of last year. Personal consumption expenditures continued to expand in early 1983, but at a slower rate than in the previous quarter. The nominal value of retail sales fell in January and February, primarily reflecting declines in sales at automotive outlets, gasoline stations, and furniture and appliance stores, although sales at general merchandise and apparel stores rose appreciably from their level in the fourth quarter. Sales of new domestic automobiles continued at an annual rate of about 6.1 million units, the same as in the fourth quarter.

Spending for business fixed investment has remained weak in recent months. Shipments of nondefense capital goods fell sharply in January and edged down further in February, and new orders dropped appreciably in February after firming for several months. Outlays for nonresidential construction increased in January, but high vacancy rates for office buildings and the reduced drilling activity associated with declining oil prices apparently have damped such expenditures recently. The Department of Commerce survey taken in late January and February indicated that in 1983 business outlays for plant and equipment would decline about 1¾ percent in nominal terms, about the same as in 1982.

Nonfarm payroll employment rose about 150,000 on balance over January and February, after an extended period of declines. The month-to-month employment figures, which showed a substantial rise in January and a decline in February, were distorted by unusual weather patterns. But employment in manufacturing—particularly in the auto and related metals industries—increased in both months. The civilian unemployment rate was unchanged in February at 10.4 percent. Industrial production has risen at an annual rate of about 7¼ percent since its trough in November, less than the average pace in the early stages of previous cyclical recoveries.

The producer price index for finished goods fell nearly 1 percent over the first two months of the year, reflecting sharp declines in prices of energy-related items. The consumer price index was virtually unchanged over the period, as a substantial drop in prices of gasoline and other petroleum products was about offset by moderate increases in prices of most other commodities and services. Food prices have changed little thus far in 1983 and in February were only 2 percent above their level a year earlier.

The advance in the index of average hourly earnings has slowed further in recent months. With productivity apparently continuing to improve in early 1983, cost pressures in the nonfarm business sector have abated further.

In foreign exchange markets the trade-weighted value of the dollar had risen about 2 percent on balance since the Committee's meeting in February. The U.S. merchandise trade deficit declined marginally in January. Exports rose somewhat and total imports continued at about the fourth-quarter rate, as oil imports dropped sharply while non-oil imports strengthened.

At its meeting on February 8–9, 1983, the Committee established the following ranges for growth of the monetary aggregates: for the period from February–March of 1983 to the fourth quarter of 1983, 7 to 10 percent at an annual rate for M2, taking into account the probability of some residual shifting into that aggregate from non-M2 sources; and for the period from the fourth quarter of 1982 to the fourth quarter of 1983, 6½ to 9½ percent for M3, which appeared to be less distorted by shifts associated with new deposit accounts. For the same period, a tentative range of 4 to 8 percent was established for M1, assuming that Super NOW accounts would draw only modest amounts of funds from sources outside M1 and that the authority to pay interest on transaction accounts would not be extended beyond currently eligible accounts. An associated range of growth for total domestic nonfinancial debt was estimated at 8½ to 11½ percent.

At the February meeting, the Committee agreed that the near-term outlook for growth in the monetary aggregates remained subject to unusual uncertainties and that an appropriate assessment of such growth would need to take account of the distortions that might continue to be created by the introduction of new deposit accounts. Consequently, the Committee decided that open market operations in the period until this meeting should be directed toward maintaining the existing degree of restraint on reserve positions. It was agreed that lesser restraint would be acceptable in the context of appreciable slowing of growth in the monetary aggregates, to or below the paths implied by the long-term ranges.

M2 grew at an estimated annual rate of about 24 percent in February, only a little below the exceptional pace in January, as its growth continued to be greatly affected by shifts of funds from market instruments and other non-M2 sources into the new money market deposit accounts (MMDAs) included in M2. M3 grew at annual rates of about 12 and 13½ percent in January and February respectively. However, growth in both of the broader aggregates appeared to have decelerated substantially during March. The deceleration reflected in part a marked slowing in the volume of funds shifted into MMDAs from market instruments and apparently also a moderation in the underlying growth of the nontransaction component of these aggregates. Growth in M1 accelerated to an extraordinary annual rate of about 22 percent in February, and, on the basis of preliminary data, was estimated to have remained rapid in March, though probably slowing somewhat from the February rate. An acceleration in growth of NOW accounts and a large increase in holdings of currency contributed to the expansion in M1. The income velocity of M1 apparently declined sharply in the first quarter, continuing the trend that became evident in the course of 1982.

Total and nonborrowed reserves declined appreciably in February, but turned up in March. The behavior of reserves did not reflect the strength in the aggregates largely because required reserves at member banks were lowered by shifts out of personal savings and small time deposits into nonreservable MMDAs and there was an associated runoff of large-denomination CDs. The monetary base grew considerably more than the reserve measures, owing to the rapid expansion of currency in circulation. Adjustment borrowing (including seasonal borrowing) fluctuated between $140 million and $600 million over the intermeeting period. Excess reserves were also volatile and were somewhat higher than usual on average; strong demands for excess reserves at times appeared to be related to slow responses by banks to reductions in reserve requirements. Federal funds continued to trade near the 8½ percent discount rate over most of the intermeeting interval, though rising to around 8¾ percent in the week prior to this meeting.

Most short-term market interest rates rose about 3/8 percentage point over the intermeeting interval, while bond rates declined about 3/8 to 1/2 percentage point. The average rate on new commitments for fixed-rate conventional home mortgage loans at savings and loan associations declined 20 basis points further. At the end of February, the prime rate charged by most commercial banks on short-term business loans was reduced by 1/2 percentage point to 10 1/2 percent.

Total credit outstanding at U.S. commercial banks, which had grown at an annual rate of about 6 percent in the fourth quarter of 1982, expanded at an average annual rate of about 10 percent over the first two months of this year. Banks acquired a sizable volume of securities, particularly Treasury securities, and also expanded their loans somewhat. Very preliminary data suggested that the total debt of domestic nonfinancial sectors was increasing in early 1983 at a rate near the lower end of the Committee's estimated range for the year. There was a sharp increase in the share of debt financed through depository institutions, which had experienced massive inflows of funds as a result of aggressive marketing of the newly authorized MMDAs.

Staff projections presented at this meeting indicated that real GNP would probably grow at a moderate pace throughout 1983, with unemployment remaining high. Private final purchases were projected to pick up somewhat in the latter half of the year, partly in response to the third phase of the tax cut. It was anticipated that the liquidation of business inventories would end by midyear and that some restocking of depleted inventories would occur in the second half. The rise in the average level of prices was expected to remain moderate, even as economic recovery proceeded over the balance of 1983, given the favorable outlook for oil prices and the prospects for continued limited increases in unit labor costs.

In the Committee's discussion of the economic situation and outlook, the members agreed that a recovery in economic activity appeared to be under way, although several commented that the evidence available thus far was too fragmentary to permit a firm evaluation of the strength of the upturn. While the staff projection of moderate growth for 1983 as a whole was cited as a reasonable expectation, members commented on the many uncertainties surrounding the economic outlook and expressed differing views regarding the direction of possible deviations from the staff projection.

Some members saw the staff projection as the middle of a plausible range of possible outcomes for 1983, given the outlook for fiscal and monetary policy. Several members believed, however, that the risks of a deviation were in the direction of a shortfall. These members stressed potential obstacles to a vigorous recovery. These included the possibility of further unsettlement in international and domestic financial markets, the outlook for poor export markets, and the prospects for continuing weakness in business investment, at least over the quarters immediately ahead, against the backdrop of low capacity utilization rates in industry and recent overbuilding of many types of commercial properties. Reference was also made to the retarding impact of relatively high real interest rates, and some members expressed the view that an appreciable rise in interest rates, if such a rise were to occur, could greatly inhibit the recovery in interest-sensitive sectors of the economy, such as housing and automobiles, which had tended to lead the recovery thus far.

A differing view was expressed, which stressed the possibility of a stronger recovery that, like many previous recoveries in the postwar period, would tend to gather momentum as it developed. In support of this view, it was noted that private final purchases had risen appreciably in the fourth and first quarters, and such purchases could strengthen markedly further in reaction to the federal tax cut at midyear and anticipated improvement in business spending. Moreover, cutbacks in inventories had been unusually pronounced during the recession, so that gains in consumer spending would tend to be translated directly into increased production.

Members referred to the favorable outlook for prices in 1983, partly associated with an improved trend in productivity and reduced wage-cost pressures, but some members also commented that the longer-run outlook for inflation and for a sustainable recovery would be influenced greatly by progress in holding down future federal deficits and by success in achieving the Committee's objectives for monetary growth. It was noted that the effects of an expansionary federal budget would be offset to some extent by efforts of state and local governments to curb expenditures and to raise taxes. On balance, however, it appeared that markets remained apprehensive about the outlook for the federal budget, and that concern was reflected in continued pressures on interest rates, especially in long-term debt markets.

In discussing a policy course for the weeks immediately ahead, Committee members recognized that substantial uncertainties affected both the economic outlook and the interpretation of the monetary aggregates. Concern was expressed about the implications of the rapid growth in the monetary aggregates, particularly if it should continue. However, it was also noted that the rapid expansion of recent months, given the distortions related to various institutional changes, probably did not have the significance for future economic and price developments that it might have had in the past. It was generally recognized that much of the recent growth in the broad aggregates, especially M2, reflected shifts of investment preferences by individuals away from market instruments toward the new MMDAs, given the very attractive rates being offered on the accounts by depository institutions in a highly competitive environment. Note was also taken of the marked slowing in monetary growth that appeared to be in train for March, and of a staff analysis suggesting that underlying growth of the broad aggregates—as well as growth in M1—might be moderate in the months ahead as the lagged effects of earlier declines in market interest rates dissipated. With respect to M1, most members felt that persistence of its unusually sharp decline in velocity early this year cast doubt on the aggregate as a principal guide for policy at this time; however, a view was also expressed in favor of giving M1 more weight in the formulation of the Committee's policy.

In evaluating the overall financial situation, it was also pointed out that the strength of the aggregates needed to be judged in the context of the apparently moderate expansion of domestic nonfinancial debt and of the relatively high level of real interest rates. With the economic recovery still in its early and fragile stages, the view was expressed that strong upward pressures on interest rates would involve an unacceptable risk of unduly retarding, and perhaps aborting, the recovery. The view was also expressed that a sustainable recovery might not develop at the present levels of nominal and real interest rates. On the other hand, no member expressed sentiment for a substantial easing in the existing degree of reserve restraint in the absence of clear evidence of a pronounced slowing in monetary growth or of indications that the economic recovery was faltering.

While a few members indicated a preference for leaning in the direction of slightly more, or slightly less, restraint on reserve positions in the period immediately ahead—depending on their assessment of the economic outlook, credit conditions, and the monetary aggregates—all of the members found acceptable a policy calling for maintaining generally the current degree of reserve restraint, pending the availability of further evidence on the behavior of the monetary aggregates and on the economic situation. The members anticipated that such a policy course would be consistent with substantial slowing in the growth of M2 and M3 to annual rates of about 9 percent and 8 percent respectively over the period from March to June; these growth rates assumed that shifts of funds into the new deposit accounts from market instruments would have only a relatively small further impact on the broad aggregates—perhaps no more than a percentage point or so in the case of M2. The Committee also expected that M1 growth at an annual rate of about 6 to 7 percent over the three-month period would be associated with its objectives for the broader aggregates, assuming basically no distortion in M1 on balance from the newly introduced accounts. Should these assumptions about distortions from the new accounts prove to be incorrect, it was understood that appropriate adjustments would have to be made in the monetary growth objectives.

The Committee members agreed that lesser restraint on reserve positions would be acceptable in the context of more pronounced slowing in the growth of the monetary aggregates, after taking account of any distortions relating to the introduction of new deposit accounts, or of evidence of a weakening in the pace of the economic recovery. If monetary expansion proved to be appreciably higher than expected, without being clearly explained by the effects of ongoing institutional changes, it was understood that the

Committee would consult about the desirability under the prevailing circumstances of any substantial further restraint on bank reserve positions. It was further understood that the intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee, would be retained at 6 to 10 percent.

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

The information reviewed at this meeting suggests that real GNP rose moderately in the first quarter, after a decline in the fourth quarter; the turnaround reflects a considerable slowing in inventory liquidation. Private final sales apparently increased only slightly less than in the fourth quarter with housing activity strengthening further. Business fixed investment has remained weak. Nonfarm payroll employment rose on balance in January and February, after an extended period of declines; the civilian unemployment rate was unchanged in February at 10.4 percent. In early 1983 the rise in average prices and the advance in the index of average hourly earnings have slowed further.

The weighted average value of the dollar against major foreign currencies rose somewhat on balance between early February and late March. The U.S. merchandise trade deficit declined marginally in January.

M2 continued to grow at an exceptional rate in February and M3 also expanded at a rapid pace, but growth in both of the broader aggregates appears to be decelerating substantially in March. The deceleration reflects in part the marked slowing in growth of money market deposit accounts (MMDAs) in recent weeks and apparently also a moderation in the underlying growth of these aggregates, abstracting from shifts from market instruments. M1 has expanded rapidly since late January, largely reflecting accelerated growth in NOW accounts. Growth in debt of domestic nonfinancial sectors appears to have been moderate in the first quarter. Short-term interest rates have risen somewhat since early February while long-term rates, including mortgage rates, have declined.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation further, promote a resumption of growth in output on a sustainable basis, and contribute to a sustainable pattern of international transactions. At its meeting in February the Committee established growth ranges for monetary and credit aggregates for 1983 in furtherance of these objectives. The Committee recognized that the relationships between such ranges and ultimate economic goals have been less predictable over the past year; that the current impact of new deposit accounts on growth rates of monetary aggregates cannot be determined with a high degree of confidence; and that the availability of interest on large portions of transaction accounts, declining inflation, and lower market rates of interest may be reflected in some changes in the historical trends in velocity. A substantial shift of funds into M2 from market instruments, including large certificates of deposit not included in M2, in association with the extraordinarily rapid build-up of money market deposit accounts, has distorted growth in that aggregate during the first quarter.

In establishing growth ranges for the aggregates for 1983 against this background, the Committee felt that growth in M2 might be more appropriately measured after the period of highly aggressive marketing of money market deposit accounts has subsided. The Committee also felt that a somewhat wider range was appropriate for monitoring M1. Those growth ranges will be reviewed in the spring and altered, if appropriate, in the light of evidence at that time.

With these understandings, the Committee established the following growth ranges: for the period from February–March of 1983 to the fourth quarter of 1983, 7 to 10 percent at an annual rate for M2, taking into account the probability of some residual shifting into that aggregate from non-M2 sources; and for the period from the fourth quarter of 1982 to the fourth quarter of 1983, 6½ to 9½ percent for M3, which appeared to be less distorted by the new accounts. For the same period a tentative range of 4 to 8 percent was established for M1, assuming that Super NOW accounts would draw only modest amounts of funds from sources outside M1 and assuming that the authority to pay interest on transaction balances is not extended beyond presently eligible accounts. An associated range of growth for total domestic nonfinancial debt was estimated at 8½ to 11½ percent.

In implementing monetary policy, the Committee agreed that substantial weight would be placed on behavior of the broader monetary aggregates, expecting that distortions in M2 from the initial adjustment to the new deposit accounts will abate. The behavior of M1 will be monitored, with the degree of weight placed on that aggregate over time dependent on evidence that velocity characteristics are resuming more predictable patterns. Debt expansion, while not directly targeted, will be evaluated in judging responses to the monetary aggregates. The Committee understood that policy implementation would involve continuing appraisal of the relationships between the various measures of money and credit and nominal GNP, including evaluation of conditions in domestic credit and foreign exchange markets.

For the short run, the Committee seeks to maintain generally the existing degree of restraint on reserve positions, anticipating that would be consistent with a slowing from March to June in growth of M2 and M3 to annual rates of about 9 and 8 percent, respectively. The Committee expects that M1 growth at an annual rate of about 6 to 7 percent would be consistent with its objectives for the broader aggregates. Lesser restraint would be acceptable in the context of more pronounced slowing of growth in the monetary aggregates relative to the paths implied by the long-term ranges (taking account of the distortions relating to the introduction of new accounts), or indications of a weakening in the pace of economic recovery. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that pursuit of the monetary objectives and related reserve paths during the period before the next meeting is likely to be associated with a federal funds rate persistently outside a range of 6 to 10 percent.

Votes for this action: Messrs. Volcker, Solomon, Gramley, Guffey, Keehn, Martin, Morris, Partee, Rice, Roberts, Mrs. Teeters, and Mr. Wallich. Votes against this action: None.

2. *Review of Continuing Authorizations*

The Committee followed its customary practice of reviewing all of its continuing authorizations and directives at this first regular meeting of the Federal Open Market Committee following the election of new members from the Federal Reserve Banks to serve for the year beginning March 1, 1983. The Committee reaffirmed the authorization for foreign currency operations, the foreign currency directive, and the procedural instructions with respect to foreign currency operations in the forms in which they were currently outstanding.

Votes for these actions: Messrs. Volcker, Solomon, Gramley, Guffey, Keehn, Martin, Morris, Partee, Rice, Roberts, Mrs. Teeters, and Mr. Wallich. Votes against these actions: None.

3. *Authorization for Domestic Open Market Operations*

On the recommendation of the Manager for Domestic Operations, System Open Market Account, the Committee amended paragraph 1(a) of the authorization for domestic open market operations to raise from $3 billion to $4 billion the limit on intermeeting changes in System account holdings of U.S. government and federal agency securities. The Manager noted that in recent years the Committee had found it necessary to authorize temporary increases in the limit with greater frequency because of the longer intervals between Committee meetings and the increased size of the net variation in market factors affecting reserves. In 1981 and 1982, such temporary increases had been authorized in half of the intermeeting periods. A permanent increase in the limit to $4 billion would reduce the number of occasions requiring special Committee action, while still calling to the Committee's attention needs for particularly large changes. The Committee concurred in the Manager's view that such an increase would be appropriate.

The Committee also approved the deletion of paragraph 2 of the authorization, which had authorized, under certain conditions, the direct lending of securities held in the System account to the U.S. Treasury and the purchase of special short-term certificates of indebtedness directly from the Treasury. Paragraph 2 had been in a state of de facto suspension since June 1981 when the statutory authority on which it was based expired. In the past, the Congress had enacted the legislation for limited periods and occasionally had allowed it to lapse prior to its renewal. Since no legislation to renew the authority was under consideration, the Committee concurred in a staff recommendation to delete paragraph 2 and renumber the remaining paragraphs in the authorization.[1]

Accordingly, effective March 28, 1983, the authorization for domestic open market operations was amended to read as follows:

1. The Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York, to the extent necessary to carry out the most recent domestic policy directive adopted at a meeting of the Committee:

(a) To buy or sell U.S. Government securities, including securities of the Federal Financing Bank, and securities that are direct obligations of, or fully guaranteed as to principal and interest by, any agency of the United States in the open market, from or to securities dealers and foreign and international accounts maintained at the Federal Reserve Bank of

1. The following conforming amendments to other Committee documents were also approved: deletion of section 270.4(d) of the Regulation Relating to Open Market Operations of Federal Reserve Banks and redesignation of the remaining paragraph as 270.4(d); and deletion of paragraph 2 of the Resolution of Federal Open Market Committee Authorizing Certain Actions by Federal Reserve Banks during an Emergency, and renumbering of remaining paragraphs.

New York, on a cash, regular, or deferred delivery basis, for the System Open Market Account at market prices, and, for such Account, to exchange maturing U.S. Government and Federal agency securities with the Treasury or the individual agencies or to allow them to mature without replacement; provided that the aggregate amount of U.S. Government and Federal agency securities held in such Account (including forward commitments) at the close of business on the day of a meeting of the Committee at which action is taken with respect to a domestic policy directive shall not be increased or decreased by more than $4.0 billion during the period commencing with the opening of business on the day following such meeting and ending with the close of business on the day of the next such meeting;

(b) When appropriate, to buy or sell in the open market, from or to acceptance dealers and foreign accounts maintained at the Federal Reserve Bank of New York, on a cash, regular, or deferred delivery basis, for the account of the Federal Reserve Bank of New York at market discount rates, prime bankers acceptances with maturities of up to nine months at the time of acceptance that (1) arise out of the current shipment of goods between countries or within the United States, or (2) arise out of the storage within the United States of goods under contract of sale or expected to move into the channels of trade within a reasonable time and that are secured throughout their life by a warehouse receipt or similar document conveying title to the underlying goods; provided that the aggregate amount of bankers acceptances held at any one time shall not exceed $100 million;

(c) To buy U.S. Government securities, obligations that are direct obligations of, or fully guaranteed as to principal and interest by, any agency of the United States, and prime bankers acceptances of the types authorized for purchase under 1(b) above, from dealers for the account of the Federal Reserve Bank of New York under agreements for repurchase of such securities, obligations, or acceptances in 15 calendar days or less, at rates that, unless otherwise expressly authorized by the Committee, shall be determined by competitive bidding, after applying reasonable limitations on the volume of agreements with individual dealers; provided that in the event Government securities or agency issues covered by any such agreement are not repurchased by the dealer pursuant to the agreement or a renewal thereof, they shall be sold in the market or transferred to the System Open Market Account; and provided further that in the event bankers acceptances covered by any such agreement are not repurchased by the seller, they shall continue to be held by the Federal Reserve Bank or shall be sold in the open market.

2. In order to ensure the effective conduct of open market operations, the Federal Open Market Committee authorizes and directs the Federal Reserve Banks to lend U.S. Government securities held in the System Open Market Account to Government securities dealers and to banks participating in Government securities clearing arrangements conducted through a Federal Reserve Bank, under such instructions as the Committee may specify from time to time.

3. In order to ensure the effective conduct of open market operations, while assisting in the provision of short-term investments for foreign and international accounts maintained at the Federal Reserve Bank of New York, the Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York (a) for System Open Market Account, to sell U.S. Government securities to such foreign and international accounts on the bases set forth in paragraph 1(a) under agreements providing for the resale by such accounts of those securities within 15 calendar days on terms comparable to those available on such transactions in the market; and (b) for New York Bank account, when appropriate, to undertake with dealers, subject to the conditions imposed on purchases and sales of securities in paragraph 1(c), repurchase agreements in U.S. Government and agency securities, and to arrange corresponding sale and repurchase agreements between its own account and foreign and international accounts maintained at the Bank. Transactions undertaken with such accounts under the provisions of this paragraph may provide for a service fee when appropriate.

Votes for these actions: Messrs. Volcker, Solomon, Gramley, Guffey, Keehn, Martin, Morris, Partee, Rice, Roberts, Mrs. Teeters, and Mr. Wallich. Votes against these actions: None.

Subsequently, on May 9–10, 1983, members of the Committee voted to increase from $4 billion to $5 billion the limit on changes between Committee meetings in System Account holdings of U.S. government and federal agency securities specified in paragraph 1(a) of the authorization for domestic open market operations, effective May 10 for the period ending with the close of business on May 24, 1983.

Votes for this action: Messrs. Volcker, Gramley, Guffey, Keehn, Martin, Morris, Partee, Rice, Roberts, Mrs. Teeters, Messrs. Wallich, and Timlen. Votes against this action: None. (Mr. Timlen voted as alternate for Mr. Solomon.)

This action was taken on recommendation of the Manager for Domestic Operations. The Manager had advised that since the March meeting, large net purchases of securities had been undertaken to meet reserve needs due to increases in currency in circulation and required reserves, reducing the leeway for further purchases over the intermeeting interval to slightly under $1 billion. It appeared likely that purchases in excess of that leeway would be required over the remainder of the intermeeting period.

4. Agreement with Treasury to Warehouse Foreign Currencies

At its meeting on January 17–18, 1977, the Committee had agreed to a suggestion by the Treasury that the Federal Reserve undertake to "warehouse" foreign currencies—that is, to make spot purchases of foreign currencies from the Exchange Stabilization Fund (ESF) and simultaneously to make forward sales of the same currencies at the same exchange rate to the ESF. Pursuant to that agreement, the Committee had agreed that the Federal Reserve would be prepared to warehouse for the Treasury or for the ESF up to $5 billion of eligible foreign currencies. At this meeting the Committee reaffirmed the agreement on the terms adopted on March 18, 1980, with the understanding that it would be subject to annual review.

Votes for this action: Messrs. Volcker, Solomon, Gramley, Guffey, Keehn, Martin, Morris, Partee, Rice, Roberts, Mrs. Teeters, and Mr. Wallich. Votes against this action: None.

Legal Developments

COMPLETE REVISION OF REGULATION T

The Board is adopting a completely revised and simplified Regulation T. The new regulation incorporates changes made in response to comments received on the complete revision of Regulation T as well as proposals previously published and adopted. The eleven accounts currently required to be maintained by brokers and dealers will be consolidated into seven accounts along functional lines. In addition, the new regulation will facilitate option writing by institutions and permit options clearing agencies to accept, under specified conditions, any underlying security as the required Regulation T deposit.

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

Part 220—Credit By Brokers And Dealers

Section 220.1—Authority, Purpose, and Scope

(a) *Authority and purpose.* Regulation T (this part) is issued by the Board of Governors of the Federal Reserve System (the Board) pursuant to the Securities Exchange Act of 1934 (the Act) (15 U.S.C. § 78a et seq.). Its principal purpose is to regulate extensions of credit by and to brokers and dealers; it also covers related transactions within the Board's authority under the Act. It imposes, among other obligations, initial margin requirements and payment rules on securities transactions.

(b) *Scope.*

(1) This part provides a margin account and seven special purpose accounts in which to record all financial relations between a customer and a creditor. Any transaction not specifically permitted in a special account shall be recorded in a margin account.

(2) This part does not preclude any exchange, national securities association, or creditor from imposing additional requirements or taking action for its own protection.

Section 220.2—Definitions

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

(a) "Credit balance" means the cash amount due the customer in a margin account after debiting amounts transferred to the special memorandum account.

(b) "Creditor" means any broker or dealer (as defined in sections 3(a)(4) and 3(a)(5) of the Act), any member of a national securities exchange, or any person associated with a broker or dealer (as defined in section 3(a)(18) of the Act), except for business entities controlling or under common control with the creditor.

(c) "Customer" includes:

(1) any person or persons acting jointly: (i) to or for whom a creditor extends, arranges, or maintains any credit; or (ii) who would be considered a customer of the creditor according to the ordinary usage of the trade;

(2) any partner in a firm who would be considered a customer of the firm absent the partnership relationship; and

(3) any joint venture in which a creditor participates and which would be considered a customer of the creditor if the creditor were not a participant.

(d) "Debit balance" means the cash amount owed to the creditor in a margin account after debiting amounts transferred to the special memorandum account.

(e) "Delivery against payment," "Payment against delivery," or a "C.O.D. transaction" refers to an arrangement under which a creditor and a customer agree that the creditor will deliver to, or accept from, the customer, or the customer's agent, a security against full payment of the purchase price.

(f) "Equity" means the total current market value of security positions held in the margin account plus any credit balance less the debit balance in the margin account.

(g) "Escrow agreement" means any agreement issued in connection with a call or put option under which a bank, holding the underlying security, foreign currency, certificate of deposit, or required cash, is obligated to deliver to the creditor (in the case of a call option) or accept from the creditor (in the case of a put option) the underlying security, foreign currency, or certificate of deposit against payment of the exercise price upon exercise of the call or put.

(h) "Examining authority" means:
(1) the national securities exchange or other self-regulatory organization of which a creditor is a member; or
(2) if not a member of any such self-regulatory organization, the Regional Office of the Securities and Exchange Commission (SEC) where the creditor has its principal place of business; or
(3) if a member of more than one self-regulatory organization, the organization designated by the SEC as the examining authority for the creditor.

(i) "Good faith margin" means the amount of margin which a creditor, exercising sound credit judgment, would customarily require for a specified security position and which is established without regard to the customer's other assets or securities positions held in connection with unrelated transactions.

(j) "In or at the money" means the current market price of the underlying security is not more than one standard exercise interval below (with respect to a call option) or above (with respect to a put option) the exercise price of the option.

(k) "In the money" means the current market price of the underlying security is not below (with respect to a call option) or above (with respect to a put option) the exercise price of the option.

(l) "Margin call" means a demand by a creditor to a customer for a deposit of additional cash or securities to eliminate or reduce a margin deficiency as required under this part.

(m) "Margin deficiency" means the amount by which the required margin exceeds the equity in the margin account.

(n) "Margin excess" means the amount by which the equity in the margin account exceeds the required margin. When the margin excess is represented by securities, the current value of the securities is subject to the percentages set forth in section 220.18 (the Supplement).

(o) "Margin security" means any registered security, OTC margin stock, OTC margin bond, or any security issued by either an open-end investment company or unit investment trust which is registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. § 80a-8).

(p) "Nonexempted security" means any security other than an exempted security (as defined in section 3(a)(12) of the Act).

(q) "Nonmember bank" means a bank that is not a member of the Federal Reserve System.

(r) "OTC margin bond" means:
(1) A debt security not traded on a national securities exchange which meets all of the following requirements:
(i) At the time of the original issue, a principal amount of not less than $25,000,000 of the issue was outstanding;
(ii) The issue was registered under section 5 of the Securities Act of 1933 (15 U.S.C. § 77e) and the issuer either files periodic reports pursuant to section 13(a) or 15(d) of the Act or is an insurance company which meets all of the conditions specified in section 12(g)(2)(G) of the Act; and
(iii) At the time of the extension of credit, the creditor has a reasonable basis for believing that the issuer is not in default on interest or principal payments; or
(2) A private mortgage pass-through security (not guaranteed by an agency of the U.S. government) meeting all of the following requirements:
(i) An aggregate principal amount of not less than $25,000,000 (which may be issued in series) was issued pursuant to a registration statement filed with the SEC under section 5 of the Securities Act of 1933;

(ii) Current reports relating to the issue have been filed with the SEC; and
(iii) At the time of the credit extension, the creditor has a reasonable basis for believing that mortgage interest, principal payments and other distributions are being passed through as required and that the servicing agent is meeting its material obligations under the terms of the offering.

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

(t) "Overlying option" means:
(1) a put option purchased or a call option written against a long position in an underlying security in the specialist record in section 220.12(b); or
(2) a call option purchased or a put option written against a short position in an underlying security in the specialist record in section 220.12(b).

(u) "Purpose credit" means credit for the purpose of:
(1) buying, carrying, or trading in securities; or
(2) buying or carrying any part of an investment contract security which shall be deemed credit for the purpose of buying or carrying the entire security.

(v) "Registered security" means any security that:
(1) is registered on a national securities exchange; or
(2) has unlisted trading privileges on a national securities exchange.

(w) "Short call or short put" means a call option or a put option that is issued, endorsed, or guaranteed in or for an account.
(1) A short call obligates the customer to sell the underlying security, foreign currency, or certificate of deposit at the exercise price upon receipt of an exercise notice at any time prior to the expiration date of the option.
(2) A short put obligates the customer to purchase the underlying security, foreign currency, or certificate of deposit at the exercise price upon receipt of an exercise notice at any time prior to the expiration date of the option.
(3) A short call or a short put on stock index options obligates the customer to pay the holder of an "in the money" long put or call who has exercised the option the cash difference between the exercise price and the current assigned value of the index as established by the option contract.

(x) "Specialist joint account" means an account which, by written agreement, provides for the commingling of the security positions of the participants and a sharing of profits and losses from the account on some predetermined ratio.

(y) "Underlying security" means the security that will be delivered upon exercise of an option.

Section 220.3—General Provisions

(a) *Records.* The creditor shall maintain a record for each account showing the full details of all transactions.

(b) *Separation of accounts.* Except as provided for in the margin account and the special memorandum account, the requirements of an account may not be met by considering items in any other account. If withdrawals of cash or securities are permitted under the regulation, written entries shall be made when cash or securities are used for purposes of meeting requirements in another account.

(c) *Maintenance of credit.* Except as prohibited by this part, any credit initially extended in compliance with this part may be maintained regardless of:
(1) reductions in the customer's equity resulting from changes in market prices;
(2) any security in an account ceasing to be margin or exempted; or
(3) any change in the margin requirements prescribed under this part.

(d) *Guarantee of accounts.* No guarantee of a customer's account shall be given any effect for purposes of this part.

(e) *Receipt of funds or securities.*
(1) A creditor, acting in good faith, may accept as immediate payment:
(i) cash or any check, draft, or order payable on presentation; or
(ii) any security with sight draft attached.
(2) A creditor may treat a security, check or draft as received upon written notification from another creditor that the specified security, check, or draft has been sent.

(3) Upon notification that a check, draft, or order has been dishonored or when securities have not been received within a reasonable time, the creditor shall take the action required by this part when payment or securities are not received on time.

(f) *Exchange of securities.*
(1) To enable a customer to participate in an offer to exchange securities which is made to all holders of an issue of securities, a creditor may submit for exchange any securities held in a margin account, without regard to the other provisions of this part, provided the consideration received is deposited into the account.
(2) If a nonmargin, nonexempted security is acquired in exchange for a margin security, its retention, withdrawal, or sale within 60 days following its acquisition shall be treated as if the security is a margin security.

(g) *Valuing securities.* The current market value of a security shall be determined as follows:
(1) Throughout the day of the purchase or sale of a security, the creditor shall use the security's total cost of purchase or the net proceeds of its sale including any commissions charged.
(2) At any other time, the creditor shall use the closing sale price of the security on the preceding business day, as shown by any regularly published reporting or quotation service. If there is no closing price, the creditor may use any reasonable estimate of the market value of the security as of the close of business on the preceding business day.

(h) *Innocent mistakes.* If any failure to comply with this part results from a mistake made in good faith in executing a transaction or calculating the amount of margin, the creditor shall not be deemed in violation of this part if, promptly after the discovery of the mistake, the creditor takes appropriate corrective action.

(i) *Variable annuity contracts issued by insurance companies.* Any insurance company that issues or sells variable annuity contracts or engages in a general securities business as a broker or dealer shall be subject to this part only for transactions in connection with those activities. Extensions of credit associated with conventional lending practices of insurance companies are subject to Part 207 of this Chapter.

Section 220.4—Margin Account

(a) *Margin transactions.*
(1) All transactions not specifically authorized for inclusion in another account shall be recorded in the margin account.
(2) A creditor may establish separate margin accounts for the same person to:
(i) clear transactions for other creditors where the transactions are introduced to the clearing creditor by separate creditors; or
(ii) clear transactions through other creditors if the transactions are effected by separate creditors; or
(iii) provide one or more accounts over which the creditor or a third party investment adviser has investment discretion.

(b) *Required margin.* The required margin for each position in securities is set forth in section 220.18 (the Supplement) and is subject to the exceptions and special provisions contained in section 220.5 (Margin Account Exceptions and Special Provisions).

(c) *When additional margin is required.*
(1) *Computing deficiency.* All transactions on the same day shall be combined to determine whether additional margin is required by the creditor. For the purpose of computing equity in an account, security positions are established or eliminated and a credit or debit created on the trade date of a security transaction. Additional margin is required on any day when the day's transactions create or increase a margin deficiency in the account and shall be for the amount of the margin deficiency.
(2) *Satisfaction of deficiency.* The additional required margin may be satisfied by a transfer from the special memorandum account or by a deposit of cash, margin securities, exempted securities, or any combination thereof.
(3) *Time limits.*
(i) A margin call shall be satisfied within 7 business days after the margin deficiency was created or increased.
(ii) The 7 day period may be extended for one or more limited periods upon application by the creditor to a self-regulatory organization or national securities association unless the organization or association believes that the creditor is not acting in good faith or that the creditor has not sufficiently determined that exceptional circumstances warrant such action. Applications shall be filed and acted upon prior to the end of the 7 day period or the expiration of any subsequent extension. However, applications filed by firms having no direct electronic access to the organization or association may be accepted as timely filed if postmarked by midnight of the last day of the 7 day period or any subsequent extension.

(4) *Satisfaction restriction.* Any transaction, position, or deposit that is used to satisfy one requirement under this part shall be unavailable to satisfy any other requirement.

(d) *Liquidation in lieu of deposit.* If any margin call is not met in full within the required time, the creditor shall liquidate securities sufficient to meet the margin call or to eliminate any margin deficiency existing on the day such liquidation is required, whichever is less. If the margin deficiency created or increased is $500 or less, no action need be taken by the creditor.

(e) *Withdrawals of cash or securities.*

(1) Cash or securities may be withdrawn from an account, except if:

(i) additional cash or securities are required to be deposited into the account for a transaction on the same or a previous day; or

(ii) the withdrawal, together with other transactions, deposits, and withdrawals on the same day, would create or increase a margin deficiency.

(2) Margin excess may be withdrawn or may be transferred to the special memorandum account (section 220.6) by making a single entry to that account which will represent a debit to the margin account and a credit to the special memorandum account.

(3) If a creditor does not receive a distribution of cash or securities which is payable with respect to any security in a margin account on the day it is payable and withdrawal would not be permitted under this paragraph, a withdrawal transaction shall be deemed to have occurred on the day the distribution is payable.

(f) *Interest, service charges, etc.*

(1) Without regard to the other provisions of this section, the creditor, in its usual practice, may debit the following items to a margin account if they are considered in calculating the balance of such account:

(i) interest charged on credit maintained in the margin account;

(ii) premiums on securities borrowed in connection with short sales or to effect delivery;

(iii) dividends, interest, or other distributions due on borrowed securities;

(iv) communication or shipping charges with respect to transactions in the margin account; and

(v) any other service charges which the creditor may impose.

(2) A creditor may permit interest, dividends, or other distributions credited to a margin account to be withdrawn from the account if:

(i) the withdrawal does not create or increase a margin deficiency in the account; or

(ii) the current market value of any securities withdrawn does not exceed 10 per cent of the current market value of the security with respect to which they were distributed.

Section 220.5—Margin Account Exceptions and Special Provisions.

(a) *Unissued securities.*

(1) The required margin on a net long or net short commitment in an unissued security is the margin that would be required if the security were an issued margin security, plus any unrealized loss on the commitment or less any unrealized gain.

(2) Margin is not required on a net short commitment in unissued securities when the account contains the related issued securities, nor for any net short or net long position in unissued exempted securities.

(b) *Short sales.*

(1) The required margin for the short sale of a security shall be the amount set forth in section 220.18 (the Supplement).

(2) A short sale "against the box" shall be treated as a long sale for the purpose of computing the equity and the required margin.

(c) *Options.*

(1) *Margin or cover for options on exempted debt securities, certificates of deposit, stock indices, or securities exchange traded options on foreign currencies.* The required margin for each transaction involving any short put or short call on an exempted debt security, certificate of deposit, stock index, or foreign currency (if the option is traded on a securities exchange), shall be the amount or positions in lieu of margin set forth in section 220.18 (the Supplement).

(2) *Margin for options on equity securities.* The required margin for each transaction involving any short put or short call on an equity security shall be the amount set forth in section 220.18 (the Supplement), plus any unrealized loss on the commitment or minus any unrealized gain. However, the required margin may not exceed the current market value of the underlying security in the case of a call, or the exercise price in the case of a put.

(3) *Cover or positions in lieu of margin.* No margin is required for an option written on an equity security position when the account holds any of the following:

(i) the underlying security in the case of a short call, or a short position in the underlying security in the case of a short put;
(ii) securities immediately convertible into or exchangeable for the underlying security without the payment of money in the case of a short call, if the right to convert or exchange does not expire on or before the expiration date of the short call;
(iii) an escrow agreement for the underlying security or foreign exchange (in the case of a short call) or cash (in the case of a short put);
(iv) a long call on the same number of shares of the same underlying security if the long call does not expire before the expiration date of the short call, and if the amount (if any), by which the exercise price of the long call exceeds the exercise price of the short call is deposited in the account;
(v) a long put on the same number of shares of the same underlying security if the long put does not expire before the expiration date of the short put, and if the amount (if any), by which the exercise price of the short put exceeds the exercise price of the long put is deposited in the account;
(vi) a warrant to purchase the underlying security, in the case of a short call, if the warrant does not expire on or before the expiration date of the short call, and if the amount (if any), by which the exercise price of the warrant exceeds the exercise price of the short call is deposited in the account. A warrant used in lieu of the required margin under this provision shall contribute no equity to the account.

(4) *Adjustments.*
(i) When a short position held in the account serves in lieu of the required margin for a short put, the amount prescribed by paragraph (c)(2) of this section as the amount to be added to the required margin in respect of short sales shall be increased by any unrealized loss on the position.
(ii) When a security held in the account serves in lieu of the required margin for a short call, the security shall be valued at no greater than the exercise price of the short call.

(5) *Straddles.* When both a short put and a short call are in a margin account on the same number of shares of the same underlying security, the required margin shall be the margin on either the short put or the short call, whichever is greater, plus any unrealized loss on the other option.

(6) *Exclusive designation.* The customer may designate at the time the option order is entered which security position held in the account is to serve in lieu of the required margin, if such service is offered by the creditor; or the customer may have a standing agreement with the creditor as to the method to be used for determining on any given day which security position will be used in lieu of the margin to support an option transaction. Any security held in the account which serves in lieu of the required margin for a short put or a short call shall be unavailable to support any other option transaction in the account.

(d) *Accounts of partners.* If a partner of the creditor has a margin account with the creditor, the creditor shall disregard the partner's financial relations with the firm (as shown in the partner's capital and ordinary drawing accounts) in calculating the margin or equity of the partner's margin account.

(e) *Contribution to joint venture.* If a margin account is the account of a joint venture in which the creditor participates, any interest of the creditor in the joint account in excess of the interest which the creditor would have on the basis of its right to share in the profits shall be treated as an extension of credit to the joint account and shall be margined as such.

(f) *Transfer of accounts.*
(1) A margin account that is transferred from one creditor to another may be treated as if it had been maintained by the transferee from the date of its origin, if the transferee accepts, in good faith, a signed statement of the transferor (or, if that is not practicable, of the customer), that any margin call issued under this part has been satisfied.
(2) A margin account that is transferred from one customer to another as part of a transaction, not undertaken to avoid the requirements of this part, may be treated as if it had been maintained for the transferee from the date of its origin, if the creditor accepts in good faith and keeps with the transferee account a signed statement of the transferor describing the circumstances for the transfer.

Section 220.6—Special Memorandum Account.

(a) A special memorandum account (SMA) may be maintained in conjunction with a margin account. A single entry amount may be used to represent both a credit to the SMA and a debit to the margin account. A transfer between the two accounts may be effected by an increase or reduction in the entry. When computing the equity in a margin account, the single entry amount shall be considered as a debit in the margin account. A payment to the customer or on the customer's behalf or a transfer to any of the customer's other accounts from the SMA reduces the single entry amount.

(b) The SMA may contain the following entries:
(1) dividend and interest payments;
(2) cash not required by this part, including cash deposited to meet a maintenance margin call or to meet any requirement of a self-regulatory organization that is not imposed by this part;
(3) proceeds of a sale of securities or cash no longer required on any expired or liquidated security- position that may be withdrawn under section 220.4(e) of this part; and
(4) margin excess transferred from the margin account under section 220.4(e)(2) of this part.

Section 220.7—Arbitrage Account

In an arbitrage account a creditor may effect and finance for any customer *bona fide* arbitrage transactions. For the purpose of this section, the term *bona fide* arbitrage" means:
(1) a purchase or sale of a security in one market together with an offsetting sale or purchase of the same security in a different market at as nearly the same time as practicable for the purpose of taking advantage of a difference in prices in the two markets, or
(2) a purchase of a security which is, without restriction other than the payment of money, exchangeable or convertible within 90 calendar days of the purchase into a second security together with an offsetting sale of the second security at or about the same time, for the purpose of taking advantage of a concurrent disparity in the prices of the two securities.

Section 220.8—Cash Account

(a) *Permissible transactions.* In a cash account, a creditor may:
(1) buy for or sell to any customer any security if:
(i) there are sufficient funds in the account; or
(ii) the creditor accepts in good faith the customer's agreement that the customer will promptly make full cash payment for the security before selling it and does not contemplate selling it prior to making such payment;
(2) buy from or sell for any customer any security if:
(i) the security is held in the account; or
(ii) the creditor accepts in good faith the customer's statement that the security is owned by the customer or the customer's principal, and that it will be promptly deposited in the account;
(3) issue, endorse, or guarantee an option for any customer if:
(i) in the case of a call option, the underlying security (or a security immediately convertible into the underlying security, without the payment of money) is held in or purchased for the account on the same day, and the option premium is held in the account until cash payment for the underlying or convertible security is received; or
(ii) in the case of a put option, the creditor obtains cash in an amount equal to the exercise price or holds in the account any of the following instruments with a current market value at least equal to the exercise price and with one year or less to maturity: securities issued or guaranteed by the United States or its agencies, negotiable bank certificates of deposit, or bankers acceptances issued by banking institutions in the United States and payable in the United States.
(4) use an escrow agreement in lieu of the cash or underlying security position if:
(i) in the case of a call or a put, the creditor is advised by the customer that the required securities or cash are held by a bank and the creditor independently verifies that an appropriate escrow agreement will be delivered by the bank promptly; or
(ii) in the case of a call issued, endorsed, or guaranteed on the same day the underlying security is purchased in the account and the underlying security is to be delivered to a bank, the creditor verifies that an appropriate escrow agreement will be delivered by the bank promptly.

(b) *Time periods for payment; cancellation or liquidation.*
(1) *Full cash payment.* A creditor shall obtain full cash payment for customer purchases within 7 business days of the date:
(i) any nonexempted security was purchased;
(ii) any unissued security was made available by the issuer for delivery to purchasers;
(iii) any "when distributed" security was distributed under a published plan;
(iv) a security owned by the customer has matured or has been redeemed and a new refunding security of the same issuer has been purchased by the customer, provided:
(A) the customer purchased the new security no more than 35 calendar days prior to the date of maturity or redemption of the old security;
(B) the customer is entitled to the proceeds of the redemption; and
(C) the delayed payment does not exceed 103 percent of the proceeds of the old security.
(2) *Delivery against payment.* If a creditor purchases for or sells to a customer a security in a delivery against payment transaction, the creditor shall have up to 35 calendar days to obtain payment

if delivery of the security is delayed due to the mechanics of the transaction and is not related to the customer's willingness or ability to pay.

(3) *Shipment of securities, extension.* If any shipment of securities is incidental to consummation of a transaction, a creditor may extend the 7 business day period by the number of days required for shipment, but not by more than 7 business days.

(4) *Cancellation; liquidation; minimum amount.* A creditor shall promptly cancel or otherwise liquidate a transaction, or any part of a transaction for which the customer has not made full cash payment within the required time. A creditor may, at its option, disregard any sum due from the customer not exceeding $500.

(c) *90 day freeze.*

(1) If a nonexempted security in the account is sold or delivered to another broker or dealer without having been previously paid for in full by the customer, the privilege of delaying payment beyond the trade date shall be withdrawn for 90 calendar days following the date of sale of the security. Cancellation of the transaction other than to correct an error shall constitute a sale.

(2) The 90 day freeze shall not apply if: (i) within 7 business days of the trade date, full payment is received or any check or draft in payment has cleared and the proceeds from the sale are not withdrawn prior to such payment or check clearance; or (ii) the purchased security was delivered to another broker or dealer for deposit in a cash account which holds sufficient funds to pay for the security. The creditor may rely on a written statement accepted in good faith from the other broker or dealer that sufficient funds are held in the other cash account.

(d) *Extension of time periods; transfers.*

(1) Unless a self-regulatory organization or association believes that the creditor is not acting in good faith or that the creditor has not sufficiently determined that exceptional circumstances warrant such action, it may, upon application by the creditor:

(i) extend any period specified in paragraph (b) of this section;

(ii) authorize transfer to another account of any transaction involving the purchase of a margin or exempted security; or

(iii) grant a waiver from the 90 day freeze.

(2) Applications shall be filed and acted upon prior to the end of the 7 day period or the expiration of any subsequent extension. However, an application filed from firms having no direct electronic access to the exchange or association may be accepted as timely filed if it is postmarked no later than midnight of the last day of the 7 day period or any subsequent extension.

Section 220.9—Nonsecurities Credit Account

(a) In a nonsecurities credit account a creditor may:

(1) Effect and carry transactions in commodities;

(2) Effect and carry transactions in foreign exchange;

(3) Extend and maintain secured or unsecured nonpurpose credit, subject to the requirements of paragraph (b) of this section.

(b) Every extension of credit, except as provided in paragraphs (a)(1) and (2) of this section, shall be deemed to be purpose credit unless, prior to extending the credit, the creditor accepts in good faith from the customer a written statement that it is not purpose credit. The statement shall conform to the requirements established by the Board. To accept the customer's statement in good faith, the creditor shall be aware of the circumstances surrounding the extension of credit and shall be satisfied that the statement is truthful.

Section 220.10—Omnibus Account

(a) In an omnibus account, a creditor may effect and finance transactions for a broker or dealer who is registered with the SEC under section 15 of the Act and who gives the creditor written notice that:

(1) all securities will be for the account of customers of the broker or dealer; and

(2) any short sales effected will be short sales made on behalf of the customers of the broker or dealer other than partners.

(b) The written notice required by paragraph (a) shall conform to any SEC rule on the hypothecation of customers' securities by brokers or dealers.

Section 220.11—Broker-dealer Credit Account

(a) *Permissible transactions.* In a broker-dealer credit account, a creditor may:

(1) Purchase any security from or sell any security to another creditor under a good faith agreement to promptly deliver the security against full payment of the purchase price.

(2) Effect or finance transactions of any of its owners if the creditor is a clearing and servicing broker or dealer owned jointly or individually by other creditors.

(3) Extend and maintain credit to any partner or

stockholder of the creditor for the purpose of making a capital contribution to, or purchasing stock of, the creditor, affiliated corporation or another creditor.

(4) Extend and maintain, with the approval of the appropriate examining authority:

(i) credit to meet the emergency needs of any creditor; or

(ii) subordinated credit to another creditor for capital purposes, if the other creditor:

(A) is an affiliated corporation; or

(B) will not use the proceeds of the loan to increase the amount of dealing in securities for the account of the creditor, its firm or corporation or an affiliated corporation.

(b) For purposes of paragraph (a)(3) and (4) of this section "affiliated corporation" means a corporation all the common stock of which is owned directly or indirectly by the firm or general partners and employees of the firm, or by the corporation or holders of the controlling stock and employees of the corporation and the affiliation has been approved by the creditor's examining authority.

Section 220.12—Market Functions Account

(a) *Requirements.* In a market functions account, a creditor may effect or finance the transactions of market participants in accordance with the following provisions. A separate record shall be kept for the transactions specified for each category described in paragraphs (b) through (e) of this section. Any position in a separate record shall not be used to meet the requirements of any other category.

(b) *Specialists.*

(1) *Applicability.* A creditor may clear or finance specialist transactions for any specialist, or any specialist joint account, in which all participants, or all participants other than the creditor, are registered as specialists on a national securities exchange that requires regular reports on the use of specialist credit from the registered specialists.

(2) *Permitted offset positions.* A specialist in options may establish, on a share-for-share basis, a long or short position in the securities underlying the options in which the specialist makes a market, and a specialist in securities other than options may purchase or write options overlying the securities in which the specialist makes a market, if the account holds the following permitted offset positions:

(i) a short option position which is "in or at the money" and is not offset by a long or short option position for an equal or greater number of shares of the same underlying security which is "in the money";

(ii) a long option position which is "in or at the money" and is not offset by a long or short option position for an equal or greater number of shares of the same underlying security which is "in the money";

(iii) a short option position against which an exercise notice was tendered;

(iv) a long option position which was exercised;

(v) a net long position in a security (other than an option) in which the specialist makes a market; or

(vi) a net short position in a security (other than an option) in which the specialist makes a market.

(3) *Required margin.* The required margin for a specialist's transactions shall be:

(i) good faith margin for any long or short position in a security in which the specialist makes a market;

(ii) good faith margin for any wholly-owned margin security or exempted security;

(iii) the margin prescribed by section 220.18 (the Supplement) when a security purchased or sold short in the account does not qualify as a specialist or permitted offset position.

(4) *Additional margin; restriction on "free-riding."*

(i) Except as required by paragraph (b)(5) of this section, the creditor shall issue a margin call on any day when additional margin is required as a result of specialist transactions. The creditor may allow the specialist a maximum of 7 business days to satisfy a margin call.

(ii) If a specialist fails to satisfy a margin call within the period specified in this paragraph (and the creditor is required to liquidate securities to satisfy the call), the creditor shall be prohibited for a 15 calendar day period from extending any further credit to the specialist to finance transactions in nonspecialty securities.

(iii) The restriction on "free-riding" shall not apply to:

(A) any specialist on a national securities exchange that has an SEC-approved rule on "free-riding" by specialists; or

(B) the acquisition or liquidation of a permitted offset position.

(5) *Deficit status.* On any day when a specialist's separate record would liquidate to a deficit, the creditor shall not extend any further specialist credit in the account and shall issue a margin call at least as large as the deficit. If the call is not met by noon of the following business day, the creditor shall liquidate positions in the specialist's account.

(6) *Withdrawals.* Withdrawals may be permitted to the extent that the equity exceeds the margin re-

quirements specified in paragraph (b)(3) of this section.

(c) *Underwritings and distributions.* A creditor may effect or finance for any dealer or group of dealers transactions for the purpose of facilitating the underwriting or distribution of all or a part of an issue of securities with a good faith margin.

(d) *OTC marketmakers and third marketmakers.*
(1) A creditor may clear or finance with a good faith margin, marketmaking transactions for an OTC marketmaker or a third marketmaker who:
(i) is in compliance with any applicable SEC rule, including minimum net capital rules;
(ii) regularly submits *bona fide* competitive bid and offer quotations to a recognized inter-dealer quotation system;
(iii) is ready, willing, and able to effect transactions in reasonable amounts with other brokers and dealers at the quoted prices; and
(iv) has a reasonable average rate of inventory turnover.
(2) If the credit extended to a marketmaker ceases to be for the purpose of marketmaking, or the dealer ceases to be a marketmaker for an issue of securities for which credit was extended, the credit shall be subject to the margin specified in section 220.18 (the Supplement).

(e) *Odd-lot dealers.* A creditor may clear and finance odd-lot transactions for any creditor who is registered as an odd-lot dealer on a national securities exchange with a good faith margin.

Section 220.13—Arranging for Loans by Others

A creditor may not arrange for the extension or maintenance of credit to or for any customer by any person upon terms and conditions other than those upon which the creditor may itself extend or maintain credit under the provisions of this part, except that this limitation shall not apply to credit arranged for a customer which does not violate Parts 207 and 221 of this Chapter and results solely from:
(a) investment banking services, provided by the creditor to the customer, including, but not limited to, underwritings, private placements, and advice and other services in connection with exchange offers, mergers or acquisitions, except for underwritings that involve the public distribution of an equity security with installment or other deferred payment provisions; or
(b) the sale of nonmargin securities (including securities with installment or other deferred payment provisions) if the sale is exempted from the registration requirements of the Securities Act of 1933 under section 4(2) or section 4(6) of the Act.

Section 220.14—Clearance of Securities

(a) *Credit for clearance of securities.* The provisions of this part shall not apply to the extension or maintenance of any credit that is not for more than one day if it is incidental to the clearance of transactions in securities directly between members of a national securities exchange or association or through any clearing agency registered with the SEC.

(b) *Deposit of securities with options clearing agency.* The provisions of this part shall not apply to the deposit of securities with an options clearing agency for the purpose of meeting its deposit requirements if:
(1) the clearing agency issues options on securities;
(2) the clearing agency is registered with the SEC;
(3) the deposit consists of any underlying securities for classes of option contracts outstanding at the time of the deposit; and
(4) the deposit complies with the rules of the clearing agency which have been approved by the SEC.

Section 220.15—Borrowing by Creditors

(a) *Restrictions on borrowing.* A creditor may not borrow in the ordinary course of business as a broker or dealer using as collateral any registered nonexempted security, except:
(1) from or through a member bank of the Federal Reserve System; or
(2) from any nonmember bank that has filed with the Board an agreement as prescribed in paragraph (b) of this section, which agreement is still in effect; or
(3) from another creditor if the loan is permissible under this part.

(b) *Agreements of nonmember banks.*
(1) A nonmember bank shall file an agreement that conforms to the requirements of section 8(a) of the Act (See Form F.R. T-2) if:
(i) its principal place of business is in a territory or insular possession of the United States; or
(ii) it has an office or agency in the United States and its principal place of business is outside the United States.
(2) Any other nonmember bank shall file an agreement that conforms to the requirements of section 8(a) of the Act (See Form F.R. T-1).
(3) Any nonmember bank may terminate its agreement if it obtains the written consent of the Board.

Section 220.16—Borrowing and Lending Securities

Without regard to the other provisions of this part, a creditor may borrow or lend securities for the purpose of making delivery of the securities in the case of short sales, failure to receive securities required to be delivered, or other similar situations. Each borrowing shall be secured by a deposit of one or more of the following: cash, securities issued or guaranteed by the United States or its agencies, negotiable bank certificates of deposit and bankers acceptances issued by banking institutions in the United States and payable in the United States, or irrevocable letters of credit issued by a bank insured by the Federal Deposit Insurance Corporation or a foreign bank that has filed an agreement with the Board on Form F.R. T-2. Such deposit made with the lender of the securities shall have at all times a value at least equal to 100 per cent of the market value of the securities borrowed, computed as of the close of the preceding business day.

Section 220.17—Requirements for List of OTC Margin Stocks

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

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

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

(3) The stock is registered under section 12 of the Act, or is an American Depository Receipt (ADR) of a foreign issuer whose securities are registered under section 12 of the Act, or is a stock of a foreign issuer required to file reports under section 15(d) of the Act;

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

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

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

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

(8) There are 1,200 or more holders of record, as defined in SEC Rule 12g5-1 (17 CFR § 240.12g5-1), of the stock who are not officers, directors or beneficial owners of 10 per cent or more of the stock, or the average daily trading volume of such stock as determined by the Board, is at least 500 shares; and

(9) The issuer has been in existence for at least three years.

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

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

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

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

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

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

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

(7) There continue to be 800 or more holders of record, as defined in SEC Rule 12g5-1 (17 CFR § 240.12g5-1), of the stock who are not officers, directors, or beneficial owners of 10 per cent or more of the stock, or the average daily trading volume of such stock, as determined by the Board, is at least 300 shares.

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

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

(2) no longer substantially meets the provisions of paragraph (b) of this section or section 220.2(s).

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

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

Section 220.18—Supplement to Regulation T

Margin Requirements

The required margin for each security position held in a margin account shall be as follows:

(a) *Margin security except for (b) below:* 50 per cent of the current market value of the security.

(b) *Exempted security, registered non-convertible debt security or OTC margin bond:* the margin required by the creditor in good faith.

(c) *Short put or short call on an equity security:* 30 per cent of the current market value of the underlying security, but not less than $250, adjusted or waived in accordance with section 220.5(c).

(d) *Short sale of nonexempted security:* 150 per cent of the current market value of the security or 100 per cent of the current market value if a security exchangeable or convertible within 90 calendar days without restriction other than the payment of money into the security sold short is held in the account.

(e) *Short sale of an exempted security:* 100 per cent of the current market value of the security plus the margin required by the creditor in good faith.

(f) *Nonmargin, nonexempted security or a long position in any option:* 100 per cent of the current market value.

(g) *Short put or short call on an exempted debt security or certificate of deposit:*

(1) The amount or other position specified by the rules of the national securities exchange on which the option is traded, provided that all such rules have been approved or amended by the SEC; or

(2) in the case of an over-the-counter option on an exempted debt security that the SEC has not determined to be an exempted security, an amount or other position which the creditor in good faith deems to be equivalent to the margin or cover on comparable exchange-traded options.

(h) *Short put or short call (securities exchange traded) on foreign currency:* The amount, other option position, or foreign currency position specified by the rules of the national securities exchange on which the option is traded, provided that all such rules have been approved or amended by the SEC.

(i) *Short put or short call on a stock index*: The amount or other security positions specified by the rules of the national securities exchange on which the option is traded, provided that all such rules have been approved or amended by the SEC.

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

Orders Under Section 3 of Bank Holding Company Act

Augustana College Association, Sioux Falls, South Dakota

Order Approving Formation of a Bank Holding Company

Augustana College Association, Sioux Falls, South Dakota, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company through the acquisition of at least 87.4 percent of State Bank of Hendricks, Hendricks, Minnesota ("Bank").

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

Applicant is a nonprofit, tax-exempt corporation under section 501(c)(3) of the Internal Revenue Code that operates a four-year liberal arts college offering undergraduate degrees in 40 major fields of study. Although generally an institution that engages in nonbanking activities is prohibited from becoming a bank holding company under the Act, the legislative history of the 1966 Amendments to the Act indicates that Congress intended to permit nonprofit, tax-exempt institutions that were engaged in exclusively religious, charitable, or educational activities to own banks subject to the Act's provisions.[1] The legislative history indicates that the exclusively religious, charitable, or educational activities of such institutions were not

1. S. Rep. No. 1179, 89th Cong., 2d Sess. 3 (1966). Based on the legislative history, the Board has previously determined that the Act permits an institution engaged in exclusively charitable activities to become a bank holding company. The Retirement Research Foundation, 64 FEDERAL RESERVE BULLETIN 891 (1978).

intended to be regarded as "activities" for purposes of the prohibitions of section 4 of the Act. Accordingly, approval of the application is not barred due to Applicant's educational activities.

Applicant engages in a number of profit making activities related to its educational functions, including the operation of dormitories and recreational facilities, a food service and cafeteria facilities, a student bookstore, a health service, and other activities of the type generally engaged in by educational institutions. In connection with its educational program, Applicant also provides facilities and personnel for certain tax exempt organizations engaged in educational, research, and community service activities. None of these activities produces independent business income for purposes of the Internal Revenue Code, and the Board believes that such activities may be regarded as incidental to Applicant's educational activities.

Applicant also owns and administers an endowment fund and a gift fund consisting primarily of short-term investments which would be permissible for a bank holding company to own, including stocks and bonds representing less than 5 percent of the voting stock of the issuer, real estate mortgages and notes. The income generated from these assets represents less than 3 percent of Applicant's total revenue and is not regarded as independent business income under the Internal Revenue Code. In connection with these funds, Applicant also holds certain real estate received as gifts which would not be permissible for a bank holding company to hold. Applicant has made appropriate commitments for the divestiture of this real estate and any other assets received in the future that would be impermissible for a bank holding company to own. Since the revenue derived from the funds is used to fund Applicant's educational activities and since such funds are common methods by which educational institutions fund themselves, the Board believes that the funds and Applicant's fundraising activities with respect thereto may be regarded as incidental to Applicant's educational activities.

Bank is the 612th largest banking organization in Minnesota with total deposits of $3.4 million, representing .01 percent of total deposits in commercial banks in the State. Bank ranks as the 16th largest banking organization in the relevant banking market with .94 percent of total market deposits.[3] Applicant has no other banking subsidiaries and its principals are not associated with any other banking organizations in the relevant market. Accordingly, the Board concludes that competitive considerations are consistent with approval.

The financial and managerial resources and future prospects of Applicant and Bank are regarded as satisfactory. Accordingly, considerations relating to banking factors are consistent with approval. While no major changes in Bank's services are contemplated, considerations relating to the convenience and needs of the community to be served also are consistent with approval.

In its review of the application, the Board has taken into consideration the views of the Minnesota Commissioner of Banks expressing concern regarding the nature of Applicant's nonbanking activities. The Board believes that the Commissioner's concerns are resolved by Applicant's commitment to divest of impermissible real estate and other assets and by Applicant's conformance with the legislative history of the 1966 Amendments to the Act which indicates that nonprofit, tax-exempt organizations engaged in exclusively religious, charitable, or educational activities were not intended to be precluded from owning banks.

Accordingly, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved. On the basis of the record, the application is hereby approved for the reasons summarized above. The transaction shall not be made before the thirtieth calendar day following the effective date of this Order, or later than three months following the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Minneapolis acting pursuant to delegated authority.

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

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

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

Banco Nororiental de Venezuela, C.A., Caracas. Venezuela

Corpofin, C.A., Caracas Venezuela

Corpofin, N.V., Netherlands Antilles

Order Approving Acquisition of a Bank

Banco Nororiental de Venezuela, C.A., Caracas, Venezuela; Corpofin, C.A., Caracas, Venezuela; and Cor-

2. Banking data are as of December 31, 1981.

3. The relevant banking market is approximated by the counties of Lincoln, Lyon, and Murray, the western two thirds of Yellow Medicine County, and the western one-quarter of Redwood County, South Dakota.

pofin, N.V., Netherlands Antilles, have applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842) to become bank holding companies through the acquisition of a total of 72.18 percent of the voting shares of Peoples Hialeah National Bank, Hialeah, Florida ("Bank").

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

Banco Nororiental de Venezuela, which is a commercial bank organized under the laws of Venezuela in July 1980, has assets totalling $147.8 million and controls deposits totalling $94.6 million.[1] Corpofin, C.A., and its subsidiary, Corpofin, N.V., are nonoperating holding companies majority owned and controlled by the principal shareholders of Banco Nororiental de Venezuela. Banco Nororiental de Venezuela owns 10 percent of the voting shares of Corpofin, C.A., and of Corpofin, N.V., and proposes to acquire 10 percent of the voting shares of Bank. The remaining 62.18 percent of the shares of Bank will be acquired directly by Corpofin, N.V.

Upon acquisition of Bank, Applicants would control the 65th largest commercial banking organization in the Miami-Fort Lauderdale banking market,[2] with total deposits of $10.5 million, representing approximately 0.07 percent of the deposits in commercial banks in the relevant market.[3] Inasmuch as Applicants do not conduct any banking operations or other business in the United States, consummation of the proposed transaction would have no adverse effects on existing or potential competition in any relevant market and would not increase the concentration of resources in any relevant market. Therefore, the Board concludes that competitive considerations are consistent with approval of these applications.

The financial and managerial resources of each of the Applicants and of Bank appear generally satisfactory and the future prospects of each appear favorable. In this regard, Applicants have consented to make their books and records available to the Board in the United States subject to certain restrictions in Venezuelan law.

Based on this and other commitments offered by Applicant and shareholders of Applicants, the Board has determined that considerations relating to banking factors are consistant with approval of the applications. Although consummation of the proposal would not result in any changes in the services offered by Bank, considerations relating to the convenience and needs of the community to be served are consistent with approval of the applications. Accordingly, the Board has determined that consummation of the transactions would be in the public interest and that the applications should be approved.

Based upon the foregoing, including all of the facts of record and the commitments made by Applicants and shareholders of Applicants, the Board has determined that the applications should be and hereby are approved. The transaction shall not be consummated before the thirtieth day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta under delegated authority.

By order of the Board of Governors, effective May 20, 1983.

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

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

Dakota Bankshares, Inc., Fargo, North Dakota

Order Denying Acquisition of a Bank

Dakota Bankshares, Inc., Fargo, North Dakota, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 80 percent of the outstanding voting shares of Dakota Bank of Wahpeton, Wahpeton, North Dakota ("Bank"), a proposed de novo bank. Applicant has also applied for Bank to become a member of the Federal Reserve System.

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

Applicant is the fourth largest banking organization in North Dakota, with deposits of $126.6 million. Applicant controls three banking and two nonbanking

1. Banking data for Banco Nororiental de Venezuela is as of December 31, 1982.
2. The Miami-Fort Lauderdale banking market comprises Dade and Broward Counties, Florida.
3. All banking data for Bank are as of June 30, 1982.

subsidiaries and holds a 19.1 percent interest in a fourth bank. Applicant controls 2.65 percent of the total deposits in commercial banks in the state.[1] Applicant's acquisition of Bank would not initially increase Applicant's deposit share since Bank is a proposed de novo bank.

Bank would be located in the Wahpeton, North Dakota-Breckenridge, Minnesota banking market, in which Bank would be the smallest of twelve banks.[2] Applicant's principal controls three additional one-bank holding companies, which had combined assets of $58 million on December 31, 1982, and which, together with Applicant, constitute a chain banking organization.[3] Neither Applicant's banking subsidiaries nor any of the related chain banks currently operate in the Wahpeton-Breckenridge market. Accordingly, the Board concludes that consummation of the proposal would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant area. Competitive considerations, therefore, are consistent with approval of the application.

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank(s), and that the Board will closely examine the condition of an applicant in each case with this consideration in mind. In addition, where the principal of an applicant controls other banking organizations, the Board considers the financial and managerial resources and future prospects of the institutions comprising the chain.[4]

In this connection, the Board has considered Applicant's proposal in light of the Board's Capital Adequacy Guidelines[5] generally applicable to bank holding companies and chain banking organizations with consolidated assets of over $150 million.[6] The Board's guidelines for capital adequacy, particularly its standards for primary capital, reflect the Board's assessment as to the minimum appropriate capital levels for banks and bank holding companies of various sizes.

Under the Guidelines, the primary and total capital ratios of the chain banking organization of which Applicant is a member are below the minimum levels specified in the Guidelines and are less than satisfactory for community bank organizations of the combined size of the chain.[7] In this regard, in approving an earlier banking acquisition by Applicant, the Board advised Applicant of the Board's concerns regarding the capital position of the chain banking organization of which Applicant is a part and cautioned that their future expansion would be evaluated on the basis of the consolidated capital ratios for the chain banking organization and the Board's capital adequacy guidelines for an organization with over $150 million in consolidated assets. Based on the Guideline criteria and other facts of record, the Board concludes that, in the context of Applicant's proposal to expand further its banking operations, the chain banking organization is undercapitalized.

The Board also notes that Applicant itself does not operate at, or above, the minimum primary capital level for a community banking organization of its size. Even if the Board accepts the accounting method Applicant uses to calculate its consolidated capital, Applicant's current capital position barely meets the minimum acceptable level specified in the Guidelines. In view of this fact and the recent decline in Applicant's capital position, the Board concludes that Applicant should improve its capital position in order that Applicant may be in a position to serve as a source of strength and to meet the financial needs of its existing subsidiary banks.

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

2. This market consists of Sargeant and Richland Counties in North Dakota and the southern two-thirds of Wilkins County in Minnesota.

3. Applicant's principal is an officer and director of each one-bank holding company as well as an officer and/or director of each subsidiary bank of these holding companies. In addition, Applicant's principal is the single largest shareholder of one of the three bank holding companies and owns well in excess of 25 percent of the voting shares of the other two. No other single shareholder owns a greater interest in either of these two bank holding companies. Under both the Bank Holding Company Act of 1956 (12 U.S.C. § 1842(a)(2)) and the Change in Bank Control Act of 1978 (12 U.S.C. § 1817(j)(8)(B)), an ownership interest of the magnitude held by Applicant's principal in these bank holding companies would place Applicant's principal in control of the holding companies. Based on these facts, the Board concludes that Applicant and the three related one-bank holding companies constitute a chain banking organization, which is controlled by Applicant's principal.

4. See *Nebraska Banco, Inc., Ord, Nebraska* (62 FEDERAL RESERVE BULLETIN 638 (1976)), where the Board stated that in analyzing the financial and managerial resources of an applicant that is part of a chain of one-bank holding companies the Board would look beyond the applicant to the other banks that are part of that chain. The Board concluded that this analysis was appropriate because of the "interdependence of the banks in a chain of commonly-owned one-bank holding companies and the distinct possibility that the financial and managerial resources of one or more of the banks in the chain may be used to support the operations of other members of the banking group." Id. at 639.

5. Federal Reserve Board and Comptroller of the Currency Press Release, December 17, 1981. 68 FEDERAL RESERVE BULLETIN 33 (1982), reprinted in Federal Reserve Regulatory Service, ¶3-1506. See also "Definition of Bank Capital and Capital Adequacy Guidelines Program" (SR82-17, dated March 17, 1982).

6. Applicant's total assets equal $169 million and the combined banking assets of Applicant and the three related one-bank holding companies equal approximately $227 million as of December 31, 1982.

7. The two principal measurements of capital contained in the Guidelines are: (1) primary capital to total assets and (2) total capital to total assets. Primary capital consists of common stock, perpetual preferred stock, capital surplus, undivided profits, reserves for contingencies and other capital reserves, mandatory convertible instruments, and allowance for possible loan losses. Total capital includes the primary capital components plus limited-life preferred stock and qualifying subordinated notes and debentures.

While the Board has considered Applicant's submissions, which project an improved capital position over time, those submissions do not address the Board's concerns regarding the capital and financial resources of Applicant and the chain with respect to the proposed expansion. Applicant has projected that, through earnings retention, the combined consolidated capital ratios of the chain banking organization will increase over a five year period. Applicant has not, however, provided a specific capital augmentation program responsive to the capital deficiencies raised by this proposal. Applicant's projections are uncertain and provide no assurance that the chain organization's capital will be raised to a satisfactory level.

Without an adequate plan to improve the capital of Applicant and of the chain, the Board is concerned that the financial consequences associated with the high debt level of this proposal presents an additional adverse financial factor. Applicant proposes to acquire 80 percent of Bank's shares for $800,000[8] and to borrow $500,000 to finance this purchase. The use of this acquisition debt would further increase Applicant's high debt level, thereby reducing its financial flexibility and its ability to serve as a source of strength to Bank and Applicant's other subsidiary banks.

The Board concludes that the banking considerations involved in this proposal present adverse factors bearing upon the financial resources and future prospects of Applicant and the chain banking organization of which it is a significant part. Such adverse factors are not outweighed by any procompetitive effects or by any benefits that may result in better serving the convenience and needs of the community. Accordingly, the Board's judgment is that approval of the application would not be in the public interest and the application to acquire bank should be denied.

With respect to considerations relating to the convenience and needs of the community to be served, the banking services to be offered by Bank would not differ substantially from those already available in the Wahpeton-Breckenridge market, although consummation of the proposal would result in an additional choice of banking facilities for area residents. These factors are consistent with, but lend no significant weight toward approval of this application. Finally, inasmuch as Applicant has stated that it would not open Bank without approval of the related application to acquire Bank, it is unnecessary at this time for the Board to act on Bank's application to become a member of the Federal Reserve System.

8. The remaining shares will be acquired by local individual investors.

On the basis of the facts of record, the application to acquire Bank is denied for the reasons summarized above.

By order of the Board of Governors, effective May 3, 1983.

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

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

Ellis Banking Corporation, Bradenton, Florida

Order Approving Acquisition of Bank

Ellis Banking Corporation, Bradenton, Florida, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares of Dixie County State Bank, Cross City, Florida ("Bank").

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

Applicant, the eighth largest banking organization in Florida, controls 18 banks with aggregate deposits of approximately $1.1 billion, representing approximately 2.8 percent of total deposits in commercial banks in the state.[1] Bank, with deposits of $18.6 million, is the 371st largest commercial bank in Florida, holding less than 0.1 percent of total deposits in commercial banks in the state. Acquisition of Bank would have no appreciable effect upon the concentration of banking resources in Florida. Bank is the only bank competing in the Dixie County banking market.[2] Because Applicant does not currently operate in this market, consummation of the proposed transaction will not eliminate any existing competition. The Board concludes that consummation of the proposal would not eliminate substantial probable future competition in the market because of the large number of potential entrants into the market and other facts of record. Accordingly, the Board concludes that competitive

1. All banking data are as of June 30, 1982.
2. The Dixie County banking market includes all of Dixie County, Florida.

considerations are consistent with approval of the application.

The financial and managerial resources of Applicant, its subsidiaries and Bank are regarded as generally satisfactory and their future prospects appear favorable. The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank(s), and that the Board would examine closely the condition of an applicant in each case with this consideration in mind. In this case, the Board concludes that although the proposal would entail the use of acquisition debt, the amount of debt involved in this proposal would not preclude Applicant from serving as a source of strength to its subsidiary banks. Thus, considerations relating to banking factors are consistent with approval of the application. Considerations relating to the convenience and needs of the community to be served also are consistent with approval. Accordingly, it is the Board's judgment that consummation of the proposal to acquire Bank would be in the public interest and that the application should be approved.

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

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

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

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

Fidelcor, Inc., Rosemont, Pennsylvania

Order Approving Merger of Bank Holding Companies

Fidelcor, Inc., Rosemont, Pennsylvania, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with Southeast National Bancshares of Pennsylvania, Inc., Malvern, Pennsylvania ("Bancshares"), also a bank holding company. As a result of the transaction, Fidelcor would acquire Bancshares' subsidiary bank, Southeast National Bank of Pennsylvania, Malvern, Pennsylvania, ("Southeast Bank").

Notice of the application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).[1] Applicant, the seventh largest commercial banking organization in Pennsylvania, controls one bank, The Fidelity Bank ("Fidelity"), with aggregate deposits of $2.4 billion, representing 3.3 percent of the total deposits in commercial banks in the state.[2] Bancshares, the sixteenth largest commercial banking organization in Pennsylvania, controls one subsidiary bank with aggregate deposits of $672 million, representing 0.9 percent of the total deposits in commercial banks in the state. Upon consummation of the proposal Applicant would become the fourth largest commercial banking organization in the state, controlling 4.2 percent of the total deposits in commercial banks in the state. In addition, the share of commercial bank deposits held by the four largest banking organizations in the state would increase from 36.4 percent to only 36.8 percent, and Pennsylvania would remain one of the least concentrated states in the United States. Accordingly, the merger of Applicant and Bancshares would not have any significant effect on the concentration of banking resources in Pennsylvania.

Both Fidelity and Southeast Bank operate exclusively in the Philadelphia banking market.[3] Fifty-six commercial banks operate 967 offices throughout the market, and the share of commercial banking deposits held by the four largest banking organizations in the market is 45.3 percent. The Herfindahl-Hirschman Index ("HHI") in the Philadelphia market is 762. Fidelity is the fifth largest commercial banking organization in the Philadelphia market, controlling 8.5 percent of the total deposits in commercial banks in the

1. This application was protested by the Philadelphia Council of Neighborhood Organizations (PCNO) which alleged violations of the Community Reinvestment Act. Specifically, PCNO asserted that Applicant's banking subsidiary, The Fidelity Bank, did not adequately meet the credit needs of low income residents and small businesses in its service area and that the bank engaged in discriminatory mortgage lending practices. Applicant and PCNO had several meetings to discuss PCNO's allegations and, after the parties reached a formal agreement, PCNO withdrew its protest.

2. Unless otherwise indicated, all banking data are as of December 31, 1982.

3. The Philadelphia banking market is approximated by the Philadelphia SMSA, which is comprised of Philadelphia, Montgomery, Bucks, Chester, and Delaware counties, Pennsylvania; and Camden, Burlington, and Glouster counties, New Jersey.

market. Southeast is the tenth largest commercial banking organization in the market, controlling 2.8 percent of the total deposits in commercial banks in the market.[4] Upon consummation of the proposal, Applicant would become the third largest commercial banking organization in the market and control 11.3 percent of the total deposits in commercial banks in the market. The four-firm concentration ratio and the HHI in the market would increase to 47.7 percent and 810 respectively.[5]

Although the merger would eliminate some existing competition between Applicant and Bancshares in the Philadelphia banking market, the Board does not believe that the effect of this transaction on existing competition would be significant. The Philadelphia banking market is unconcentrated and numerous banking alternatives would remain in the market upon consummation. In addition, the Philadelphia banking market contains 125 thrift institutions that control deposits of $20.2 billion representing 49.3 percent of the total deposits in the market. The Board believes that thrift institutions exert a considerable competitive influence in this market as they are providers of NOW accounts, other transaction accounts, and consumer loans. In addition, thrift institutions in this market have the power to and are in fact engaged in the business of making commercial loans and provide an alternative for such services for customers in the Philadelphia banking market.[6] Thus, the Board has considered the presence of thrift institutions in the Philadelphia market in assessing the competitive effects of this transaction and concludes that competitive considerations are consistent with approval of the transaction.

The Board has also considered the effect on existing and potential competition in the nonbanking activities in which Applicant and Bancshares engage. Applicant, through its subsidiary, Latimer and Buck, Inc. ("L&B"), originates and services commercial and residential mortgages. Southeast Bank also engages in these activities and holds small market shares of each product. These product lines, however, are characterized by numerous competitors and, therefore, the combination of L&B and Southeast Bank will have virtually no impact upon the competitive structure in any relevant market. The effect of this transaction on probable future competition would not be significant since L&B already operates in the geographic markets served by Southeast Bank, and the Bank, because of its limited resources, does not appear to be a probable future entrant into the geographic markets served by L&B.

Both Applicant, through Fidelcor Mortgage Corporation, and Southeast Bank engage in consumer finance activities. Applicant, however, operates in the southern United States while Southeast Bank operates primarily in the Philadelphia region. Thus, this transaction would have no effect on existing competition in this line of commerce. Any effect on probable future competition resulting from this merger would be insignificant in light of the numerous probable future entrants and the ease of entry into this line of commerce.

The financial and managerial resources of Applicant, Bancshares and their respective subsidiaries are considered generally satisfactory, and banking factors are therefore consistent with approval of this application. Although there is no indication that the convenience and needs of the community are not being met, consummation of the proposal will produce certain benefits to the communities served, including an increase in Fidelity's and Southeast Bank's lending limits. Also, Southeast Bank will begin to offer international services (financing and foreign exchanges), asset-based lending, and an educational loan program. In addition, both subsidiary banks have satisfactory records of meeting the credit needs of their communities under the Community Reinvestment Act. Thus, considerations relating to the convenience and needs of the community to be served are consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the application under section 3 of the Act should be and is hereby approved. The merger shall not be made before the thirtieth calendar day following the effective date of this Order, and shall not be made later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Philadelphia, pursuant to delegated authority.

By order of the Board of Governors, effective May 17, 1983.

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

JAMES MCAFEE,
Associate Secretary of the Board

[SEAL]

4. Market data are as of June 30, 1981 and include mergers and acquisitions approved as of April 1983.

5. Under the Department of Justice merger guidelines, a market with a post-merger HHI below 1,000 is considered unconcentrated and the Department is unlikely to challenge mergers in such markets.

6. Under provisions of the recently enacted Garn-St Germain Depository Institutions Act of 1982 the commercial lending powers of federal thrift institutions have been significantly expanded. Title III 96 Stat. 1469, 1499-1500.

Orders Under Section 4 of Bank Holding Company Act

Commerce Bancshares, Inc., Kansas City, Missouri

Order Approving Insurance Agency Activities

Commerce Bancshares, Inc., Kansas City, Missouri, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)), for permission to engage de novo, through its subsidiary, Commerce Property and Casualty Agency, Inc. ("Agency"), in the sale of property and casualty insurance directly related to extensions of credit by Applicant's bank and nonbank subsidiaries and insurance directly related to the provision of other financial services by Applicant's subsidiaries. Such nonbank activities have been determined by the Board to be closely related to banking and therefore permissible for bank holding companies. (12 C.F.R. § 225.4(a)(9)).[1]

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published.[2] The Independent Insurance Agents of America, Inc., and the Independent Insurance Agents of Missouri, Inc. (collectively "Protestants") submitted comments in opposition to the application and requested the Board to order a formal hearing on the proposal. On January 12, 1982, the Board issued an order scheduling a formal public administrative hearing to determine whether consummation of the subject proposal could reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. The Board stated that the United States Court of Appeals for the Eighth Circuit had recently vacated a Board order approving an application by Mercantile Bancorporation, Inc., St. Louis, Missouri ("Mercantile") to engage in property and casualty insurance and remanded the case for an evidentiary hearing.[3] The Board stated that the Mercantile application, which was also objected to by Protestants, involved allegations similar to those raised by Protestants with respect to this application.[4]

A formal public hearing, conducted in accordance with the Board's Rules of Practice for Hearings (12 C.F.R. Part 263) was held in St. Louis, Missouri, on June 1–8, 1982, before an Administrative Law Judge appointed at the Board's request. A substantial record on the application was developed through submission of exhibits and testimony and participation of Applicant, Protestants, and counsel for the Board.

In his Recommended Decision dated January 12, 1983, Administrative Law Judge Max O. Regensteiner concluded, based upon evidence of record, that, subject to certain conditions, Applicant's proposal was likely to result in public benefits and was not likely to result in adverse effects and, accordingly, recommended that the Board approve the application. Protestants timely filed exceptions to the Administrative Law Judge's Recommended Decision.

Having carefully considered the entire record of the proceeding, including the comments received, and the transcript, exhibits, written testimony, rulings, and briefs filed in connection with the hearing, and the Recommended Decision filed by the Administrative Law Judge, together with the exceptions thereto, the Board has determined that the Administrative Law Judge's findings of fact, conclusions of law, and recommendations, as modified and supplemented herein, are fully supported by the evidence of record and should be adopted as the findings and conclusions of the Board.

Applicant is the third largest banking organization in Missouri, with aggregate deposits of over $2 billion. Agency would engage de novo in the sale as agent or broker of property and casualty insurance in connection with extensions of credit by Applicant's subsidiary banks.[5] Such insurance would include casualty insurance to protect any property used as collateral in which Applicant's subsidiaries have a security interest as a result of an extension of credit, and liability insurance that as a general practice is written in conjunction with insurance protecting collateral in which Applicant's subsidiaries have a security interest as a result of an extension of credit. Agency's activi-

1. Because it was pending on May 1, 1982, this application is not subject to the prohibitions of the Garn-St Germain Depository Institutions Act of 1982, Pub. L. No. 97-320, § 601(D), 96 Stat. 1537 (1982).
2. 46 *Federal Register* 48761 (1981).
3. *Independent Insurance Agents of America, Inc.* v. *Board of Governors*, 658 F.2d 571, reh. denied, 666 F.2d 177 (1981) ("Mercantile").

4. In the interests of economy, the hearings on these two applications were partially consolidated. The court in Mercantile directed a hearing on the following issues: (a) the precise manner in which de novo entry was to be effected; (b) the general cost of insurance to be issued; (c) potential conflicts of interest; (d) the potential for tying (either coercive or voluntary); and (e) the competitive impact of the proposal. 658 F.2d at 576.
5. The application also encompassed the sale of similar insurance related to extensions of credit by applicant's two nonbank subsidiaries, insurance directly related to "the provision of other financial services" by Applicant's subsidiaries, and certain safekeeping insurance.

ties would be conducted from a central office located at Applicant's headquarters in Kansas City. Under Applicant's proposal, insurance would be sold on bank premises by employees of the subsidiary banks, who will be licensed insurance agents.

Section 4(c)(8) of the Act provides that the Board may approve a bank holding company's application to engage in a nonbanking activity only after the Board has determined that the proposed activity is so closely related to banking as to be a proper incident thereto. The Board has determined by regulation that the sale, as agent, of credit-related insurance and the sale of insurance related to the provision of other financial services are permissible nonbank activities.[6] This determination was affirmed on judicial review in *Alabama Association of Insurance Agents* v. *Board of Governors*.[7]

To approve an application under section 4(c)(8) of the Act, the Board must also determine that the performance of the proposed activities by a nonbank subsidiary of a bank holding company can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.

Public Benefits and Adverse Effects

Consistency with State and Federal Banking Law

Protestants assert that neither national banks nor banks chartered under Missouri law are expressly authorized to act as agents in selling credit property and casualty insurance and that therefore Applicant's subsidiary banks are prohibited from engaging in the proposed insurance agency activities.[8] However, these laws relied on by Protestants govern the powers of banks and do not by their terms prohibit the acquisition by a bank holding company of a nonbank subsidiary engaged in selling credit-related insurance. At least one court has held, however, that the Board's determination whether public benefits may be expected from a particular proposal to engage in insurance activities depends on whether applicable laws may restrict or limit the manner in which the applicant conducts the proposed services.[9] The rationale of this decision suggests that, in assessing the public benefits claimed by Applicant, the Board must determine if laws cited by Protestants might restrict the manner in which Applicant contemplates carrying out the proposed activities and thus affect the likelihood of expected public benefits or adverse effects.

The laws governing the powers of national and Missouri banks would not affect this proposal unless Applicant's subsidiary banks are, to some extent at least, themselves engaged in the activity proposed by Applicant. With respect to Applicant's Missouri-chartered banks, it is unnecessary for the Board to consider this question because, even if these banks are viewed as engaged in selling credit property and casualty insurance, it seems reasonably clear that they are permitted to do so under Missouri law. In resolving issues of state law, the Board considers the relevant statute itself, any judicial interpretations of that law and, in the absence of judicial construction, opinions of the relevant state administrator. There is no Missouri statute or court opinion directly pertaining to this issue, but, at the Administrative Law Judge's request, the state Commissioner of Finance submitted an opinion on this issue, stating that Missouri banks are authorized to provide the type of credit-related insurance proposed by Applicant based on, among other things, a 1981 statute permitting a state bank to exercise all powers "necessary, proper and convenient" to effect any or all of the purposes for which it was formed.[10] The Board does not believe that the Commissioner's opinion is unreasonable or plainly erroneous. It is not unreasonable to view selling property and casualty insurance to protect the collateral the bank has taken on an extension of credit as necessary and convenient to the making of the loan, because property and casualty coverage of the collateral is a prerequisite in many cases to the making of a secured loan.[11]

Protestants argue that if the Missouri legislature had intended to permit banks to sell credit property and casualty insurance, it would have said so expressly. The very purpose of an incidental powers clause, however, is to avoid the necessity of enumerating specific activities. Moreover, contrary to Protestants' claim, the Commissioner's interpretation of the scope of necessary incidental powers does not blur the distinction between a state bank and a state trust company, which may serve as an insurance broker generally, [12] because a bank may only sell property and casualty insurance directly related to an extension of credit by the bank, while trust company insurance

6. 12 C.F.R. § 225.4(a)(9).

7. 533 F.2d 224 (5th Cir. 1976), modified on rehearing, 558 F.2d 729 (1977), cert. denied, 435 U.S. 904 (1978).

8. Applicant has both national and Missouri-chartered subsidiary banks.

9. *Florida Ass'n. of Ins. Agents* v. *Board of Governors*, 591 F.2d 334, 338–40 (5th Cir. 1979).

10. Mo. Ann. Stat. § 362.106(1).

11. See *Alabama Ass'n. of Ins. Agents* v. *Board of Governors*, 533 F.2d at 244.

12. Mo. Ann. Stat. § 362.105.2(7).

agency activities are under no such limitation. In their arguments on the expected convenience aspects of this proposal, Protestants recognize that the limitation to credit-related insurance differentiates that activity from general insurance agency functions.[13]

With respect to national banks, the law regarding credit-related property and casualty insurance is less clear. The only court opinion on the sale by national banks of such insurance ruled that the activity is not authorized.[14] In a letter to the Administrative Law Judge, the Comptroller's staff stated that this decision was incorrect because, among other things, it has now been recognized that national banks may sell credit life insurance as a permissible incidental activity and that credit property and casualty coverage may also reasonably be viewed as an appropriate incidental activity. This staff opinion has not yet been adopted by any court, creating uncertainty as to whether Applicant's subsidiary national banks, if deemed to be engaged to some extent in the proposed activity, may do so under the National Bank Act.

Accordingly, the Administrative Law Judge recommended that the application be approved on the condition that employees of Applicant's national bank subsidiaries enter into employment contracts with Agency providing for the payment by the holding company of a regular salary to those employees and permitting Agency to control the employees' selling of credit property and casualty insurance. The Board adopts this condition recommended by the Administrative Law Judge in order to eliminate any legal uncertainty concerning whether the proposed activities will be carried out in the manner planned by Applicant. In the Board's view, such a condition would give the holding company sufficient control over the conduct of the selling of insurance that the activity would not be viewed as an activity of the bank.[15]

13. The Commissioner also found authority to sell credit property and casualty insurance implicit in a Missouri bank's statutory authority to make loans. Mo. Ann. Stat. § 362.105.1(1). Protestants point to a 1936 opinion of the Missouri Attorney General interpreting the lending and other powers of state banks and concluding that the lack of express authorization precludes a state bank from selling any insurance. However, the fact that for eight years state banks have been permitted by the Commissioner to sell credit life insurance suggests that the rationale of the Attorney General's opinion is no longer adhered to.

14. *Saxon* v. *Georgia Ass'n. of Independent Ins. Agents*, 399 F.2d 1010 (5th Cir. 1968). The court reasoned that since a national bank is expressly permitted to act as an agent for life, fire, and other types of insurance coverage in a town with a population of less than 5,000, the bank is prohibited from offering insurance in towns with a greater population. Virtually all of Applicant's national bank subsidiaries are located in towns with a population in excess of 5,000.

15. *Grandview Bank & Trust Co.* v. *Board of Governors*, 550 F.2d 417, 429 (8th Cir.), cert. denied, 434 U.S. 821 (1977) (holding that as a general matter, the separate corporate entities of companies in a bank holding company system should be respected, unless the corporate entities are operated in a unitary fashion or there is "fraud or a complete subterfuge").

Contrary to Protestants' claims, the Board, as evidenced by its consistent and longstanding practice, has the authority to impose conditions on its approval of a proposal under section 4(c)(8) to eliminate from the proposal grounds that would justify denial of the application. In any event, Applicant has not objected to the imposition of the condition requiring employment contracts, nor have Protestants identified any particular disputed facts relating to the operation of this condition that would necessitate an evidentiary hearing on this point.

Expected Public Benefits

Increased Competition. Approval of Applicant's proposal will add one new competitor with at least 38 offices in the state of Missouri. Congress expressly authorized the Board to differentiate, in connection with a bank holding company's application to engage in nonbanking activities, between de novo entry into a field and acquisition of a going concern.[16] Because de novo expansion provides an additional source of competition, the Board and the courts view such expansion as being procompetitive in the absence of evidence to the contrary.[17]

In its ruling on the Mercantile order, the court of appeals found that the Board may not automatically approve all de novo acquisitions and directed the Board to hold an evidentiary hearing on the precise manner in which de novo entry is to be accomplished as well as other possible adverse effects.[18] Because the hearing on this case has been held jointly with that on the Mercantile application, the facts surrounding the manner of Applicant's de novo entry into credit property and casualty insurance business also have been examined. The record here demonstrates that approval of Applicant's proposal would result in the introduction of a competitor offering a more convenient service—the ability to obtain a loan and insurance at a single location. According to the record, the attractiveness of "one-stop shopping" is likely to force independent agents to improve their services in order to compete with the new entrants.[19] In addition, Applicant will offer certain insurance products, such

16. 12 U.S.C. § 1843(c)(8). The legislative history of the Act demonstrates that Congress authorized this distinction because it viewed de novo entry as beneficial to competition. S. Rep. No. 1084, 91st Cong., 2d sess. 15, 16 (1970).

17. *BankAmerica Corporation (Decimus Corporation)*, 66 FEDERAL RESERVE BULLETIN 511 (1980); *Citicorp (Person to Person)*, 65 FEDERAL RESERVE BULLETIN 507 (1979); *U.N. Bancshares, Inc.*, 59 FEDERAL RESERVE BULLETIN 204 (1973); *Alabama Ass'n. of Ins. Agents* v. *Board of Governors*, 533 F.2d at 249.

18. 658 F.2d at 574–75.

19. Protestants' claim that this competition would be unfair is discussed below.

as mobile home insurance, not currently offered in all geographic markets. Finally, the record indicates that other bank holding companies and other financial institutions, including one of the largest holding companies in the state,[20] currently sell credit property and casualty insurance. Approval of this proposal would permit Applicant to offer a similar range of services as these organizations and to compete even more effectively for banking customers.[21]

Greater Convenience. Applicant would place a licensed insurance agent at each office of its bank or nonbank subsidiaries where insurance would be offered. The evidence shows that this arrangement would provide increased convenience at least for those loan customers who do not already have insurance coverage that would automatically extend to the loan collateral or could easily be extended to cover the collateral. Such customers would be able to avoid an additional visit with another agent (and the resulting duplicative paperwork) and to deal with a single person knowledgeable about both aspects of the transaction.

Protestants allege that this increased convenience, found by the Administrative Law Judge to be "self evident," would be offset by alleged inconveniences inherent in the proposed services. For example, Protestants point out that when the loan covering insured collateral has been paid, Applicant could not renew the insurance coverage on the collateral. Nor could Applicant offer multi-car or "fleet" discounts if Applicant has not extended credit on all the insured's vehicles. However, Applicant has obligated its agents to advise customers of the limitation on the scope of coverage Applicant offers. Thus, a customer who chooses insurance offered by Applicant is likely to be aware of any potential inconveniences and would presumably not purchase the insurance if it were seriously inconvenient. The Board believes that the fact that a holding company either chooses not to offer certain services, or is prevented by the Board's regulations from offering those services, does not represent the kind of adverse effect with which section 4(c)(8) is concerned, because the adverse effect asserted by Protestants is completely avoidable from the borrower's perspective.[22] The Board considers the insurance agency activities of holding companies to be an alternative to, rather than a replacement for, services provided by independent insurance agents, and believes that insurance customers should be allowed to choose between such alternatives. Protestants, on the other hand, in effect assert that customers should be denied this choice because Applicant cannot offer a complete range of services. The Board finds this contention to be without merit.

Protestants also assert that because Applicant's agents would spend a relatively small part of their time on insurance activities, the quality of their service to the public would be lower than that provided by independent agents. This contention is not supported by the record. The employees of Applicant would provide only a few types of insurance coverage, so it is likely that they would develop expertise in those limited fields. Nor does the record support a finding that the quality of service provided by Applicant's agents would be significantly less than the average quality of services provided by independent agents.

Increased Efficiency. Applicant claims that efficiencies will be gained as a result of the proposal, resulting primarily from economies of scale due to centralization of Applicant's operations. Because of a lack of specific evidence to support these contentions, the Administrative Law Judge found little likelihood of increased efficiency as a result of this proposal. This finding is reasonable and is adopted by the Board.

Lowest Practicable Cost. Applicant has indicated that it would offer insurance at the lowest practicable cost to the customer. This intention reflects the statement made by the Board in the preamble to the amendment to Regulation Y adding insurance agency activities to the list of permissible activities for bank holding companies. The Board expressed its expectation that

> . . . any holding company or subsidiary that acts as an insurance agent on the basis of the new regulatory provision will exercise a fiduciary responsibility—that is by making its best effort to obtain the insurance at the lowest practicable cost to the customer.[23]

The Administrative Law Judge found, based on testimony that Applicant could not offer the lowest premiums in the market but would attempt to offer insurance as cheaply as possible, that Applicant would comply with the Board's expectation on cost of insurance. Protestants challenge this finding, asserting that Applicant has failed to submit any evidence as to the relative cost of the insurance to be sold. These conten-

20. See *First Union Bancorporation*, 67 Federal Reserve Bulletin 515 (1981).

21. Applicant also offered evidence that its de novo entry would have a beneficial effect on price competition. The Administrative Law Judge found such evidence unpersuasive, particularly in light of the fact that the cost of insurance coverage is usually determined by the underwriter, not the agent. The Board makes no findings on any compelling procompetitive effects due to increased price competition.

22. See *Virginia National Bankshares, Inc.*, 66 Federal Reserve Bulletin 668, 671 (1980), aff'd sub nom., *Independent Ins. Agents of America, Inc.* v. *Board of Governors*, 646 F.2d 868 (4th Cir. 1981) ("Virginia National").

23. 36 *Federal Register* 15,525 (1971).

tions appear in part to be based on a misunderstanding of the nature of the Board's expectation concerning the cost of credit insurance sold by bank holding companies.

The Board has not had prior occasion to elaborate on the meaning of its expectation that a bank holding company would provide insurance at the lowest practicable cost. Based on a review of the issues raised in the original rulemaking proceeding on insurance activities, the Board believes that its expectation that a bank holding company selling insurance would be under a fiduciary duty means that the holding company should serve as agent for the loan customer/insured, not solely for itself or for the underwriter of the insurance being sold. Thus, a holding company should put aside its own interest in obtaining a commission and make a reasonably diligent effort to obtain the insurance for the customer on the best possible terms, including the lowest cost.[24] Since the fiduciary duty to obtain insurance is limited by concerns of practicability, however, the holding company should also consider the quality of the services to be provided in determining what constitutes the lowest cost.

In any event, it is clear that the Board does not require an affirmative showing by a bank holding company that the cost of the insurance it sells must be reduced below the prevailing costs for the particular type of coverage involved as a prerequisite for approval of an application. Where the Board has imposed a requirement of reduced costs as a condition for engaging in a nonbanking activity, as it has done regarding the underwriting of credit life insurance, the Board has made this condition explicit in the terms of Regulation Y itself.[25] The Board has in the past approved many applications to sell credit-related insurance without requiring a specific showing of a reduction in the cost of the insurance to be sold. In the Alabama case, for example, the court upheld the Board's determination that particular applications to sell credit-related insurance, including property and casualty insurance, met the net public benefits test of section 4(c)(8) without any specific showing that the insurance would be offered at a cost lower than insurance sold by competitors.[26] Some applicants have made a voluntary commitment to provide insurance to their customers at below prevailing costs. Such a commitment has been considered a positive public benefit for purposes of the section 4(c)(8) balancing test. On the other hand, evidence that an applicant would not exercise reasonable diligence in obtaining insurance coverage at the lowest practicable cost must be viewed as an adverse effect that, when weighed against possible public benefits, might well require denial of such an application.

There is no evidence in the record that the cost of the credit-related insurance sold by Applicant here would necessarily be higher than the costs of comparable coverage sold by other agents or that Applicant's agents would not make reasonable efforts to obtain the types of coverage it chooses to sell on the best possible terms, including the lowest cost. Applicant submitted no specific evidence on the underwriters of the credit insurance to be sold or on the relative costs of such insurance, but reiterated that, judged in terms of costs as well as services provided, Applicant would endeavor to provide insurance as cheaply as possible. In light of this evidence the Board finds that cost considerations would not present any adverse effects but, in the absence of any affirmative showing of reductions of costs, would produce only slight public benefits.[27]

In summary, the Board finds that this proposal is likely to result in benefits to the public in the form of increased competition and greater convenience.

Lack of Significant Adverse Effects

Decreased Competition or Undue Concentration of Resources. Since Applicant would enter the credit property and casualty insurance field de novo, this proposal would not result in the elimination of any existing or potential competition or in any undue concentration of resources. Protestants allege that the proposal will have a harmful effect on independent insurance agents, pointing to evidence that because of Applicant's size and statewide presence, Agency would soon reach significant size in relation to the typical independent agency. The fact that Applicant, by offering lower prices or better services, may take business away from some inefficient independent agents does not in itself constitute decreased competition for purposes of section 4(c)(8) for, as the Board has noted elsewhere, the antitrust laws are designed to protect competition, not competitors.[28] In any event, there is no persuasive evidence that Agency's size alone will give it unwarranted market power, given the

24. As a general rule, any insurance agent who obtains insurance on behalf of an insured is under a fiduciary duty to the insured. E.g., *Zeff Dist. Co. v. Aetna Casualty & Surety Co.*, 389 S.W. 2d 789, 795 (Mo. 1965); Myers, Legal and Professional Responsibilities of Agents and Brokers, in Property and Liability Insurance Handbook, 1028, 1034–35 (J. Long and D. Gregg eds. 1965).

25. 12 C.F.R. § 225.4(a)(10) ("The Board will only approve applications [to act as underwriter for credit life insurance] in which an applicant demonstrates that approval will benefit the consumer . . . [by] a projected reduction in rates . . . .").

26. 533 F.2d at 249. (The court noted only that there was evidence of some pressure for lower prices).

27. In directing a hearing on the Mercantile proposal, the court of appeals stated that the Board must consider general proposed insurance rates in reviewing the validity of Protestants' claims that Mercantile's rates will be much higher than those offered by independent agents in the relevant markets. 658 F.2d at 576 n.7. Protestants have not advanced such claims with respect to this application.

28. E.g., *BankAmerica Corp (Decimus Corp.)*, 66 FEDERAL RESERVE BULLETIN at 515.

generally low barriers to entry into the industry and the fact that, while independent agencies are free to offer a full line of insurance, Agency may provide only property and casualty insurance related to extensions of credit by Applicant's subsidiaries. Moreover, as pointed out above, approval of this application would permit Applicant to compete with at least one other statewide bank holding company that currently is authorized to provide credit property and casualty insurance, and to offset the potential dominance of that company in this product submarket.

Unfair Competition—Voluntary Tie-Ins. Protestants allege that this proposal would result in the unfair tying of insurance sales to extensions of credit. Section 106 of the BHC Act Amendments of 1970 [29] makes it illegal for a bank to require the purchase of some additional service from the bank in order to obtain credit. By its terms, section 106, which the Board has applied by regulation to bank holding companies,[30] prohibits both implicit and explicit conduct on the part of the lender designed to convey the requirement that an additional service must be purchased. Protestants have produced no evidence that Applicant has not or will not comply with this prohibition.

Protestants also allege that, apart from explicitly coerced joint sales, the proposal would also produce significant voluntary tying, which results when a customer believes that he or she stands a better chance of obtaining a scarce product by purchasing another product or service from the same seller.[31] As the Board has consistently found, in accordance with congressional and judicial teaching, the likelihood of voluntary tying depends on the market power of the seller and the scarcity of the product offered. The possibility of voluntary tying is significantly reduced where the relevant markets are competitive and the number of alternative sources for the product (e.g., credit) is large. The record shows, as the Administrative Law Judge found, that there are at least several and, in many cases, significant numbers of banks and other lending institutions that serve as alternative sources of credit in the relevant geographic markets in which Applicant's subsidiary banks operate. Although there is evidence of market concentration in a few relevant markets, the banks involved represent such a small portion of Applicant's operations that the potential for voluntary tying in the context of the proposal as a whole is not significant.

In addition, Applicant has made a number of commitments designed to minimize the likelihood of voluntary tying. Applicant has committed that it would advise its customers in writing that the customer may choose insurance from any source, that Applicant's agent/loan officers would not discuss credit insurance with a prospective borrower until after the credit had been granted, and that the agent would not be compensated based on the amount of insurance sold.[32] Protestants question the likelihood of compliance with these commitments. However, the Board's practice of reliance on similar commitments has been approved by the courts,[33] the Board possesses ample authority to enforce such commitments,[34] and Protestants have offered no specific evidence that such commitments would not be observed.

Protestants challenge the Administrative Law Judge's conclusions regarding evidence submitted by Protestants relating generally to the unlikelihood of tie-ins in bank sales of credit insurance. The Administrative Law Judge found some of this testimony quite persuasive but concluded that the conclusions drawn by Protestants from such testimony had already been rejected by prior Board decisions. Protestants assert the Judge erred in not considering the particular facts in the record on this proposal, notwithstanding prior Board determinations. In light of these objections, an independent review of this evidence has been made, and the Board concludes that the Administrative Law Judge correctly determined that this record does not show a substantial likelihood of voluntary tie-ins. The evidence cited by Protestants, which consists of several economic studies prepared by Board staff and others, and expert testimony that tie-ins were likely because of the dominant power of the lender in a credit transaction, is based primarily on economic theory and on facts inherent in any sale of credit insurance by a banking organization and does not relate to any matter unique to Applicant's proposal. The Board has considered and commented on this evidence or evidence very similar in the rulemaking proceeding on the permissibility of credit insurance activities, in congressional hearings, and in many other applications under the Act. For the reasons stated in the Board's testimony and its orders on these occasions, the Board does

29. 12 U.S.C. §§ 1971–78.

30. 12 C.F.R. § 225.4(c)(1). The statute also provides that a person injured by an illegal tying arrangement may recover treble damages. 12 U.S.C. § 1975.

31. Voluntary ties (or implicitly coerced joint sales) are to be distinguished from truly voluntary joint sales, which may create a public benefit by reducing the inconvenience of searching for the second product.

32. As explained above, the Board has conditioned approval of this proposal on a requirement that agents employed by Applicant's subsidiary national banks be compensated for their insurance activities by a salary from Agency. The Board expects this commitment to extend to such salaries paid by Agency.

33. E.g., Virginia National, 646 F.2d at 869–70.

34. E.g., 12 U.S.C. § 1818(b)(1), (b)(3).

not believe that such evidence demonstrates the likelihood of voluntary tying in the sale of credit insurance by a banking organization, nor does the Board find that its staff's tie-in study (taking into account criticisms of that study) shows substantial probability of adverse tying arrangements.[35]

Protestants point to evidence directly related to this proposal, in particular the fact that, unlike other insurance agency proposals, under Applicant's proposal the employee making the loan would also serve as the agent selling the credit insurance in a number of cases. As the Administrative Law Judge found, however, any increased potential for tying resulting from this arrangement would be offset by the structure of the relevant markets and by Applicant's commitments, especially the commitment not to discuss insurance until after the loan has been approved.

The record also indicates that Applicant has achieved significantly high penetration rates[36] in the sale of credit-related life insurance, which is offered directly by its subsidiary banks. However, penetration rates alone do not necessarily demonstrate the extent of implicitly coerced joint sales, and experience regarding the sale of credit life insurance is not necessarily indicative of practices in the sale of credit property and casualty insurance since, unlike credit property and casualty insurance, credit life insurance is offered only by lenders, and is significantly less expensive than credit property and casualty insurance.

Because of the existence of alternative sources and the relatively high cost, borrowers are likely to feel much less obligated to volunteer to purchase property and casualty insurance through Applicant than to purchase credit life insurance. Moreover, the sale of credit life insurance by Applicant's banks does not appear to be subject to the anti-tying commitments made here with respect to the sale by Agency of credit property and casualty coverage.

Nevertheless, the record indicates that Applicant has aggressively encouraged the sale of credit life insurance by its loan officers and has established a program of recognition for bank officers who achieve high penetration rates. The Administrative Law Judge found that such promotional practices might enhance the possibility of tying if followed in the sale of credit property and casualty insurance. He recommended that conditions be imposed that would prohibit internal promotional activities designed to encourage Applicant's agents to sell property and casualty insurance, such as special recognition programs for successful agents, and that would require Applicant to provide affirmative instruction in this regard to the concerned personnel. The Board finds these conditions are reasonable and adopts them. Based on the facts of record, and in light of commitments made by Applicant, the Board finds that the possibility of tying does not represent a serious adverse effect of this proposal.[37]

Conflicts of Interest. Protestants also assert that the proposal would result in serious conflicts of interest because, for example, Applicant may encourage customers to finance insurance premiums rather than take advantage of cheaper premium deferral plans or to choose lower deductibles in order to obtain better protection for the underlying collateral. Applicant, for its part, states that it would offer premium deferral plans if offered by the underwriters selected, would not encourage the selection of low deductibles, and would advise customers of the possibility of "fleet" discounts under their existing policies if Applicant had not extended credit on all of the customers' vehicles. In addition, compensation of Applicant's agents would not depend on the amount of insurance sold and special rewards to employees for the sale of credit property and casualty insurance would be prohibited under the conditions imposed on approval of this application.

Based on the record, the Board concludes that the possibility of adverse effects resulting from conflicts of interest as a result of the proposal is only slight. As the court in the Alabama case stated:

> [c]ontrary to the argument of the NAIA parties [Protestants], the fact that a holding company's interest as a lender and as an insurer do not totally converge does not require the conclusion that conflicts of interest will occur.[38]

35. Much of this general evidence cited by Protestants relates to other types of insurance, such as credit life and title insurance, that differ in material respects from credit property and casualty coverage, or relates to lenders, such as independent finance companies, that are not subject to the comprehensive federal regulation applicable to banking institutions. Moreover, the theoretical arguments concerning the dominant position of a creditor in a loan transaction are countered by accepted economic doctrine that such power is diluted by the existence of other sources of credit. Finally, the Board has, in testimony presented to Congress, explained why the criticisms of its staff study do not undermine the conclusions reached by the study.

36. Penetration rate refers to the percentage of loan customers of a particular lender who also purchase credit insurance from the lender or its affiliate.

37. Protestants' assertion that Applicant would engage in unfair competition by requiring independent agencies to submit their customer lists in connection with loans from Applicant's subsidiaries to such agencies does not appear realistic, since Applicant may sell credit insurance only to its loan customers, a fact that may be independently obtained from Applicant's own records. Nor does it appear that a banking organization would obtain any unfair advantage by having exclusive access to prospective customers for insurance at the time they seek a loan and hence have most need of insurance coverage. These same customers are very likely to have a relationship with a non-bank-related agent for types of insurance, i.e., ordinary life insurance, that a banking organization may not sell.

38. 533 F.2d at 252.

Protestants' Procedural Claims

Protestants object to the Administrative Law Judge's rejection of Protestants' motion to strike the brief filed by counsel representing the Board in this proceeding, which Protestants assert was biased against them. Since this motion was without merit, the Administrative Law Judge clearly did not abuse his discretion in denying it. A review of the record indicates that Board counsel did not unfairly carry Applicant's burden of proof.[39] The Board's regulations governing formal hearings do not prohibit Board counsel from taking a position on the evidence adduced at a hearing, especially if, as here, the Board has already taken positions on the legal ramifications of many of the facts involved.[40] The fact that such positions were adverse to Protestants does not demonstrate unfair bias. Moreover, the lack of prejudice to Protestants is further demonstrated by the fact that Protestants were able to, and did, submit to the Administrative Law Judge and the Board briefs pointing out in detail what Protestants believed to be errors in the positions taken by Board counsel. Protestants' claim that the Administrative Law Judge was unduly influenced by Board counsel is without merit. It is evident from the Recommended Decision that the Administrative Law Judge conducted an independent review of the evidence and arguments and, indeed, did not accept Board counsel's arguments on some points.

Protestants also request the opportunity to present oral argument before the Board on this case. In the Board's view, the numerous briefs and other submissions of the parties adequately explain the issues involved and, accordingly, oral argument before the Board at this time would serve no useful purpose.

Based upon all evidence and legal arguments presented by the parties, the Board finds that consummation of this proposal, subject to the conditions imposed in this Order, may not reasonably be expected to produce any significant undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects. The Board further finds that public benefits in the form of increased competition and greater convenience can reasonably be expected to result from this proposal, and that such public benefits are sufficient to outweigh the slight possibility that adverse effects, such as voluntary tying or conflicts of interest, might result from this proposal.

39. Indeed, Board counsel's cross-examination of Applicant's witness demonstrated that the strength of its commitment on cost of insurance sold was not what it appeared to be initially.

40. The Board's rules provide that Board counsel "shall represent the Board in a nonadversary capacity for the purpose of developing for the record information relevant to the issues to be determined by the presiding officer and the Board." 12 C.F.R. § 263.6(d).

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved, subject to the conditions that (1) all employees of Applicant's national bank subsidiaries engaged in selling credit property and casualty insurance enter into employment contracts with Agency providing for the payment of a regular salary by the holding company to such employees and permitting Agency to control the employees' sale of insurance; and that (2) neither Applicant nor any of its subsidiaries undertake internal promotional activities, including employee recognition and similar programs, designed to encourage Applicant's agents to sell credit property and casualty insurance, and that Applicant provide instruction to such agents concerning this requirement. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder or to prevent evasion thereof. The Board has also relied on the commitments made by Applicant with regard to this proposal and is prepared to ensure compliance with those commitments.

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

By order of the Board of Governors, effective May 31, 1983.

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

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

Florida Coast Banks, Inc., Pompano Beach, Florida

Midlantic Banks, Inc., Edison, New Jersey

Order Approving the Opening of Additional Offices of Florida Coast Midlantic Trust Company, N.A.

Florida Coast Banks, Inc., Pompano Beach, Florida ("Florida Coast"), and Midlantic Banks, Inc., Edison, New Jersey ("Midlantic"), both bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1841 et seq.), have applied for the Board's approval, under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b) of the Board's Regulation Y (12 C.F.R. § 225.4(b)), to establish in Boca Raton and Palm Beach, Florida, de novo offices of their joint venture trust company, Florida Coast Midlantic Trust Company, N.A., Lighthouse Point, Florida ("Trust Company"). The Board previously authorized Midlantic and Florida Coast to establish Trust Company as a joint venture.[1] Trust Company engages in functions or activities that may be performed by a trust company. Such activities have been found by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(4)).

Notice of the application, affording opportunity for interested persons to submit comments and views has been duly published. 48 *Federal Register* 11,511 and 16,540 (March 18 and April 18, 1983). The time for filing comments and views has expired and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Midlantic controls seven banks with aggregate deposits of approximately $3.2 billion and is the second largest bank holding company in New Jersey.[2] Through its nonbanking subsidiaries, Midlantic is engaged in the activities of mortgage banking, equipment leasing, factoring, and holding overseas investments. Midlantic also engages in the activity of providing trust services through its subsidiary banks. Midlantic manages $1.4 billion in trust assets through its lead bank.

Florida Coast controls two banks with aggregate deposits of approximately $358.9 million and is the twentieth largest bank holding company in Florida. Florida Coast also provides trust services through its subsidiary banks.

Trust Company currently operates through one office, which is located in the Miami-Fort Lauderdale banking market.[3] This proposal represents an expansion of Trust Company's operations into the eastern Palm Beach County banking market.[4] Midlantic does not provide trust services in eastern Palm Beach County. However, Florida Coast engages in providing full service trust and fiduciary services in eastern Palm Beach County through its subsidiary, First Bank and Trust Company of Palm Beach County, Boynton Beach, Florida ("First Bank"). Therefore, consummation of this proposal would eliminate some existing competition between First Bank and Trust Company in the market for trust services in the eastern Palm Beach County banking market.

In this regard, Florida Coast and Midlantic have stated that Trust Company would not seek directly or indirectly referrals of trust customers from the retail banking network or trust operations of First Bank. The de novo offices would seek customers in eastern Palm Beach County who do not have a banking or fiduciary relationship with First Bank. Further, the market for provision of trust services in eastern Palm Beach County is not concentrated and there are numerous other providers of trust services in that market. Based on the foregoing, the Board concludes that consummation of this proposal would not have an adverse effect on existing competition for trust services in the eastern Palm Beach County banking market.

With regard to the effect of this proposal on probable future competition, the Board previously determined that Midlantic is not a likely independent entrant into the markets for trust services in Florida served by Florida Coast and Florida Coast is not a likely entrant into the New Jersey markets served by Midlantic.[5] The Board also found that, since the barriers to entry in the trust business are low, there are numerous potential entrants in this market. The Board has reviewed the facts and circumstances relating to the instant applications in this regard and believes it is appropriate to reaffirm its previous determinations. Accordingly, the Board concludes that consummation of this proposal would not adversely affect probable future competition in any market.

Consummation of this proposal would provide a new source of trust services at two locations in eastern Palm Beach County. This proposal, therefore, may be expected to increase competition for trust services in eastern Palm Beach County and provide greater convenience to the communities served, as well as to Midlantic's trust customers who move to Florida. In addition, the combination of Midlantic's expertise in the provision of trust services with Florida Coast's knowledge of the relevant market is likely to result in Trust Company's becoming capable of competing for trust services with the large banking organizations in the eastern Palm Beach County banking market.

There is no evidence in the record to indicate that consummation of the proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking prac-

1. Florida Coast Banks, Inc., and Midlantic Banks, Inc., 68 FEDERAL RESERVE BULLETIN 781 (1982).
2. Banking data for Midlantic and Florida Coast are as of June 30, 1982.
3. The Miami-Fort Lauderdale banking market consists of Dade and Broward counties, Florida.
4. The eastern Palm Beach County banking market consists of the eastern portions of Palm Beach County, Florida.
5. Florida Coast Banks, Inc., and Midlantic Banks, Inc., supra at 781, 782.

tices, or other adverse effects on the public interests.[6] Accordingly, the Board concludes that the balance of public interest factors that it must consider under section 4(c)(8) of the BHC Act favors approval. In addition, financial and managerial resources and future prospects of Florida Coast, Midlantic and Trust Company are considered consistent with approval of the applications and the Board has determined that the applications should be approved.

This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modifications or terminations of the activities of bank holding companies or their subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder or to prevent evasions of the BHC Act. Finally, inasmuch as the Board has extensively considered the offering of trust services through the instant joint venture between Florida Coast and Midlantic and has determined that the public interest considerations of section 4(c)(8) favor approval of these applications, the Board has determined that future applications by Midlantic and Florida Coast to extend Trust Company's activities to additional offices may be processed in the same manner as other de novo applications under the provisions of section 225.4(b)(1) of Regulation Y (12 C.F.R. § 225.4(b)(l)). Accordingly authority is hereby delegated to the Federal Reserve Banks of New York and Atlanta jointly to take action with respect to applications properly filed as prescribed in that section.

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

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

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

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

6. In *Lewis* v. *BT Investment Managers, Inc.*, 447 U.S. 27 (1980), the Supreme Court held a provision of Florida law (Fla. Stat. Ann. § 658.29 (West 1981 Supp.)) that generally prohibited an out-of-state bank or bank holding company from acquiring a trust company or investment advisory company in Florida, to be unconstitutional at least insofar as it related to the acquisition of an investment advisory company. The rationale of that decision is directly applicable to the trust company prohibitions of section 658.29. The State of Florida has not objected upon the basis of this statute to previous applications of this type. Accordingly, the Board concludes that section 658.29 does not bar Midlantic's participation in this proposal.

Mercantile Bancorporation, Inc., St. Louis, Missouri

Order Approving Insurance Agency Activities

Mercantile Bancorporation, Inc., St. Louis, Missouri, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)), for permission to engage de novo, through its subsidiary, MBI Insurance Agency, Inc., St. Louis, Missouri ("MBI"), in the sale of property and casualty insurance directly related to extensions of credit by Applicant's subsidiary banks in Missouri. Such nonbank activities have been determined by the Board to be closely related to banking and therefore permissible for bank holding companies (12 C.F.R. § 225.4(a)(9)).[1]

In September 1979, Applicant submitted an application to engage de novo through MBI in the sale of credit-related property and casualty insurance. Notice of the application, affording opportunity for interested persons to submit comments on the public interest factors was published.[2] The application was protested by the Independent Insurance Agents of America, Inc., and the Independent Insurance Agents of Missouri (collectively "Protestants").

On August 22, 1980, the Board issued an Order approving the application, finding that the application described the proposed activities with sufficient clarity and that the proposal was likely to have a procompetitive effect and was not likely to result in the tying of insurance to the extensions of credit by Applicant's banks, reduced convenience, or other adverse effects.[3] Finding no disputed issue of material fact, the Board denied Protestants' request for a formal hearing on the proposal.[4]

Protestants sought judicial review of the Board's Order and, on September 1, 1981, the United States Court of Appeals for the Eighth Circuit vacated the Board's Order and remanded the application to the Board for an evidentiary hearing.[5] In particular, the Court directed the Board to afford opportunity for presentation of documentary evidence and testimony on the following issues: (a) The precise manner in which Mercantile's de novo entry into the proposed insurance agency activities is to be effected; (b) the

1. Because it was pending on May 1, 1982, this application is not subject to the prohibitions of the Garn-St Germain Depository Institutions Act of 1982. Pub. L. No. 97-320, § 601(D), 96 Stat. 1537 (1982).
2. 44 *Federal Register* 64,564 (1979).
3. 66 FEDERAL RESERVE BULLETIN 799 (1980).
4. Id. at 801-02.
5. *Independent Insurance Agents* v. *Board of Governors*, 658 F.2d 571 (8th Cir.), reh. denied, 664 F.2d 177 (1981).

general cost of insurance to be issued by MBI in comparison to insurance issued by independent agencies; (c) the potential conflict of interest that may result when Mercantile's loan officer and insurance agent are the same person; (d) the potential for tying (coercive and voluntary) the issuance of loan approval to the purchase of insurance; and (e) the competitive impact of Mercantile's entry into the relevant insurance market in relation to existing insurance agencies.

On January 12, 1982, in accordance with the decision of the Eighth Circuit, the Board issued an Order scheduling a formal public administrative hearing on Mercantile's application. In the interests of administrative economy, the hearing on this application was partially consolidated with the hearing ordered by the Board on a pending application by Commerce Bancshares, Inc., Kansas City, Missouri, to engage in similar activities. Protestants have also objected to the Commerce application.

A formal public hearing on both applications, conducted in accordance with the Board's Rules of Practice for Formal Hearings (12 C.F.R. Part 263) was held in St. Louis, Missouri on June 1–8, 1982, before an Administrative Law Judge appointed at the Board's request. A substantial record on the application was developed through submission of exhibits and testimony and participation of Applicant, Protestants, and counsel for the Board.

In his Recommended Decision dated January 12, 1983, Administrative Law Judge Max O. Regensteiner concluded, based upon evidence of record, that the application should be approved on condition that Applicant comply with the Board's requirements concerning the cost of insurance to be sold. In all other respects, Judge Regensteiner found that the proposal complied with the requirements set out in § 4(c)(8) of the Act. Protestants and Applicant timely filed exceptions to the Recommended Decision.

Having carefully considered the entire record of the proceedings, including the comments received, and the transcript, exhibits, written testimony, rulings, and briefs filed in connection with the hearing and the Recommended Decision filed by the Administrative Law Judge, together with the exceptions thereto, the Board finds for the reasons explained below that the Board's requirement concerning the cost of insurance to be sold does not preclude the granting of this application. In all other respects, the Board has determined that the Administrative Law Judge's findings of fact, conclusions of law, and recommendations, as modified and supplemented herein, are fully supported by the evidence of record and should be adopted as the findings and conclusions of the Board.

Applicant is among the two largest banking organizations in Missouri, with aggregate deposits of over $3.1 billion. Applicant proposes to act de novo as agent or broker for property and casualty insurance directly related to extensions of credit by its subsidiary banks. These insurance activities would be performed through MBI, a Missouri corporation that will be a non-banking subsidiary of Applicant. MBI's activities would be conducted from a central office located at Applicant's headquarters in St. Louis. Under Applicant's proposal, insurance would be sold on bank premises by employees of its subsidiary banks, who will be licensed insurance agents.

Section 4(c)(8) of the Act provides that the Board may approve a bank holding company's application to engage in a nonbanking activity if the Board determines that the proposed activity is so closely related to banking as to be a proper incident thereto. The Board has determined by regulation that the sale, as agent, of credit-related insurance is a permissible nonbanking activity.[6] This determination was affirmed on judicial review in *Alabama Association of Insurance Agents* v. *Board of Governors*.[7]

To approve an application under section 4(c)(8) of the Act, the Board must also determine that the performance of the proposed activities by a nonbank subsidiary of a bank holding company can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.

Sufficiency of the Description of the Proposal

Protestants assert that Applicant's proposal is not sufficiently specific to allow the Board to analyze it under section 4(c)(8). First, Protestants allege that Applicant has failed to describe the specific types of credit property and casualty insurance Applicant proposes to sell. However, the Administrative Law Judge admitted into the hearing record the application and related correspondence,[8] which contained specific examples of the types of credit-related insurance proposed: (1) physical damage insurance on property used as collateral for an extension of credit, such as fire insurance on improved real property, fire and inland marine insurance on household contents, boats and equipment, physical damage insurance on mobile

6. 12 C.F.R. §§ 225.4(a)(9), 225.128(b).

7. 533 F.2d 224 (5th Cir. 1976), modified on rehearing, 558 F.2d 729 (1977), cert. denied, 435 U.S. 904 (1978).

8. The Board finds no error in the admission of the application and related correspondence into evidence. As Protestants have recognized in their own pleadings, the standards for admission of documentary evidence applicable in administrative hearings are quite permissive. See 12 C.F.R. § 263.9.

homes, and collision and comprehensive coverage on automobiles; and (2) insurance customarily sold as part of a package with such insurance, such as automobile liability insurance and comprehensive personal liability coverage, as part of a homeowner's or mobile homeowner's policy.[9] In accordance with the decision of the Administrative Law Judge and its previous ruling on this application, the Board finds that the proposed activities are described in sufficient detail to assure compliance with the Act. The Board's determination that the sale of credit-related property and casualty and related liability insurance is permissible necessarily permits the sale of any particular lines of insurance that reasonably fall within that general category. Applicant has not proposed to sell types of insurance that are not credit-related property or casualty or other types of permissible insurance and has given specific examples of particular lines to be offered. Protestants have not alleged any prejudice resulting from being unable to identify as yet unspecified lines of credit-related insurance.[10]

Protestants also allege that, as recognized in the Alabama Insurance Agents decision, they are entitled to have a specific proposal to challenge under the public benefits test and Applicant has not disclosed many of the details concerning the manner in which MBI would operate. The level of detail necessary for application of the public benefits tests depends on the nature of the determinations that must be made, which are "necessarily imprecise and to some degree speculative."[11] Congress could not reasonably have required a bank holding company to describe proposed operations of permissible nonbank activities in such detail that the company could not adapt such operations to changing market conditions without obtaining additional approval. On the other hand, the Board cannot carry out its statutory obligation and potential competitors cannot exercise their right to challenge a particular application absent a reasonably specific proposal.[12] The Board, however, adopts the Administrative Law Judge's finding that Applicant's proposal is sufficiently specific. Applicant has provided the basic information on the operation of its proposed insurance sales activity. An officer or employee at each of Applicant's subsidiary banks would be a licensed agent and would not be compensated based on the amount of insurance sold. The record does not reflect that the alleged lack of specific operational details has impaired the Board's ability to assess the net public benefits associated with the proposal or Protestant's ability to challenge this aspect of the application. Moreover, in the Alabama Insurance Agents case, where the applications were framed in no greater detail concerning day-to-day operations than Applicant's proposal here, the court expressly stated that detailed descriptions of the procedures for carrying on the activity are neither feasible nor required, especially in the case of de novo applications where the applicant lacks experience in the proposed activities.[13]

Public Benefits and Adverse Effects

Consistency with State and Federal Banking Law

Protestants assert that neither national banks nor banks chartered under Missouri law are expressly authorized to act as agent in selling credit-related property and casualty insurance and that therefore Applicant's subsidiary banks are prohibited from engaging in the proposed insurance agency activities.[14] However, these laws relied on by Protestants govern the powers of banks and do not by their terms prohibit the acquisition by a bank holding company of a nonbank subsidiary engaged in selling credit-related insurance. At least one court has held, however, that the Board's determination whether public benefits may be expected from a particular proposal to engage in insurance activities depends on whether applicable laws may restrict or limit the manner in which the applicant conducts the proposed services.[15] The rationale of this decision suggests that, in assessing the public benefits claimed by Applicant, the Board must determine if laws cited by Protestants might restrict the manner in which Applicant contemplates carrying out the proposed activities and thus affect the likelihood of expected public benefits or adverse effects.

The laws governing the powers of national and Missouri banks would not affect this proposal unless Applicant's subsidiary banks are, to some extent at least, themselves engaged in the activity proposed by Applicant. With respect to Applicant's Missouri-char-

9. The application also referred to insurance related to "the provision of other financial services." In response to a request from the Federal Reserve Bank of St. Louis to define that phrase, Applicant responded that the phrase was taken directly from Regulation Y, where it is not defined. Applicant gave as a possible example insurance in connection with the servicing of mortgage loans for investors. No question has been raised concerning this aspect of the application.

10. Approval of the application will not, as Protestants claim, give Applicant a blank check to alter its approved activities at will. Regulation Y provides that nonbanking activities approved by the Board shall not be altered in any significant respect from those considered by the Board in making its determination, unless the prior approval requirements of the Act are complied with. 12 C.F.R. § 225.4(c)(2).

11. 533 F.2d at 246.

12. Id. at 253.

13. 533 F.2d at 253.

14. Applicant has both national and Missouri-chartered subsidiary banks.

15. *Florida Ass'n. of Ins. Agents* v. *Board of Governors*, 591 F.2d 334, 338–40 (5th Cir. 1979).

tered banks, it is unnecessary for the Board to consider this question because, even if these banks are viewed as engaged in selling credit property and casualty insurance, it seems reasonably clear that they are permitted to do so under Missouri law. In resolving issues of state law, the Board considers the statute itself, any judicial interpretations of that law and, in the absence of judicial construction, opinions of the relevant state administrator. There is no Missouri statute or court opinion directly pertaining to this issue, but, at the Administrative Law Judge's request, the state Commissioner of Finance submitted an opinion on this issue, stating that Missouri banks are authorized to provide the type of credit-related insurance proposed by Applicant based on, among other things, a 1981 statute permitting a state bank to exercise all powers "necessary, proper and convenient" to effect any or all of the purposes for which it was formed. [16] The Board does not believe that the Commissioner's opinion is unreasonable or plainly erroneous. It is not unreasonable to view selling property and casualty insurance to protect the collateral the bank has taken on an extension of credit as necessary, proper, and convenient to the making of the loan, since property and casualty coverage of the collateral is a prerequisite in many cases to the making of a secured loan.[17]

Protestants argue that if the Missouri legislature had intended to permit banks to sell credit property and casualty insurance, it would have said so expressly. The very purpose of an incidental powers clause, however, is to avoid the necessity of enumerating specific activities. Moreover, contrary to Protestants' claim, the Commissioner's interpretation of the scope of necessary incidental powers does not blur the distinction between state banks and state trust companies, which may serve as insurance brokers generally,[18] because banks may only sell property and casualty insurance directly related to an extension of credit by the bank, while trust company insurance agency activities are under no such limitation. In their arguments on the expected convenience aspects of this proposal, Protestants recognize that the limitation to credit-related insurance differentiates that activity from general insurance agency functions.[19]

With respect to national banks, the law is less clear. The only court opinion on the sale by national banks of credit-related property and casualty insurance ruled that the activity is not authorized.[20] In a letter to the Administrative Law Judge, the Comptroller's staff stated that this decision was incorrect because, among other things, it has now been recognized that national banks may sell credit life insurance as a permissible incidental activity and that credit property and casualty coverage may also reasonably be viewed as an appropriate incidental activity. This staff opinion has not yet been adopted by any court, creating uncertainty as to whether Applicant's subsidiary national banks, if deemed to be engaged to some extent in the proposed activity, may do so under the National Bank Act. Accordingly, the Administrative Law Judge recommended that the application be approved on the condition that employees of Applicant's national bank subsidiaries enter into employment contracts with MBI providing for the payment by the holding company of a regular salary to those employees and permitting MBI to control the employees' selling of credit property and casualty insurance. The Board adopts this condition recommended by the Administrative Law Judge in order to eliminate any legal uncertainty concerning whether the proposed activities will be carried out in the manner planned by Applicant. In the Board's view, such a condition would give the holding company sufficient control over the conduct of the selling of insurance that the activity would not be viewed as an activity of the bank.[21]

Contrary to Protestants' claims, the Board, as evidenced by its consistent and longstanding practice, has the authority to impose conditions on its approval of a proposal under section 4(c)(8) to eliminate from the activity grounds that would justify denial of the application. In any event, Applicant has not objected to the imposition of the condition requiring employment contracts, nor have Protestants identified any particular disputed facts relating to the operation of this condition that would necessitate an evidentiary hearing on this point.

16. Mo. Ann. Stat. § 362.106(1).

17. See *Alabama Ass'n. of Ins. Agents* v. *Board of Governors*, 533 F.2d at 244.

18. Mo. Ann. Stat. § 362.105.2(7).

19. The Commissioner also found authority to sell credit property and casualty insurance implicit in a Missouri bank's statutory authority to make loans. Mo. Ann. Stat. § 362.105.1(1). Protestants point to a 1936 opinion of the Missouri Attorney General interpreting the lending and other powers of state banks and concluding that the lack of express authorization precludes a state bank from selling any insurance. However, the fact that for eight years state banks have been permitted by the Commissioner to sell credit life insurance suggests that the rationale of the Attorney General's opinion is no longer adhered to.

20. *Saxon* v. *Georgia Ass'n. of Independent Ins. Agents*, 399 F.2d 1010 (5th Cir. 1968). The court reasoned that since a national bank is expressly permitted to act as an agent for a life, fire, and other types of insurance company in a town with a population of less than 5,000, the bank is prohibited from offering insurance in towns with a greater population. Virtually all of Applicant's national bank subsidiaries are located in towns with populations in excess of 5,000.

21. *Grandview Bank & Trust Co.* v. *Board of Governors*, 550 F.2d 417, 429 (8th Cir.), cert. denied, 434 U.S. 821 (1977). (As a general matter, the separate corporate entities of companies in a bank holding company system should be respected, unless the corporate entities are operated in a unitary fashion or there is "fraud or a complete subterfuge").

Expected Public Benefits

Increased Competition. Approval of Applicant's proposal will add one new competitor with 34 offices in the state of Missouri. Congress expressly authorized the Board to differentiate, in connection with a bank holding company's application to engage in nonbanking activities, between de novo entry into a field and acquisition of a going concern.[22] Because de novo expansion provides an additional source of competition, the Board and the courts view such expansion as being procompetitive in the absence of evidence to the contrary.[23]

In remanding this case for a formal hearing, the court of appeals ruled that the Board may not automatically approve all de novo acquisitions and directed the Board to hold an evidentiary hearing on the precise manner in which de novo entry is to be accomplished as well as other possible adverse effects.[24] The record here demonstrates that approval of Applicant's proposal would result in the introduction of a competitor offering a more convenient service—the ability to obtain both a loan and insurance at a single location. According to the record, the attractiveness of "one-stop shopping" is likely to force independent agents to improve their services in order to compete with the new entrants.[25] In addition, the record indicates that other bank holding companies and other financial institutions, including one of the largest holding companies in the state,[26] currently sell credit property and casualty insurance. Approval of this proposal would permit Applicant to offer a range of services similar to those offered by these organizations and thus to compete more effectively with them.[27]

22. 12 U.S.C. § 1843(c)(8). The legislative history of the Act demonstrates that Congress authorized this distinction because it viewed de novo entry as beneficial to competition. S. Rep. No. 1084, 91st Cong., 2d Sess. 15, 16 (1970).

23. *BankAmerica Corporation (Decimus Corporation)*, 66 FEDERAL RESERVE BULLETIN 511 (1980); *Citicorp (Person to Person)*, 65 FEDERAL RESERVE BULLETIN 507 (1979); *U.N. Bancshares, Inc.*, 59 FEDERAL RESERVE BULLETIN 204 (1973); Alabama Ass'n. of Ins. Agents, 533 F.2d at 249.

24. 658 F.2d at 574–75.

25. Protestants' claim that this competition would be unfair is discussed below.

26. See *First Union Bancorporation*, 67 FEDERAL RESERVE BULLETIN 515 (1981).

27. Applicant also offered evidence that its de novo entry would have a beneficial effect on price competition. The Administrative Law Judge found such evidence unpersuasive, particularly in light of the fact that the cost of insurance coverage is usually determined by the underwriter, not the agent, and in light of his finding that Applicant has not committed to obtain insurance at the lowest practicable cost. The Board makes no findings on any compelling procompetitive effects due to increased price competition as a result of this proposal.

Greater Convenience. Applicant would place at least one licensed insurance agent at each main office of its subsidiary banks. The evidence shows that this arrangement would provide increased convenience at least for those loan customers who do not already have insurance coverage that would automatically extend to the loan collateral or could easily be extended to cover the collateral. Such customers would be able to avoid an additional visit with another agent (and the resulting duplicative paperwork) and to deal with a single person knowledgeable about both aspects of the transaction.

Protestants allege that this increased convenience, found by the Administrative Law Judge to be "self evident," would be offset by alleged inconveniences inherent in the proposed services. For example, Protestants point out that when the loan covering insured collateral has been paid, Applicant could not renew the insurance coverage on the collateral. Nor could Applicant offer multi-car or "fleet" discounts if Applicant has not extended credit on all the insured's vehicles. However, Applicant has represented that it would encourage customers to take advantage of discounts available through other agents. Thus, a customer who chooses insurance offered by Applicant is likely to be aware of any potential inconveniences and presumably would not purchase the insurance if it were seriously inconvenient. The Board believes that the fact that a holding company either chooses not to offer certain services, or is prevented by the Board's regulations from offering those services, does not represent the kind of adverse effect with which section 4(c)(8) was concerned, since the adverse effect asserted by Protestants is avoidable from the borrower's perspective.[28] The Board considers the insurance agency activities of holding companies to be an alternative to, rather than a replacement for, services provided by independent insurance agents, and believes that insurance customers should be allowed to choose between such alternatives. Protestants, on the other hand, in effect assert that customers should be denied this choice because Applicant cannot offer a complete range of services. The Board finds this contention to be without merit.

Protestants also assert that, because Applicant's agents would spend a relatively small part of their time on insurance activities, the quality of their service to the public would be lower than that provided by independent agents. This contention is not supported by the record. The employees of Applicant would

28. See *Virginia National Bankshares, Inc.*, 66 FEDERAL RESERVE BULLETIN 668, 671 (1980), aff'd sub nom.; *Independent Ins. Agents of America Inc.*, v. *Board of Governors*, 646 F.2d 868 (4th Cir. 1981) ("Virginia National").

provide only a few types of insurance coverage, so it is likely that they would develop expertise in those limited fields. Nor does the record support a finding that the quality of service provided by Applicant's agents would be significantly less than the average quality of services provided by independent agents.

Increased Efficiency. Applicant claims that efficiencies will result from its proposal, primarily because of the centralization of its operations. Because of a lack of specific evidence in the record to support these contentions, the Administrative Law Judge found little likelihood of increased efficiency as a result of this proposal. This finding is reasonable and is adopted by the Board.

Lowest Practicable Cost. Applicant has indicated that it would offer insurance at the lowest practicable cost to the customer. This intention reflects the statement made by the Board in the preamble to the amendment to Regulation Y adding insurance agency activities to the list of permissible activities for bank holding companies. The Board expressed its expectation that

> . . . any holding company or subsidiary that acts as an insurance agent on the basis of the new regulatory provision will exercise a fiduciary responsibility—that is by making its best effort to obtain the insurance at the lowest practicable cost to the customer.[29]

The Administrative Law Judge found, based on testimony of Applicant's president that the cost of insurance offered by Applicant would be competitive, that Applicant failed to demonstrate that it would in fact offer insurance at the lowest practicable cost. The Administrative Law Judge further concluded that, because compliance with the lowest practicable cost standard is a prerequisite to approval, the application should be denied absent imposition of some condition requiring compliance with that standard.

The Board adopts the Administrative Law Judge's finding that no public benefits would result from cost considerations related to Applicant's proposal, but is unable to adopt the recommendation of denial, which appears to be based on a misunderstanding of the nature of the Board's expectation concerning the cost of credit insurance sold by bank holding companies. The Board has not had occasion prior to this application to elaborate on the meaning of its expectation that a bank holding company would provide insurance at the lowest practicable cost. Based on a review of the issues raised in the original rulemaking proceeding on insurance activities, the Board believes that its expectation that a bank holding company selling insurance would be under a fiduciary duty means that the holding company should serve as agent for the loan customer/insured, not solely for itself or for the underwriter of the insurance being sold. Thus, a holding company should put aside its own interest in obtaining a commission and make a reasonably diligent effort to obtain the insurance for the customer on the best possible terms, including the lowest cost.[30] Since the fiduciary duty to obtain insurance is limited by concerns of practicability, however, the holding company should also consider the quality of the services to be provided in determining what constitutes the lowest cost.

In any event, it is clear that the Board does not require an affirmative showing by a bank holding company that the cost of the insurance it sells must be reduced below the prevailing costs for the particular type of coverage involved as a prerequisite for approval of an application. Where the Board has imposed a requirement of reduced costs as a condition for engaging in a nonbanking activity, as it has done regarding the underwriting of credit life insurance, the Board has made this condition explicit in the terms of Regulation Y itself.[31] The Board has in the past approved many applications to sell credit-related insurance without requiring a specific showing of a reduction in the cost of the insurance to be sold. In the Alabama case, for example, the court upheld the Board's determination that particular applications to sell credit-related insurance, including property and casualty insurance, met the net public benefits test of section 4(c)(8) without any specific showing that the insurance would be offered at a cost lower than insurance sold by competitors.[32] Some applicants have made a voluntary commitment to provide insurance to their customers at below prevailing costs. Such a commitment has been considered a positive public benefit for purposes of the section 4(c)(8) balancing test. On the other hand, evidence that an applicant would not exercise reasonable diligence in obtaining insurance coverage at the lowest practicable cost must be viewed as an adverse

29. 36 *Federal Register* 15,525 (1971).

30. As a general rule, any insurance agent who obtains insurance on behalf of an insured is under a fiduciary duty to the insured. E.g., *Zeff Dist. Co. v. Aetna Casualty & Surety Co.*, 389 S.W. 2d 789, 795 (Mo. 1965); Myers, "Legal and Professional Responsibilities of Agents and Brokers", in *Property and Liability Insurance Handbook*, 1028, 1034–35 (J. Long and D. Gregg, eds. 1965).

31. 12 C.F.R. § 225.4(a)(10). ("The Board will only approve applications [to act as underwriter for credit life insurance] in which an applicant demonstrates that approval will benefit the consumer . . . [by] a projected reduction in rates . . . .").

32. 533 F.2d at 249. (The court noted only that there was evidence of some pressure for lower prices).

effect that, when weighed against possible public benefits, might well require denial of such an application.[33]

The Administrative Law Judge found no evidence of any awareness of fiduciary duty in the testimony of Applicant's president on Applicant's cost policies. Applicant states that its president misunderstood an ambiguous standard and that Applicant would comply with the meaning of the lowest practicable cost standard as clarified by the Board. The Board has now provided some guidance as to its expectation concerning lowest practicable cost of insurance and expects Applicant to comply with that direction.

There is no evidence in the record that the cost of the credit-related insurance sold by Applicant here would be higher than the cost of comparable coverage sold by other agents or that Applicant would not make reasonable efforts to obtain the types of coverage it chooses to sell on the best possible terms, including the lowest cost. Thus, the Board finds that cost considerations would not present any serious adverse effects, but would not produce any significant public benefits.[34]

In summary, the Board finds that this proposal is likely to result in benefits to the public in the form of increased competition and greater convenience.

Lack of Significant Adverse Effects

Decreased Competition or Undue Concentration of Resources. Since Applicant would enter the credit property and casualty insurance field de novo, this proposal would not result in the elimination of any existing or potential competition or in any undue concentration of resources. Protestants allege that the proposal will have a harmful effect on independent insurance agents, pointing to evidence that because of Applicant's size and statewide presence, MBI would soon reach significant size in relation to the typical independent agency. The fact that Applicant, by offering lower prices or better services, may take business away from some inefficient independent agents does not in itself constitute decreased competition for purposes of section 4(c)(8) for, as the Board has noted elsewhere, the antitrust laws are designed to protect competition, not competitors.[35] In any event, there is no persuasive evidence that MBI's size alone will give it unwarranted market power, given the generally low barriers to entry into the industry and the fact that, while independent agencies are free to offer a full line of insurance, MBI may provide only property and casualty insurance related to extensions of credit by Applicant's subsidiaries. Moreover, as pointed out above, approval of this application would permit Applicant to compete with at least one other statewide bank holding company that currently is authorized to provide credit property and casualty insurance, and to offset the potential dominance of that company in this product submarket.

Unfair Competition—Voluntary Tie-Ins. Protestants allege that this proposal would result in the unfair tying of insurance sales to extensions of credit. Section 106 of the Bank Holding Company Act Amendments of 1970[36] makes it illegal for a bank to require the purchase of some additional service from the bank in order to obtain credit. By its terms, section 106, which the Board has applied by regulation to bank holding companies,[37] prohibits both implicit and explicit conduct on the part of the lender designed to convey the requirement that an additional service must be purchased. Protestants have produced no evidence that Applicant has not or would not comply with this prohibition.

Protestants also allege that, apart from explicitly coerced joint sales, the proposal would also produce significant voluntary tying, which results when a customer believes that he or she stands a better chance of obtaining a scarce product by purchasing another product or service from the same seller.[38] As the Board has consistently found, in accordance with congressional and judicial teaching, the likelihood of voluntary tying depends on the market power of the seller and the scarcity of the product offered.[39] The possibility of voluntary tying is significantly reduced where the relevant markets are competitive and the number of alternative sources for a product (e.g.,

33. Although the Administrative Law Judge's findings as to the facts are entitled to weight, see *Alabama Ins. Agents*, 533 F.2d at 247, the Judge's decision here on the meaning of the Board's statement on lowest practicable cost is a purely legal determination concerning a Board-imposed expectation applying generally to all holding company insurance agency activities.

34. In directing a hearing on this proposal, the court of appeals stated that the Board must consider general proposed insurance rates in reviewing the validity of Protestants' claims that Mercantile's rates will be much higher than those offered by independent agents in the relevant markets. 658 F.2d at 576 n.7. Protestants have not advanced such claims in this proceeding.

35. E.g., *BankAmerica Corp (Decimus Corp.)*, 66 FEDERAL RESERVE BULLETIN at 515.

36. 12 U.S.C. §§ 1971–78.

37. 12 C.F.R. § 225.4(c)(1). The statute also provides that a person injured by an illegal tying arrangement may recover treble damages. 12 U.S.C. § 1975.

38. Voluntary ties (or implicitly coerced joint sales) are to be distinguished from truly voluntary joint sales, which may create a public benefit by reducing the inconvenience of searching for the second product.

39. E.g., *Virginia National Bancshares, Inc.*, 66 FEDERAL RESERVE BULLETIN at 670 (1980); H.R. Rep. No. 1747, 91st Cong., 2d Sess. 18, reprinted in 1970 U.S. Code Cong. & Ad. News 5561, 5569; *Alabama Ass'n. of Ins. Agents v. Board of Governors*, 533 F.2d at 250.

credit) is large. The record shows, as the Administrative Law Judge found, that there are at least several and, in many cases, significant numbers of banks and other lending institutions that serve as alternative sources of credit in the relevant geographic markets in which Applicant's subsidiary banks operate. Although there is evidence of market concentration in a few relevant markets, the banks involved represent such a small portion of Applicant's operations that the potential for voluntary tie-ins in the context of the proposal as a whole is not significant.

In addition, Applicant has made a number of commitments designed to minimize the likelihood of voluntary tying. Applicant has committed that it would advise its customers in writing that the customer may choose insurance from any source, that Applicant's agents/loan officers would not discuss credit insurance with a prospective borrower until after the credit had been granted, and that the agent would not be compensated based on the amount of insurance sold.[40] Protestants question the likelihood of compliance with these commitments. However, the Board's practice of reliance on similar commitments has been approved by the courts,[41] the Board possesses ample authority to enforce such commitments,[42] and Protestants have offered no specific evidence that such commitments would not be observed.

Protestants challenge the Administrative Law Judge's conclusions regarding evidence submitted by Protestants relating generally to the unlikelihood of tie-ins in bank sales of credit insurance. The Administrative Law Judge found some of this testimony quite persuasive but concluded that the conclusions drawn by Protestants from such testimony had already been rejected by prior Board decisions. Protestants assert the Judge erred in not considering the particular facts in the record on this proposal, notwithstanding prior Board determinations. In light of these objections, an independent review of the record has been made, and the Board concludes that the Administrative Law Judge correctly determined that this record does not show a substantial likelihood of voluntary tie-ins. The evidence cited by Protestants, which consists of several economic studies prepared by Board staff and others, and expert testimony that tie-ins were likely because of the dominant power of the lender in a credit transaction, is based primarily on economic theory and on facts inherent in any sale of credit insurance by a banking organization and does not relate to any matter unique to Applicant's proposal. The Board has considered and commented on the same evidence or very similar evidence in the rulemaking proceeding on the permissibility of insurance activities, in congressional hearings, and in many other applications under the Act. For the reasons stated in the Board's testimony and its orders on these occasions, the Board does not believe that such evidence demonstrates the likelihood of substantial voluntary tying in the sale of credit insurance by a banking organization, nor does the Board find that its staff's tie-in study (taking into account criticisms of that study) shows substantial probability of adverse tying arrangements.[43]

Protestants point to evidence directly related to this proposal, in particular the fact that, unlike other insurance agency proposals, under Applicant's proposal the employee making the loan would also serve as the agent selling the insurance in some cases. As the Administrative Law Judge found, however, any increased potential for tying resulting from this arrangement would be offset by the structure of the relevant markets and by Applicant's commitments, especially the commitment not to discuss insurance until after the loan has been approved.

The record also indicates that Applicant has achieved significantly high penetration rates[44] in the sale of credit-related life insurance, which is offered directly by its subsidiary banks, and in the testimony of Applicant's president that, at least in some rural banks, bank officers actively solicited credit life sales. However, penetration rates alone do not necessarily demonstrate the extent of implicitly coerced joint sales, and experience regarding the sale of credit life insurance is not necessarily indicative of likely practices in the sale of credit property and casualty insurance since, unlike credit property and casualty insurance, credit life insurance is offered only by lenders, and is significantly less expensive than credit property and casualty insurance.

Because of the existence of alternate sources and the relatively high cost, borrowers are likely to feel much less obligated to volunteer to purchase property

40. As explained above, the Board has conditioned approval of this proposal on a requirement that agents employed by Applicant's subsidiary national banks be compensated for their insurance activities by a salary from MBI. The Board expects this commitment to extend to such salaries paid by MBI.

41. E.g., *Virginia National*, 646 F.2d at 869–70.

42. E.g., 12 U.S.C. § 1818(b)(1), (b)(3).

43. Much of this general evidence cited by Protestants relates to other types of insurance, such as credit life and title insurance, that differ in material respects from credit property and casualty coverage, or relates to lenders, such as independent finance companies, that are not subject to the comprehensive federal regulation applicable to banking institutions. Moreover, the theoretical arguments concerning the dominant position of a creditor in a loan transaction are countered by accepted economic doctrine that such power is diluted by the existence of other sources of credit. Finally, the Board has, in testimony presented to Congress, explained why the criticisms of its staff study do not undermine the conclusions reached by the study.

44. Penetration rate refers to the percentage of loan customers of a particular lender who also purchase credit insurance from the lender or its affiliate.

and casualty insurance through Applicant than to purchase credit life insurance. Moreover, the sale of credit life insurance by Applicant's banks does not appear to be subject to the anti-tying commitments made here with respect to the sale by MBI of credit property and casualty coverage. Based on the facts of record, and in light of commitments made by Applicant, the Board finds that the possibility of tying does not represent a serious adverse effect of this proposal.[45]

Conflicts of Interest. Protestants also assert that the proposal would result in serious conflicts of interest because, for example, Applicant may encourage customers to finance insurance premiums rather than take advantage of cheaper premium deferral plans or to choose lower deductibles in order to obtain better protection for the underlying collateral. Applicant, for its part, states that it is in Applicant's ultimate best interests not to take advantage of its customers for short-run profit and would not promote the sale of insurance if the borrower could obtain discounts elsewhere. In addition, the compensation of Applicant's agents would not depend on the amount of insurance sold. The record also indicates that the amount of the deductible on insurance covering collateral is not of significant importance to lenders.

Based on the record, the Board concludes that the possibility of adverse effects resulting from conflicts of interest as a result of the proposal is only slight. As the court in the Alabama case stated:

> [c]ontrary to the argument of the NAIA parties [Protestants], the fact that a holding company's interest as a lender and as an insurer do not totally converge does not require the conclusion that conflicts of interest will occur.[46]

Protestants' Procedural Claims

Protestants object to the Administrative Law Judge's rejection of Protestants' motion to strike the brief filed by counsel representing the Board in this proceeding, which, Protestants assert, was biased against them. Since this motion was without merit, the Administrative Law Judge clearly did not abuse his discretion in denying it. A review of the record indicates that Board counsel clearly did not unfairly carry Applicant's burden of proof.[47] The Board's regulations governing formal hearings do not prohibit Board counsel from taking a position on the evidence adduced at a hearing, especially if, as here, the Board has already taken positions on the legal ramifications of many of the facts involved.[48] The fact that such positions were adverse to Protestants does not demonstrate unfair bias. Moreover, the lack of prejudice to Protestants is further demonstrated by the fact that Protestants were able to, and did, submit to the Administrative Law Judge and to the Board, briefs pointing out in detail what Protestants believed to be errors in the positions taken by Board counsel. Protestants' claim that the Administrative Law Judge was unduly influenced by Board counsel is without merit. It is evident from the Recommended Decision that the Administrative Law Judge conducted an independent review of the evidence and arguments and, indeed, did not accept Board counsel's arguments on some points.[49]

Protestants also request the opportunity to present oral argument before the Board on this case. In the Board's view, the numerous briefs and other submissions of the parties adequately explain the issues involved and, accordingly, oral argument before the Board at this time would serve no useful purpose.

Based upon all evidence and legal arguments presented by the parties, the Board finds that consummation of this proposal, subject to the conditions imposed in this Order, may not reasonably be expected to produce any significant undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects. The Board further finds that public benefits in the form of increased competition and greater convenience can reasonably be expected to result from this proposal, and that such public benefits are sufficient to outweigh the slight possibility that adverse effects, such as voluntary tying or conflicts of interest, might result from this proposal.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that

45. Protestants' assertion that Applicant would engage in unfair competition by requiring independent agencies to submit their customer lists in connection with loans from Applicant's subsidiaries to such agencies does not appear realistic, since Applicant may sell credit insurance only to its loan customers, a fact that may be independently obtained from Applicant's own records. Nor does it appear that a banking organization would obtain any unfair advantage by having exclusive access to prospective customers for insurance at the time they seek a loan and hence have most need of insurance coverage. These same customers are very likely to have a relationship with a non-bank-related agent for types of insurance, i.e., ordinary life insurance, that a banking organization may not sell.

46. 533 F.2d at 252.

47. Indeed, Board counsel's cross-examination of Applicant's witness demonstrated that the strength of its commitment on cost of insurance sold was not what it appeared initially.

48. The Board's rules provide that Board Counsel "shall represent the Board in a nonadversary capacity for the purpose of developing for the record information relevant to the issues to be determined by the presiding officer and the Board." 12 C.F.R. § 263.6(d).

49. The Board has considered Protestants' other procedural arguments and finds them to be without merit. These arguments relate to the weight to be accorded certain record evidence. The Board believes that the fact that an applicant describes its proposed insurance operations in a written application or in the testimony of a non-expert does not make the Administrative Law Judge's findings based on such evidence less than substantial.

the balance of the public interest factors that the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved, subject to the condition that all employees of Applicant's national bank subsidiaries engaged in selling credit property and casualty insurance enter into employment contracts with MBI providing for the payment of a regular salary by the holding company to such employees, and permitting MBI to control the employees' sale of insurance. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder or to prevent evasion thereof. The Board has also relied on the commitments made by Applicant with regard to this proposal and is prepared to ensure compliance with those commitments.

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

By order of the Board of Governors, effective May 31, 1983.

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

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

Orbanco Financial Services Corporation, Portland, Oregon

Order Authorizing Underwriting and Dealing in Certain Government Securities and Money Market Instruments

Orbanco Financial Services Corporation, Portland, Oregon, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)) to allow its subsidiary, Orbanco Securities Corporation, to engage de novo in the activities of underwriting and dealing in certain government securities and money market instruments.

Notice of the application, affording opportunity for interested persons to submit comments, has been given in accordance with section 4 of the Act. (48 *Federal Register* 8587). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, with consolidated assets of $1.4 billion, controls four banks in the State of Oregon. The activities Applicant proposes are currently performed by Applicant's lead bank, The Oregon Bank (total deposits of $693 million), or by Applicant's commercial finance company, Northwest Acceptance Corporation, (total assets of $346 million as of April 30, 1982).[1]

Applicant seeks approval for Orbanco Securities Corporation ("Orbanco Securities") to engage de novo in the activities of soliciting, underwriting, dealing in, purchasing, and selling such obligations of the United States, general obligations of various states and political subdivisions thereof, and such other obligations, including money market instruments such as bankers acceptances and certificates of deposit, as state member banks may from time to time be authorized to underwrite and deal in. These activities would be performed from an office of Orbanco Securities located in Portland, Oregon, and serving the states of Washington and Oregon. These activities are not included in the list of permissible activities for bank holding companies contained in section 225.4(a) of Regulation Y.

In determining whether an activity is permissible under section 4(c)(8) of the Act, the Board first must determine that the activity is "closely related to banking or managing or controlling banks."[2] In 1974, the Board published for comment notice of proposed rulemaking to add to the list of permissible bank holding company activities, underwriting and dealing in government securities and other obligations that a state member bank may be authorized to underwrite or deal in.[3] In orders dated October 20, 1976, and January 26, 1978, the Board determined that such activities are closely related to banking. The Board decided not to add these activities to the list of permissible activities, however, but rather to consider applications to engage in the activities on a case-by-case basis. The Board found that these activities are closely related to banking because national and state member banks are expressly authorized by statute to engage in the activities (12 U.S.C. §§ 24 (Seventh), 335), and many banks

1. All banking data are as of December 31, 1982, unless otherwise indicated.
2. See *Board of Governors* v. *Investment Company Institute*, 450 U.S. 46 (1981); *National Courier Association* v. *Board of Governors*, 516 F.2d 1229, (D.C. Cir. 1975).
3. 39 *Federal Register* 13007 (1974).

do engage in the activities.[4] The Board has reiterated the view that underwriting and dealing in government securities and other obligations as authorized by statute for state member banks is closely related to banking in approving several applications to engage in these activities.[5] The Board regards the government securities activities in which Orbanco has proposed to engage as substantially the same as those activities the Board has approved in its previous orders.

In addition, Applicant proposes to underwrite and deal in bankers acceptances, certificates of deposit, and other money market instruments that state member banks may from time to time be authorized to underwrite and deal in.[6] Banks are permitted to deal in these money market instruments as an incident to the activities expressly authorized by statute and a number of banks currently serve as dealers in bankers acceptances and certificates of deposit.[7] Thus, the Board regards such activities as closely related to banking because banks engage in such functions, and the Board has approved such activities in a recent order.[8]

Before permitting a bank holding company to engage in a nonbanking activity, however, the Board also must examine any public benefits that reasonably may be expected to derive from bank holding company performance of the activity and weigh them against any possible adverse effects to determine whether the activity is a proper incident to banking or managing or controlling banks. Applicant's proposal represents a corporate reorganization wherein, as noted above, activities currently performed by its subsidiaries, The Oregon Bank and the Northwest Acceptance Corporation, will be conducted by Orbanco Securities. Since the proposal would result in a transfer of an activity within the same corporate structure, approval of the application would have no adverse competitive effects. In addition, the public will benefit from improvements in operational efficiency that will result from implementation of this proposal.

The Board notes, however, that as a nonbank subsidiary of Applicant, Orbanco Securities would be permitted to engage in underwriting and dealing in government securities without being subject to many of the restrictions that currently apply to a member bank's conduct of these activities. The Board is concerned that the lack of restrictions on the proposed activity might create the potential for unsound banking practices. Accordingly, to obviate the possibility that adverse effects would result from this proposal, the Board expects that Orbanco Securities will conduct the proposed activities subject to the same restrictions and prudential limitations under which member banks currently conduct such activities.[9] Any breach of these restrictions by Orbanco Securities would constitute an unsafe or unsound practice that could be the subject of formal supervisory action by the Board. There is no evidence in the record that consummation of the proposal would result in any other effects that would be adverse to the public interest.

Based upon a 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, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

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

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

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

4. 41 *Federal Register* 47083 (1976); 43 *Federal Register* 5382 (1978).
5. *Citicorp*, 68 FEDERAL RESERVE BULLETIN 249 (1982); *United Oklahoma Bankshares, Inc.*, 65 FEDERAL RESERVE BULLETIN 363 (1979); *United Bancorp*, 64 FEDERAL RESERVE BULLETIN 222 (1978); *Stepp, Inc.*, 64 FEDERAL RESERVE BULLETIN 223 (1978).
6. At present, Applicant proposes to deal in only bankers acceptances and certificates of deposit. These instruments are not regarded as "securities" subject to the prohibitions in sections 16 and 21 of the Glass-Steagall Act.
7. See "Comptroller's Handbook for National Bank Examiners", § 204; M. Stigum, "The Money Market: Myth, Reality and Practices," 410 and 475 (1978).
8. *Citicorp*, supra.
9. For example, member banks by statute are permitted to underwrite certain types of public housing and dormitory bonds of states and municipalities, provided that the amount of such securities of a single issuer held by the bank does not exceed ten percent of the bank's capital and surplus. 12 U.S.C. § 24 (Seventh). Such securities are designated "Type II" securities in regulations of the Comptroller of the Currency. 12 C.F.R. § 1.3(a). (The regulations of the Comptroller of the Currency generally are applicable to state member banks. See 12 U.S.C. § 335; 12 C.F.R. § 250.121.) Thus, Orbanco Securities should not underwrite, deal in, or hold Type II securities by any issuer in amounts that would not be permitted if such activities were conducted by a member bank and should not sell securities to trust accounts of affiliated banks except as permitted by the regulations of the Comptroller of the Currency.

Orders Under Section 3 and 4 of Bank Holding Company Act

Cedaredge Financial Services, Inc., Denver, Colorado

Order Approving Formation of a Bank Holding Company and Commencement of General Insurance Agency Activities

Cedaredge Financial Services, Inc., Denver, Colorado, has applied for the Board's approval under sections 3(a)(1) and 4(c)(8) of the Bank Holding Company Act (12 U.S.C. §§ 1842(a)(1) and 1843(c)(8)) to become a bank holding company by acquiring The First National Bank of Cedaredge, Cedaredge, Colorado ("Bank"), and to commence general insurance agency activities in Cedaredge, a town of less than 5,000 population.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3(b) and 4(c)(8) of the Act. The time for filing comments and views has expired and the Board has considered the application and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the Act (12 U.S.C. §§ 1842(c) and 1843(c)(8)).

Applicant is a nonoperating corporation organized for the purpose of acquiring Bank, which holds deposits of $8.2 million.[1] Upon acquisition of Bank, Applicant would control the 272nd largest banking organization in Colorado and less than 1 percent of the total deposits in commercial banks in the state.[2]

Bank is the 5th largest of 6 banks competing in the Delta banking market[3] and holds approximately 6.0 percent of the total deposits in commercial banks in that market. Although three of Applicant's principals are associated with six other depository institutions in Colorado and Wyoming, none of those other depository institutions competes in the Delta banking market. Since Applicant has no other subsidiaries, consummation of the proposed transaction would have no adverse effect on competition or on the concentration of banking resources in any relevant area. Thus, the Board concludes that competitive considerations are consistent with approval of the application.

Applicant's managerial and financial resources are considered satisfactory, and its future prospects appear favorable, particularly in light of commitments by Applicant's principals to maintain Bank's capital at adequate levels. Applicant's principals have satisfactory records managing other banks, including Applicant's president, who will become president of Bank upon consummation of this proposal. It is anticipated that affiliation with Applicant will result in improvements in Bank's overall operations. Thus, Bank's financial and managerial resources and future prospects are consistent with approval. While Applicant will incur debt in connection with this proposal, Applicant appears to have sufficient financial flexibility to meet its debt servicing requirements while maintaining Bank's capital at acceptable levels. Therefore, based on these and other facts of record, the Board concludes that considerations relating to banking factors lend weight for approval of the application.

Although consummation of the proposal would effect no immediate changes in the services offered by Bank, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application.

In connection with Applicant's proposal under section 4(c)(8) of the Act (12 U.S.C § 1843(c)(8)) to engage de novo in general insurance activities, the Board has concluded that consummation of this proposal can reasonably be expected to produce significant public benefits in the form of increased competition, efficiency, and convenience in the provision of insurance services to the Cedaredge community, with no significant adverse effects.[4] Accordingly, the Board has determined that consummation of the transaction would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order and neither the acquisition of Bank nor the commencement of general insurance agency activities shall take place later than three months after the effective date of this Order, unless such period is

1. Deposit data are as of December 31, 1982.
2. State and market shares and rankings are based on deposit data as of December 31, 1981.
3. The Delta banking market is approximated by Delta County, Colorado.
4. The Board's determination that general insurance agency activities in towns with populations not exceeding 5,000 are closely related to banking (section 225.4(a)(9)(ii)) of Regulation Y (12 C.F.R. § 225.4(a)(9)(ii)) was undisturbed by the Garn-St Germain Depository Institutions Act of 1982. See Pub. L. 97–290, Title VI, § 601, 96 Stat. 1536 (October 15, 1982).

extended for good cause by the Board or by the Federal Reserve Bank of Kansas City pursuant to delegated authority.

By order of the Board of Governors, effective May 31, 1983.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, Rice, and Gramley. Absent and not voting: Governor Teeters. Governor Wallich abstained from voting on the application to engage in insurance agency activities.

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

InterFirst Corporation, Dallas, Texas

The Board's Order approving the merger of bank holding companies and the acquisition of companies engaged in insurance and data processing activities was published in the Federal Reserve Bulletin at page 383 of the issue for May 1983. The following is the dissenting statement of Governor Teeters.

Dissenting Statement of Governor Teeters

I would deny this application because the combination of these two large bank holding companies will have a significant adverse effect on the concentration of banking resources in the state of Texas, on existing competition in the Dallas-Fort Worth banking market, and on probable future competition in the Tyler, Victoria, and Wichita Falls banking markets.

The original language in § 3(c) of the Bank Holding Company Act ("BHC Act") set forth five separate factors for the Board to consider when reviewing a bank holding company acquisition of a bank: financial aspects, future prospects, the character of management, convenience, needs and welfare of the community, and "whether or not the effect of [the] acquisition . . . would be to expand the size or extent of the bank holding company system involved beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking."[1]

The competitive standard in the 1956 BHC Act is broad and the legislative history of the BHC Act indicates that Congress designed it to control the growth of bank holding companies, to protect and foster "the growth of independent unit banks," and to prevent the "undue concentration of control of banking activities."[2] Under the 1956 BHC Act, the Board denied a number of bank holding company proposals on the basis that they would have significant adverse effects on state banking structure or statewide concentration of resources. Three such Board denials were unheld by courts in the early 1960's.[3]

The legislative history of the 1966 Amendments to the BHC Act, which altered the text of § 3(c) to its present form, indicates only that the BHC Act was being amended to conform it to the Bank Merger Act of 1966.[4] The legislative history of the 1966 Amendments to the Bank Merger Act is, therefore, relevant to consideration of the 1966 BHC Act Amendments.

The legislative history of the 1966 Bank Merger Act indicates that the amendments were merely a "rephrasing" of the language concerning the banking factors in the 1960 Bank Merger Act[5] and were not intended to limit the agencies' authority or responsibility to consider all the factors previously relevant under the 1960 Act. Under the Bank Merger Act of 1960 an agency could approve a merger only if the agency found that the merger was in the public interest. The legislative history of the 1960 Bank Merger Act indicates the agencies were to consider "any lessening of competition . . . whether appreciable, perceptible, slight, substantial, serious or great . . ."[6]

The House Report on the 1966 Bank Merger Act stated:

> Of course, the expression of these factors in the statute would not preclude the agencies, charged as they are with general supervisory responsibility, from considering in any particular case, such other factors as they may deem relevant.[7]

In 1966, Congress was concerned with the increasing number of bank mergers. This concern is evidenced by statements that the agencies "had been

1. § 3(c), ch. 240, 70 Stat. 135 (1956).

2. H. Rep. No. 609, 84th Cong. 1st Sess. 1–2 (1955); S. Rep. No. 1095, 84th Cong. 1st Sess 10 (1955).

3. *First Wisconsin Bankshares* v. *Board of Governors*, 325 F.2d 946 (7th Cir. 1963); *Marine Bancorp* v. *Board of Governors*, 325 F.2d 967 (7th Cir. 1963); *Northwest Bancorp* v. *Board of Governors*, 303 F.2d 832, 842 (8th Cir. 1962). In Northwest, the Eighth Circuit stated that the BHC Act required the Board to view "the structure of the entire industry of banking." At that time, the Supreme Court had provided only limited guidance as to the meaning of the antitrust standard in § 7 of the Clayton Act.

4. 112 Cong. Rec. 12384 (1966) (remarks of Sen. Robertson).

5. H. Rep. No. 1221 , 89th Cong. 2d Sess. 4 (1966).

6. H. Rep. No. 1416, 86th Cong. 2d Sess. 10 (1960).

7. H. Rep. No. 1221 supra at 4. Also see Remarks of Sen. Robertson, Chairman of the Senate Banking Committee:

"The bill means that all the factors which the regulatory agencies presently consider under the Bank Merger Act are still relevant as are, of course, the factors set out in the final paragraph of (section 3(c)). 112 Cong. Rec. 2663 (1966).

more liberal in granting approvals" and that the Bank Merger Act was intended "to make bank mergers more difficult, not easier." 112 Cong. Rec. 2444 (1966) (Remarks of Cong. Reuss).[8] Based upon the legislative history, the 1966 amendments to the Bank Merger Act and the BHC Act, therefore, could not possibly have been intended to narrow the powers of the regulatory agencies to scrutinize competitive factors in a merger or acquisition. In my opinion, the Board continues to be responsible, under the BHC Act, for considering the effect on state structure and concentration of resources within a state of a merger or consolidation of large competitors in a state.

Under the standards as set out in the statutes and clarified by the legislative history, it is clear that the combination of the two bank holding companies in this case will substantially lessen competition in commercial banking within the state of Texas. InterFirst is the largest banking organization in the state and controls 11.56 percent of total deposits in commercial banks in the state. First United is the tenth largest banking organization in the state and controls 1.52 percent of total deposits in commercial banks in the state. First United is a strong competitor in Texas and has shown the ability to expand beyond its home market and is the largest competitor in Fort Worth, the third largest market in the state. In my opinion, elimination of First United as a competitor will substantially lessen competition in Texas.

Approval will also accelerate a disturbing trend toward concentration of banking resources in Texas. Upon consummation of this proposal, the four largest banking organizations in Texas will control 41.95 percent[9] of the total deposits in commercial banks in the state. This represents an increase of approximately 10 percentage points since 1980, when the four-firm concentration ratio was only 32.44 percent.[10] The Supreme Court stated in *Brown Shoe Co.* v. *United States*, 370 U.S. 294, 317 (1961) that agencies have authority to arrest mergers at a time when the trend to a lessening of competition in a line of commerce is in its incipiency. I believe that such a trend is present in Texas and that denial of this application would "brake this force at its outset and before it gather(s) momentum." 370 U.S. at 318.

Further, I believe that Fort Worth and Dallas have combined into a single banking market. The evidence of record shows that in the last ten years, economic and demographic changes in the Dallas-Fort Worth metropolis, particularly in the mid-cities area, have resulted in a merging of the Dallas and Fort Worth banking markets.[11] When the merger is reviewed in the context of a combined Dallas-Fort Worth market, it would result in a combination of the largest and fifth largest competitors in that market, and produce a firm that controls over 28 percent of the total deposits in commercial market. Such a merger would substantially lessen existing competition in the market.

Even if Dallas and Fort Worth are considered to be separate banking markets, approval of this application would have a substantial adverse competitive effect in the Dallas banking market that would warrant denial. Applicant's lead bank is located in Dallas and is the largest banking organization in the market holding 29.9 percent of the total deposits in commercial banks in the market. First United's subsidiary in the Dallas market is the sixteenth largest banking organization in the market, and holds 0.4 percent of the total deposits in commercial banks in the market. In view of Applicant's dominant position in the market and the market's highly concentrated structure (pre-merger HHI of 1874), it is my opinion that this merger would have a substantial adverse effect on competition in the Dallas market and should be denied.

Finally, I would deny this application on the grounds that the combination of these bank holding companies would have a significant adverse effect on probable future competition in the Fort Worth (if that market were considered as a separate market from Dallas), Tyler, Victoria, and Wichita Falls banking markets. Applicant clearly is a likely future entrant into the Fort Worth market because Applicant already had established a de novo bank in Fort Worth that it divested in anticipation of this merger. Approval of the application eliminates the probability that Applicant would make a procompetitive de novo or foothold acquisition in the Fort Worth market, a result that in my view is substantially anticompetitive. In addition, in view of First United's size and history of expansion, I believe that First United is likely to enter the remaining three markets on a de novo or foothold basis. In light of the high concentration of banking resources in these markets, the elimination of First United as a probable future entrant is substantially anticompetitive.

8. Accord. 112 Cong. Rec. 2441, 2451, 2442, 2443 (1966) (Remarks of Cong. Patman, Minish, Widnall, and Multner, respectively); also S. Rep. No. 1179, 89th Cong. 2d Sess. 11 (1966).

9. This figure reflects deposit data as of June 30, 1982 and bank holding company formations and acquisitions approved as of March 31, 1983.

10. This figure reflects deposit data as of June 30, 1980.

11. This change is reflected in the growing importance of the regional airport which serves both cities and straddles Tarrant and Dallas County and the combination of Dallas and Forth Worth into one SMSA.

Although it is 30 miles from center-city Dallas to center-city Fort Worth, the distance between the city limits is far smaller. It is also important to note that in a state the size of Texas, 30 miles is a less significant distance than it might be in a smaller, Eastern state.

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Elmore Bancshares, Inc., Elmore, Minnesota	First National Bank of Elmore, Elmore, Minnesota	Minneapolis	April 29, 1983
F&M Bancshares, Inc., Leslie, Georgia	Farmers & Merchants Bank, Leslie, Georgia	Atlanta	April 29, 1983
Farmers Bancshares, Inc., Malone, Florida	The Farmers Bank of Malone, Malone, Florida	Atlanta	May 23, 1983
Financial Properties, Inc., Jacksonville, Arkansas	Citizens National Bank of Jacksonville, Jacksonville, Arkansas	St. Louis	May 5, 1983
First American Corporation of Colorado Springs, St. Paul, Minnesota	American Heritage Corporation, St. Paul, Minnesota	Kansas City	April 21, 1983
First and Farmers Bancshares, Inc., Somerset, Kentucky	First and Farmers Bank of Somerset, Somerset, Kentucky	Cleveland	May 23, 1983
First Bancorp of Belleville, Inc., Belleville, Illinois	Fairview Heights Community Bank, Fairview Heights, Illinois	St. Louis	April 22, 1983
First Illinois Corporation, Evanston, Illinois	The Wilmette Bank, Wilmette, Illinois	Chicago	May 18, 1983
First Newport Bancshares, Inc., Newport, Arkansas	The First State Bank of Newport, Newport, Arkansas	St. Louis	April 28, 1983
First Rockwall Bancshares, Inc., Rockwall, Texas	The First State Bank, Rockwall, Texas	Dallas	May 13, 1983
First State Bancorp, Inc., Marion, Indiana	First State Bank of Dunkirk, Dunkirk, Indiana	Chicago	May 20, 1983
Forstrom Bancorporation, Inc., Clara City, Minnesota	Citizens State Bank of Clara City, Clara City, Minnesota	Minneapolis	May 12, 1983
GGB Bancshares, Inc., Sheridan, Arkansas	Grant County Bank, Sheridan, Arkansas	St. Louis	April 22, 1983
Gresham Bancshares, Inc., Gresham, Wisconsin	State Bank, Gresham, Wisconsin	Chicago	May 3, 1983
Hamburg Financial, Inc., Edina, Minnesota	State Bank of Hamburg, Hamburg, Minnesota	Minneapolis	May 6, 1983
Independence Bancorp, Inc., Perkasie, Pennsylvania	Union Bank and Trust Company of Eastern Pennsylvania, Bethlehem, Pennsylvania Cheltenham Corporation, Cheltenham, Pennsylvania	Philadelphia	May 19, 1983
JAW Bancshares Corp., Stanhope, Iowa	Farmers State Bank, Stanhope, Iowa	Chicago	April 29, 1983
Jena Holding Company, New Orleans, Louisiana	LaSalle Bancshares, Inc., Jena, Louisiana	Dallas	May 18, 1983
LBO Bancorp, Inc., West Monroe, Louisiana	Louisiana Bank of Ouachita Parish, West Monroe, Louisiana	Dallas	April 20, 1983
Lake Valley Bancorp, Inc., Taylorsville, Kentucky	The Peoples Bank, Taylorsville, Kentucky	St. Louis	May 9, 1983
Linn Holding Company, Linn, Missouri	Linn State Bank, Linn, Missouri	St. Louis	May 2, 1983
Madison Agency Inc., Madison, Minnesota	Sanborn State Bank, Sanborn, Minnesota	Minneapolis	May 12, 1983
Merchants Trust, Inc., Jackson, Alabama	Merchants Bank, Jackson, Alabama	Atlanta	May 4, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Missouri Farmers Bancshares, Inc., Maitland, Missouri	Maitland Bancshares, Inc., Maitland, Missouri	Kansas City	May 3, 1983
Newton Financial Corporation, Newton, New Jersey	The Newton Trust Company, Newton, New Jersey	New York	May 3, 1983
North East Bancshares, Inc., Henagar, Alabama	Northeast State Bank of Alabama, Henagar, Alabama	Atlanta	May 20, 1983
Northway Bancshares, Inc., Richardson, Texas	Richardson National Bank, Richardson, Texas Northway National Bank, Addison, Texas	Dallas	May 23, 1983
Oakland City Bancshares Corp., Oakland City, Indiana	First Bank and Trust Company of Oakland City, Oakland City, Indiana	St. Louis	April 22, 1983
One Valley Bancorp of West Virginia, Inc., Charleston, West Virginia	Security Bank of Huntington, Huntington, West Virginia	Richmond	May 20, 1983
Planters Financial Corporation, Hopkinsville, Kentucky	Planters Bank & Trust Company, Hopkinsville, Kentucky	St. Louis	May 20, 1983
Rosedale First National Corp., Rosedale, Mississippi	First National Bank, Rosedale, Mississippi	St. Louis	May 6, 1983
Roseville Bancorp., Inc., Roseville, Minnesota	Mid America National Bank of Roseville, Roseville, Minnesota	Minneapolis	May 13, 1983
Security Financial Corp., Starkville, Mississippi	Security State Bank, Starkville, Mississippi	St. Louis	April 25, 1983
St. Charles Bancshares, Inc., St. Charles, Minnesota	First National Bank of Stewartville, Stewartville, Minnesota	Minneapolis	May 4, 1983
St. James Bancorporation, Inc., Lutcher, Louisiana	St. James Bank and Trust Company, Lutcher, Louisiana	Atlanta	May 6, 1983
State National Corporation, Evanston, Illinois	The Bank & Trust Company of Arlington Heights, Arlington Heights, Illinois	Chicago	April 28, 1983
Stillwater Holding Company, Stillwater, Minnesota	First State Bank of Hugo, Hugo, Minnesota	Minneapolis	May 16, 1983
Tennessee Eastern Bancshares, Inc., Oak Ridge, Tennessee	Bank of Oak Ridge, Oak Ridge, Tennessee	Atlanta	April 19, 1983
Terry Bancorporation, Walford, Iowa	Farmers Savings Bank, Walford, Iowa	Chicago	May 3, 1983
Texas Southwest Bancorp, Inc., Mesquite, Texas	Southwest Bank, Mesquite, Texas	Dallas	April 29, 1983
Trans Kentucky Bancorp, Pikeville, Kentucky	The Citizens Bank of Pikeville, Pikeville, Kentucky	Cleveland	May 16, 1983
Tritten Bancshares, Inc., St. Robert, Missouri	The First National Bank, St. Robert, Missouri	St. Louis	May 9, 1983
Union Illinois Company, East St. Louis, Illinois	The State Bank of Jerseyville, Jerseyville, Illinois	St. Louis	May 17, 1983
Union National Corporation, Mt. Lebanon, Pennsylvania	The McDowell National Bank of Sharon, Sharon, Pennsylvania	Cleveland	May 17, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
United Bankers, Inc., Waco, Texas	Farmers State Bank of Madisonville, Texas, Madisonville, Texas	Dallas	April 28, 1983
Uvalde Bancshares, Inc., Uvalde, Texas	The Uvalde Bank, Uvalde, Texas	Dallas	May 20, 1983
Walz-Stuart Agency, Inc., St. Paul, Minnesota	First Sierra National Bank, Truth or Consequences, New Mexico	Dallas	May 20, 1983
Whitmore Company, Inc., Corning, Iowa	Whitmore Bancorporation, Inc., Corning, Iowa	Chicago	April 29, 1983
Yukon Temporary Holding Company, Yukon, Oklahoma	First Yukon Bancshares, Inc., Yukon, Oklahoma	Kansas City	May 9, 1983

Section 4

Applicant	Nonbanking company	Reserve Bank	Effective date
Bent Tree Bancshares, Inc., Dallas, Texas	Bent Tree Mortgage, Inc., Dallas, Texas	Dallas	April 21, 1983
Goodenow Bancorporation, Wall Lake, Iowa	Franck and Goodenow Insurance Agency, Wall Lake, Iowa general insurance business	Chicago	May 3, 1983
First Interstate Bancorp, Los Angeles, California	Spoor, Behrins, Campbell & Young, New York, New York	San Francisco	May 12, 1983
Zions Utah Bancorporation, Salt Lake City, Utah	Republic Industrial Bank, Widefield, Colorado	San Francisco	May 19, 1983

Sections 3 and 4

Applicant	Bank(s)/Nonbanking company or activity	Reserve Bank	Effective date
Martinius Corporation, Rogers, Minnesota	State Bank of Rogers, Rogers, Minnesota to engage in general insurance activities	Minneapolis	May 17, 1983

ORDERS APPROVED UNDER BANK MERGER ACT

By Board of Governors

Applicant	Bank(s)	Effective date
Hempstead Bank, Hempstead, New York	Island State Bank, Patchogue, New York Peninsula National Bank, Cedarhurst, New York	May 13, 1983

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
Bank of West Point, West Point, Virginia	First Settlers Bank, Hayes, Virginia	Richmond	April 29, 1983
Citizens Bank, Sheboygan, Wisconsin	Citizens North Side Bank, Sheboygan, Wisconsin	Chicago	April 27, 1983

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

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

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

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

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

Hayton v. *State of Utah, et al.*, filed September 1982, U.S.D.C. for the District of Utah.

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

Bowler v. *Treasurer of the U.S., et al*, filed July 1982, U.S.C.A. for the First Circuit.

The Philadelphia Clearing House Association, et al. v. *Board of Governors*, filed July 1982, U.S.D.C. for the Eastern District of Pennsylvania.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial and Business Statistics

CONTENTS

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1982			1983	1982	1983			
	Q2	Q3	Q4	Q1	Dec.	Jan.	Feb.	Mar.	Apr.
Reserves of depository institutions									
1 Total	4.8	5.1	11.0[r]	1.1	11.1	−19.5[r]	6.6[r]	19.7	8.8
2 Required	5.3[r]	4.9	10.1	.8	8.3	−21.2	10.2	20.0	7.6
3 Nonborrowed	8.5	11.5	12.7	.6	10.9	−16.7	5.1	13.7	2.6
4 Monetary base[2]	7.7	6.8	8.0	8.6	8.7	4.7	11.4	15.0	6.9
Concepts of money and liquid assets[3]									
5 M1	3.2	6.1	13.1	14.1	10.6	9.8	22.4	15.9	−2.7
6 M2	7.0	10.9	9.3	20.3	8.9[r]	30.9	24.4	11.2	2.8
7 M3	8.5[r]	12.5	9.5	10.2	3.7[r]	13.0	13.6	8.2	4.3
8 L	10.5	12.1	8.8	n.a.	6.7	n.a.	n.a.	n.a.	n.a.
Time and savings deposits									
Commercial banks									
9 Total	13.4[r]	18.2	3.2	12.4	5.8	27.9	8.8	2.9	6.8
10 Savings[4]	−1.7[r]	−1.8	13.4	−43.4	−20.2	−85.9	−55.4	−19.9	−12.6
11 Small-denomination time[5]	−17.0[r]	18.7	−.5	−48.5	−18.5	−83.0	−63.9	−38.7	−19.5
12 Large-denomination time[6]	17.0	26.8	−6.8	−58.5	−44.3	−97.1	−60.9	−27.7	.8
13 Thrift institutions[7]	4.1	6.5[r]	6.2	12.1	4.1	10.8	21.3[r]	17.2	17.1
14 Total loans and securities at commercial banks[8]	−6.7	6.0	5.5	9.8	10.5	12.8	7.6	11.2	8.7

Item	Interest rates (levels, percent per annum)								
	1982			1983	1983				
	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.	Apr.	May
Short-term rates									
15 Federal funds[9]	14.52	11.01	9.28	8.65	8.68	8.51	8.77	8.80	8.63
16 Discount window borrowing[10]	12.00	10.83	9.25	8.50	8.50	8.50	8.50	8.50	8.50
17 Treasury bills (3-month market yield)[11]	12.42	9.32	7.90	8.11	7.86	8.11	8.35	8.21	8.19
18 Commercial paper (3-month)[11,12]	13.81	11.15	8.80	8.34	8.17	8.34	8.52	8.53	8.33
Long-term rates									
Bonds									
19 U.S. government[13]	13.74	12.94	10.72	10.87	10.78	11.03	10.80	10.63	10.67
20 State and local government[14]	12.33	11.39	9.90	9.43	9.50	9.58	9.20	9.05	9.11
21 Aaa utility (new issue)[15]	15.73	14.25	12.10	11.89	12.05	12.08	11.70	11.41	11.32
22 Conventional mortgages[16]	16.63	15.65	13.79	13.26	13.44	13.18	13.17	13.02	13.09

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.
2. Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.
3. M1: Averages of daily figures for (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; (2) traveler's checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (4) negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft (CUSD) accounts, and demand deposits at mutual savings banks.

M2: M1 plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and balances of money market mutual funds (general purpose and broker/dealer).

M3: M2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations and balances of institution-only money market mutual funds.

L: M3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.
4. Savings deposits exclude NOW and ATS accounts at commercial banks and thrifts and CUSD accounts at credit unions.
5. Small-denomination time deposits—including retail RPs—are those issued in amounts of less than $100,000.
6. Large-denomination time deposits are those issued in amounts of $100,000 or more.
7. Savings and loan associations, mutual savings banks, and credit unions.
8. Changes calculated from figures shown in table 1.23. Beginning December 1981, growth rates reflect shifts of foreign loans and securities from U.S. banking offices to international banking facilities.
9. Averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).
10. Rate for the Federal Reserve Bank of New York.
11. Quoted on a bank-discount basis.
12. Unweighted average of offering rates quoted by at least five dealers.
13. Market yields adjusted to a 20-year maturity by the U.S. Treasury.
14. *Bond Buyer* series for 20 issues of mixed quality.
15. Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.
16. Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.

NOTE. Revisions in reserves of depository institutions reflect the transitional phase-in of reserve requirements as specified in the Monetary Control Act of 1980.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1983			1983						
	Mar.	Apr.	May	Apr. 13	Apr. 20	Apr. 27	May 4	May 11	May 18	May 25p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**155,883**	**159,250**	**160,050**	**157,557**	**160,426**	**159,600**	**162,224**	**159,554**	**159,993**	**159,739**
2 U.S. government securities[1]	135,201	137,877	139,481	136,576	138,847	138,223	139,990	138,058	139,806	140,400
3 Bought outright	135,087	137,453	139,362	136,576	138,847	137,690	138,178	138,058	139,806	140,400
4 Held under repurchase agreements	114	424	119	0	0	533	1,812	0	0	0
5 Federal agency securities	8,929	8,931	8,916	8,912	8,908	8,920	9,022	8,908	8,908	8,908
6 Bought outright	8,917	8,910	8,908	8,912	8,908	8,908	8,908	8,908	8,908	8,908
7 Held under repurchase agreements	12	21	8	0	0	12	114	0	0	0
8 Acceptances	9	72	22	0	0	41	366	0	0	0
9 Loans	850	995	907	582	666	1,171	925	707	1,073	951
10 Float	1,948	1,996	2,016	2,243	2,574	1,724	2,268	2,215	1,522	1,649
11 Other Federal Reserve assets	8,946	9,379	8,708	9,244	9,431	9,521	9,653	9,667	8,684	7,831
12 Gold stock	11,138	11,137	11,133	11,138	11,137	11,135	11,135	11,134	11,132	11,132
13 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
14 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786
ABSORBING RESERVE FUNDS										
15 Currency in circulation	153,186	155,354	157,143	155,812	155,643	155,098	155,756	156,991	157,365	157,004
16 Treasury cash holdings	482	514	532	513	515	519	526	532	533	533
Deposits, other than reserves, with Federal Reserve Banks										
17 Treasury	3,361	3,841	3,521	3,009	3,267	4,165	5,853	3,812	3,131	2,966
18 Foreign	244	254	244	239	236	253	258	223	272	214
19 Other	547	642	565	622	636	636	700	554	560	535
20 Required clearing balances	578	625	693	616	632	629	645	687	697	705
21 Other Federal Reserve liabilities and capital	4,858	4,995	4,959	4,883	5,018	5,015	5,173	4,894	4,867	4,985
22 Reserve accounts[2]	22,168	22,565	21,930	21,404	24,020	22,822	22,851	21,398	22,105	22,332
	End-of-month figures			Wednesday figures						
	1983			1983						
	Mar.	Apr.	May	Apr. 13	Apr. 20	Apr. 27	May 4	May 11	May 18	May 25p
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit outstanding**	**158,047**	**161,866**	**160,828**	**156,759**	**161,279**	**165,501**	**160,042**	**159,100**	**161,986**	**161,531**
24 U.S. government securities[1]	136,651	141,550	141,180	135,419	138,899	141,108	138,331	136,869	141,297	140,750
25 Bought outright	136,651	137,864	141,180	135,419	138,899	137,376	138,331	136,869	141,297	140,750
26 Held under repurchase agreements	0	3,686	0	0	0	3,732	0	0	0	0
27 Federal agency securities	8,915	9,156	8,908	8,908	8,908	8,995	8,908	8,908	8,908	8,908
28 Bought outright	8,915	8,908	8,908	8,908	8,908	8,908	8,908	8,908	8,908	8,908
29 Held under repurchase agreements	0	248	0	0	0	87	0	0	0	0
30 Acceptances	0	704	0	0	0	285	0	0	0	0
31 Loans	2,808	848	1,260	519	1,263	4,073	798	1,170	2,028	1,548
32 Float	486	−1,124	850	2,559	2,717	1,274	2,398	2,305	1,951	2,225
33 Other Federal Reserve assets	9,187	10,732	8,630	9,354	9,492	9,766	9,607	9,848	7,802	8,100
34 Gold stock	11,138	11,135	11,132	11,137	11,137	11,135	11,135	11,132	11,132	11,132
35 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
36 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786
ABSORBING RESERVE FUNDS										
37 Currency in circulation	154,307	155,307	158,634	156,224	155,729	155,661	156,639	157,718	157,546	157,627
38 Treasury cash holdings	498	524	532	513	515	521	530	532	534	532
Deposits, other than reserves, with Federal Reserve Banks										
39 Treasury	3,572	6,015	4,372	3,523	4,596	6,803	4,043	3,552	2,673	2,809
40 Foreign	425	322	445	212	220	194	217	222	250	240
41 Other	535	796	679	554	620	668	559	556	517	684
42 Required clearing balances	601	641	711	615	633	634	646	689	697	705
43 Other Federal Reserve liabilities and capital	4,834	5,253	5,144	4,764	4,818	4,994	4,772	4,680	4,696	4,798
44 Reserve accounts[2]	22,816	22,547	19,847	19,895	23,689	25,564	22,174	20,687	24,609	23,672

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

2. Excludes required clearing balances.

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1981	1982				1983				
	Dec.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[p]
1 Reserve balances with Reserve Banks[1]	26,163	23,385	24,252	24,604	24,804	24,431	23,530	22,168	22,565	21,930
2 Total vault cash (estimated)	19,538	19,921	19,578	19,807	20,392	21,454	20,035	19,484	19,569	19,709
3 Vault cash at institutions with required reserve balances[2]	13,577	13,651	13,658	13,836	14,292	14,602	13,705	13,027	13,246	13,429
4 Vault cash equal to required reserves at other institutions	2,178	2,927	2,677	2,759	2,757	2,829	2,562	2,844	2,839	2,845
5 Surplus vault cash at other institutions[3]	3,783	3,343	3,243	3,212	3,343	4,023	3,768	3,613	3,484	3,435
6 Reserve balances + total vault cash[4]	45,701	43,306	43,830	44,411	45,196	45,885	43,565	41,652	42,134	41,639
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	41,918	39,963	40,587	41,199	41,853	41,862	39,797	38,039	38,650	38,204
8 Required reserves (estimated)	41,606	39,579	40,183	40,797	41,353	41,316	39,362	37,602	38,174	37,840
9 Excess reserve balances at Reserve Banks[4,6]	312	384	404	402	500	546	435	437	476	364
10 Total borrowings at Reserve Banks	642	976	455	579	697	500	557	852	993	907
11 Seasonal borrowings at Reserve Banks	53	102	86	47	33	33	39	53	82	98
12 Extended credit at Reserve Banks	149	118	141	188	187	156	277	318	407	514
	Weekly averages of daily figures for week ending									
	1983									
	Mar. 23	Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27	May 4	May 11	May 18	May 25[p]
13 Reserve balances with Reserve Banks[1]	23,138	22,373	21,780	21,404	24,020	22,822	22,851	21,398	22,105	22,332
14 Total vault cash (estimated)	18,297	19,392	19,692	20,059	18,625	19,630	20,244	20,307	19,516	18,896
15 Vault cash at institutions with required reserve balances[2]	12,652	13,137	13,285	13,198	12,891	13,417	13,709	13,512	13,081	13,213
16 Vault cash equal to required reserves at other institutions	2,438	2,779	2,863	3,126	2,478	2,832	2,977	3,123	2,947	2,555
17 Surplus vault cash at other institutions[3]	3,207	3,476	3,544	3,735	3,256	3,381	3,558	3,672	3,488	3,128
18 Reserve balances + total vault cash[4]	41,435	41,765	41,472	41,463	42,645	42,452	43,095	41,705	41,621	41,228
19 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	38,228	38,289	37,928	37,728	39,389	39,071	39,537	38,033	38,133	38,100
20 Required reserves (estimated)	37,896	37,825	37,296	37,165	39,170	38,612	38,935	37,572	37,755	37,640
21 Excess reserve balances at Reserve Banks[4,6]	332	464	632	563	219	459	602	461	378	460
22 Total borrowings at Reserve Banks	641	897	1,762	582	666	1,171	925	707	1,073	951
23 Seasonal borrowings at Reserve Banks	59	62	80	72	77	90	101	91	91	104
24 Extended credit at Reserve Banks	346	305	328	353	405	484	493	506	519	511

1. As of Aug. 13, 1981, excludes required clearing balances of all depository institutions.
2. Before Nov. 13, 1980, the figures shown reflect only the vault cash held by member banks.
3. Total vault cash at institutions without required reserve balances less vault cash equal to their required reserves.
4. Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merged into an existing member bank, or when a nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.
5. Reserve balances with Federal Reserve Banks, which exclude required clearing balances plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.
6. Reserve balances with Federal Reserve Banks, which exclude required clearing balances plus vault cash used to satisfy reserve requirements less required reserves. (This measure of excess reserves is comparable to the old excess reserve concept published historically.)

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

Averages of daily figures, in millions of dollars

By maturity and source	1983, week ending Wednesday								
	Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27	May 4	May 11	May 18	May 25
One day and continuing contract									
1 Commercial banks in United States	58,326	67,280	69,189	63,218	56,409	59,065	63,386	61,792	58,702
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	24,571	25,303	26,703	28,252	28,880	30,120	29,157	29,147	29,088
3 Nonbank securities dealers	4,250	4,139	4,322	4,164	5,375	5,067	4,518	5,046	6,394
4 All other	23,790	22,398	25,794	24,030	25,942	26,907	27,172	26,420	26,918
All other maturities									
5 Commercial banks in United States	5,292	5,988	4,934	5,270	4,858	4,883	4,776	4,849	5,140
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	11,005	11,456	10,509	10,560	9,681	9,781	9,337	9,351	9,578
7 Nonbank securities dealers	5,518	5,992	5,323	5,566	5,944	6,263	6,227	6,422	6,525
8 All other	9,714	10,998	7,904	9,707	8,926	8,584	9,352	9,616	9,535
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	20,413	25,898	27,496	24,826	22,556	25,686	24,544	24,315	22,972
10 Nonbank securities dealers	4,356	4,481	4,532	4,252	4,315	4,332	3,932	3,858	4,287

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit			Extended credit[1]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 5/31/83	Effective date	Previous rate	Rate on 5/31/83	Previous rate	Rate on 5/31/83	Previous rate	Rate on 5/31/83	Previous rate	
Boston	8½	12/14/82	9	8½	9	9½	10	10½	11	12/14/82
New York		12/15/82								12/15/82
Philadelphia		12/17/82								12/17/82
Cleveland		12/15/82								12/15/82
Richmond		12/15/82								12/15/82
Atlanta		12/14/82								12/14/82
Chicago		12/14/82								12/14/82
St. Louis		12/14/82								12/14/82
Minneapolis		12/14/82								12/14/82
Kansas City		12/15/82								12/15/82
Dallas		12/14/82								12/14/82
San Francisco	8½	12/14/82	9	8½	9	9½	10	10½	11	12/14/82

Range of rates in recent years[2]

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

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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1981— May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982— July 20	11½–12	11½
23	11½	11½
Aug. 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov. 22	9–9½	9
26	9	9
Dec. 14	8½–9	9
15	8½–9	8½
17	8½	8½
In effect May 31, 1983	8½	8½

1. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures. See section 201.3(b)(2) of Regulation A.

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

Type of deposit, and deposit interval	Member bank requirements before implementation of the Monetary Control Act		Type of deposit, and deposit interval[5]	Depository institution requirements after implementation of the Monetary Control Act[6]	
	Percent	Effective date		Percent	Effective date
Net demand[2]			*Net transaction accounts*[7,8]		
$0 million–$2 million	7	12/30/76	$0–$26.3 million	3	12/30/82
$2 million–$10 million	9½	12/30/76	Over $26.3 million	12	12/30/82
$10 million–$100 million	11¾	12/30/76			
$100 million–$400 million	12¾	12/30/76	*Nonpersonal time deposits*[9]		
Over $400 million	16¼	12/30/76	By original maturity		
			Less than 2½ years	3	3/31/83
Time and savings[2,3]			2½ years or more	0	3/31/83
Savings	3	3/16/67			
			Eurocurrency liabilities		
Time[4]			All types	3	11/13/80
$0 million–$5 million, by maturity					
30–179 days	3	3/16/67			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			
Over $5 million, by maturity					
30–179 days	6	12/12/74			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			

1. For changes in reserve requirements beginning 1963, see Board's *Annual Statistical Digest, 1971–1975* and for prior changes, see Board's *Annual Report* for 1976, table 13. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. Requirement schedules are graduated, and each deposit interval applies to that part of the deposits of each bank. Demand deposits subject to reserve requirements were gross demand deposits minus cash items in process of collection and demand balances due from domestic banks.

The Federal Reserve Act as amended through 1978 specified different ranges of requirements for reserve city banks and for other banks. Reserve cities were designated under a criterion adopted effective Nov. 9, 1972, by which a bank having net demand deposits of more than $400 million was considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constituted designation of that place as a reserve city. Cities in which there were Federal Reserve Banks or branches were also reserve cities. Any banks having net demand deposits of $400 million or less were considered to have the character of business of banks outside of reserve cities and were permitted to maintain reserves at ratios set for banks not in reserve cities.

Effective Aug. 24, 1978, the Regulation M reserve requirements on net balances due from domestic banks to their foreign branches and on deposits that foreign branches lend to U.S. residents were reduced to zero from 4 percent and 1 percent respectively. The Regulation D reserve requirement of borrowings from unrelated banks abroad was also reduced to zero from 4 percent.

Effective with the reserve computation period beginning Nov. 16, 1978, domestic deposits of Edge corporations were subject to the same reserve requirements as deposits of member banks.

3. Negotiable order of withdrawal (NOW) accounts and time deposits such as Christmas and vacation club accounts were subject to the same requirements as savings deposits.

The average reserve requirement on savings and other time deposits before implementation of the Monetary Control Act had to be at least 3 percent, the minimum specified by law.

4. Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percent was imposed on large time deposits of $100,000 or more, obligations of affiliates, and ineligible acceptances. This supplementary requirement was eliminated with the maintenance period beginning July 24, 1980.

Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount. This marginal requirement was increased to 10 percent beginning Apr. 3, 1980, was decreased to 5 percent beginning June 12, 1980, and was eliminated beginning July 24, 1980. Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement was originally the greater of (a) $100 million or (b) the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S. branches and agencies of a foreign bank for the two reserve computation periods ending Sept. 26, 1979. For the computation period beginning Mar. 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U.S. office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13–26, 1979) and the week ending Mar. 12, 1980, whichever was greater. For the computation period beginning May 29, 1980, the base was increased by 7½ percent above the base used to calculate the marginal reserve in the statement week of May 14–21, 1980. In addition, beginning Mar. 19, 1980, the base was reduced to the extent that foreign loans and balances declined.

5. The Garn-St Germain Depository Institutions Act of 1982 (Public Law 97–320) provides that $2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the next succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. Effective Dec. 9, 1982, the amount of the exemption was established at $2.1 million. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) authorized under 12 CFR section 1204.122; (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

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

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

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

NOTE. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. After implementation of the Monetary Control Act, nonmembers may maintain reserves on a pass-through basis with certain approved institutions.

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

Percent per annum

<table>
<tr><th rowspan="3">Type and maturity of deposit</th><th colspan="4">Commercial banks</th><th colspan="4">Savings and loan associations and mutual savings banks (thrift institutions)</th></tr>
<tr><th colspan="2">In effect May 31, 1983</th><th colspan="2">Previous maximum</th><th colspan="2">In effect May 31, 1983</th><th colspan="2">Previous maximum</th></tr>
<tr><th>Percent</th><th>Effective date</th><th>Percent</th><th>Effective date</th><th>Percent</th><th>Effective date</th><th>Percent</th><th>Effective date</th></tr>
<tr><td>1 Savings</td><td>5¼</td><td>7/1/79</td><td>5</td><td>7/1/73</td><td>5½</td><td>7/1/79</td><td>5¼</td><td>(1)</td></tr>
<tr><td>2 Negotiable order of withdrawal accounts[2]</td><td>5¼</td><td>12/31/80</td><td>5</td><td>1/1/74</td><td>5¼</td><td>12/31/80</td><td>5</td><td>1/1/74</td></tr>
<tr><td>Time accounts[3]
Fixed ceiling rates by maturity[4]</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>3 14–89 days[5]</td><td>5¼</td><td>8/1/79</td><td>5</td><td>7/1/73</td><td>(6)</td><td>...</td><td>(6)</td><td>...</td></tr>
<tr><td>4 90 days to 1 year</td><td>5¾</td><td>1/1/80</td><td>5½</td><td>7/1/73</td><td>6</td><td>1/1/80</td><td>5¾</td><td>(1)</td></tr>
<tr><td>5 1 to 2 years[7]</td><td rowspan="2">6</td><td rowspan="2">7/1/73</td><td>5½</td><td>1/21/70</td><td rowspan="2">6½</td><td rowspan="2">(1)</td><td>5¾</td><td>1/21/70</td></tr>
<tr><td>6 2 to 2½ years[7]</td><td>5¾</td><td>1/21/70</td><td>6</td><td>1/21/70</td></tr>
<tr><td>7 2½ to 4 years[7]</td><td>6½</td><td>7/1/73</td><td>5¾</td><td>1/21/70</td><td>6¾</td><td>(1)</td><td>6</td><td>1/21/70</td></tr>
<tr><td>8 4 to 6 years[8]</td><td>7¼</td><td>11/1/73</td><td>(9)</td><td>...</td><td>7½</td><td>11/1/73</td><td>(9)</td><td>...</td></tr>
<tr><td>9 6 to 8 years[8]</td><td>7½</td><td>12/23/74</td><td>7¼</td><td>11/1/73</td><td>7¾</td><td>12/23/74</td><td>7½</td><td>11/1/73</td></tr>
<tr><td>10 8 years or more[8]</td><td>7¾</td><td>6/1/78</td><td>(6)</td><td>...</td><td>8</td><td>6/1/78</td><td>(6)</td><td>...</td></tr>
<tr><td>11 Issued to governmental units (all maturities)[10]</td><td>8</td><td>6/1/78</td><td>7¾</td><td>12/23/74</td><td>8</td><td>6/1/78</td><td>7¾</td><td>12/23/74</td></tr>
<tr><td>12 IRAs and Keogh (H.R. 10) plans (3 years or more)[10,11]</td><td>8</td><td>6/1/78</td><td>7¾</td><td>7/6/77</td><td>8</td><td>6/1/78</td><td>7¾</td><td>7/6/77</td></tr>
</table>

1. July 1, 1973, for mutual savings banks; July 6, 1973, for savings and loans.
2. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, in New York State on Nov. 10, 1978, New Jersey on Dec. 28, 1979, and to similar institutions nationwide effective Dec. 31, 1980. Effective January 5, 1983 the interest rate ceiling is removed for NOW accounts with an initial balance and average maintenance balance of $2,500.
3. For exceptions with respect to certain foreign time deposits see the BULLETIN for October 1962 (p. 1279), August 1965 (p. 1084), and February 1968 (p. 167).
4. Effective Nov. 10, 1980, the minimum notice period for public unit accounts at savings and loan associations was decreased to 14 days and the minimum maturity period for time deposits at savings and loan associations in excess of $100,000 was decreased to 14 days. Effective Oct. 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 to 14 days at mutual savings banks.
5. Effective Oct. 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 to 14 days at commercial banks.
6. No separate account category.
7. No minimum denomination. Until July 1, 1979, a minimum of $1,000 was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.
8. No minimum denomination. Until July 1, 1979, the minimum denomination was $1,000 except for deposits representing funds contributed to an individual retirement account (IRA) or a Keogh (H.R. 10) plan established pursuant to the Internal Revenue Code. The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976 respectively.
9. Between July 1, 1973, and Oct. 31, 1973, certificates maturing in 4 years or more with minimum denominations of $1,000 had no ceiling; however, the amount of such certificates that an institution could issue was limited to 5 percent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than $1,000, were limited to the 6½ percent ceiling on time deposits maturing in 2½ years or more. Effective Nov. 1, 1973, ceilings were reimposed on certificates maturing in 4 years or more with minimum denomination of $1,000. There is no limitation on the amount of these certificates that banks can issue.
10. Accounts subject to fixed-rate ceilings. See footnote 8 for minimum denomination requirements.
11. Effective Jan. 1, 1980, commercial banks are permitted to pay the same rate as thrifts on IRA and Keogh accounts and accounts of governmental units when such deposits are placed in 2½-year-or-more variable-ceiling certificates or in 26-week money market certificates regardless of the level of the Treasury bill rate.

NOTE. Before Mar. 31, 1980, the maximum rates that could be paid by federally insured commercial banks, mutual savings banks, and savings and loan associations were established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526 respectively. Title II of the Depository Institutions Deregulation and Monetary Control Act of 1980 (P.L. 96-221) transferred the authority of the agencies to establish maximum rates of interest payable on deposits to the Depository Institutions Deregulation Committee. The maximum rates on time deposits in denominations of $100,000 or more with maturities of 30–89 days were suspended in June 1970; the maximum rates for such deposits maturing in 90 days or more were suspended in May 1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the FEDERAL RESERVE BULLETIN, the *Federal Home Loan Bank Board Journal*, and the *Annual Report of the Federal Deposit Insurance Corporation.*

For deposits subject to variable ceiling rates and deposits not subject to interest rate ceilings see page A10.

1.16 Continued

TIME DEPOSITS SUBJECT TO VARIABLE CEILING RATES

91-day time deposits. Effective May 1, 1982, depository institutions were authorized to offer time deposits that have a minimum denomination of $7,500 and a maturity of 91 days. Effective January 5, 1983, the minimum denomination required for this deposit is reduced to $2,500. The ceiling rate of interest on these deposits is indexed to the discount rate (auction average) on most recently issued 91-day Treasury bills for thrift institutions and the discount rate minimum 25 basis points for commercial banks. The rate differential ends 1 year from the effective date of these instruments and is suspended at any time the Treasury bill discount rate is 9 percent or below for four consecutive auctions. The maximum allowable rates in May 1983 (in percent) for commercial banks and thrifts were as follows: May 3, 8.04; May 10, 8.14; May 17, 8.10; May 24, 8.46.

Six-month money market time deposits. Effective June 1, 1978, commercial banks and thrift institutions were authorized to offer time deposits with a maturity of exactly 26 weeks and a minimum denomination requirement of $10,000. Effective January 5, 1983, the minimum denomination required for this deposit is reduced to $2,500. The ceiling rate of interest on these deposits is indexed to the discount rate (auction average) on most recently issued 26-week U.S. Treasury bills. Interest on these certificates may not be compounded. Effective for all 6-month money market certificates issued beginning Nov. 1, 1981, depository institutions may pay rates of interest on these deposits indexed to the higher of (1) the rate for 26-week Treasury bills established immediately before the date of deposit (bill rate) or (2) the average of the four rates for 26-week Treasury bills established for the 4 weeks immediately before the date of deposit (4-week average bill rate). Ceilings are determined as follows:

Bill rate or 4-week average bill rate	*Commercial bank ceiling*
7.50 percent or below	7.75 percent
Above 7.50 percent	¼ of 1 percentage point plus the higher of the bill rate or 4-week average bill rate
	Thrift ceiling
7.25 percent or below	7.75 percent
Above 7.25 percent, but below 8.50 percent	½ of 1 percentage point plus the higher of the bill rate or 4-week average bill rate
8.50 percent or above, but below 8.75 percent	9 percent
8.75 percent or above	¼ of 1 percentage point plus the higher of the bill rate or 4-week average bill rate

The maximum rates in May 1983 for commercial banks based on the bill rate were as follows: May 3, 8.30; May 10, 8.38; May 17, 8.39; May 24, 8.72, and based on the 4-week average bill rate were as follows: May 3, 8.43; May 10, 8.40; May 17, 8.38; May 24, 8.44. The maximum allowable rates in May 1983 for thrifts based on the bill rate were as follows: May 3, 8.55; May 10, 8.63; May 17, 8.64; May 24, 8.97; and based on the 4-week average bill rate were as follows: May 3, 8.68; May 10, 8.65; May 17, 8.63; May 24, 8.69.

12-month all savers certificates. Effective Oct. 1, 1981, depository institutions are authorized to issue all savers certificates (ASCs) with a 1-year maturity and an annual investment yield equal to 70 percent of the average investment yield for 52-week U.S. Treasury bills as determined by the auction of 52-week Treasury bills held immediately before the calendar week in which the certificate is issued. A maximum lifetime exclusion of $1,000 ($2,000 on a joint return) from gross income is generally authorized for interest income from ASCs. The annual investment yield for ASCs issued in December 1982 (in percent) was as follows: Dec. 26, 6.26.

1½-year to less than 2½-year time deposits. Effective Aug. 1, 1981, commercial banks are authorized to pay interest on any variable ceiling nonnegotiable time deposit with an original maturity of 2½ years to less than 4 years at a rate not to exceed ¼ of 1 percent below the average 2½-year yield for U.S. Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit. Effective May 1, 1982, the maximum maturity for this category of deposits was reduced to less than 3½ years. Effective Apr. 1, 1983, the maximum maturity for this category of deposits was reduced to less than 2½ years and the minimum maturity was reduced to 1½ years. Thrift institutions may pay interest on these certificates at a rate not to exceed the average 1½-year yield for Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit. If the announced average 1½-year yield for Treasury securities is less than 9.50 percent, commercial banks may pay 9.25 percent and thrift institutions 9.50 percent for these deposits. These deposits have no required minimum denomination, and interest may be compounded on them. The ceiling rates of interest at which they may be offered vary biweekly. The maximum allowable rates in May 1983 (in percent) for commercial banks were as follows: May 10, 9.25; May 24, 9.25; and for thrift institutions: May 10, 9.50; May 24, 9.50.

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

TIME DEPOSITS NOT SUBJECT TO INTEREST RATE CEILINGS

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

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

Time deposits of 7 to 31 days. Effective Sept. 1, 1982, depository institutions were authorized to issue nonnegotiable time deposits of $20,000 or more with a maturity or required notice period of 7 to 31 days. The maximum rate of interest payable by thrift institutions was the rate established and announced (auction average on a discount basis) for U.S. Treasury bills with maturities of 91 days at the auction held immediately before the date of deposit or renewal ("bill rate"). Commercial banks could pay the bill rate minus 25 basis points. The interest rate ceiling was suspended when the bill rate is 9 percent or below for the four most recent auctions held before the date of deposit or renewal. Effective January 5, 1983, the minimum denomination required for this deposit was reduced to $2,500 and the interest rate ceiling was removed.

Time deposits of 2½ years or more. Effective May 1, 1982, depository institutions were authorized to offer negotiable or nonnegotiable time deposits with a minimum original maturity of 3½ years or more that are not subject to interest rate ceilings. Such time deposits have no minimum denomination, but must be made available in a $500 denomination. Additional deposits may be made to the account during the first year without extending its maturity. Effective Apr. 1, 1983, the minimum maturity period for this category of deposits was reduced to 2½ years.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1980	1981	1982	1982			1983			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	7,668	13,899	17,067	774	2,552	1,897	0	1,456	1,259	2,880
2 Gross sales	7,331	6,746	8,369	0	0	731	1,983	934	0	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	3,389	1,816	3,000	0	0	200	900	300	0	0
Others within 1 year										
5 Gross purchases	912	317	312	0	88	0	0	0	0	0
6 Gross sales	0	23	0	0	0	0	0	0	0	0
7 Maturity shift	12,427	13,794	17,295	623	2,819	906	558	4,564	1,198	826
8 Exchange	−18,251	−12,869	−14,164	0	−1,924	−943	−544	−2,688	−900	0
9 Redemptions	0	0	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	2,138	1,702	1,797	0	485	0	0	0	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−8,909	−10,299	−14,524	−623	−2,204	−906	−553	−4,564	−1,198	−684
13 Exchange	13,412	10,117	11,804	0	1,515	943	544	1,599	900	0
5 to 10 years										
14 Gross purchases	703	393	388	0	194	0	0	0	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	−3,092	−3,495	−2,172	0	−616	0	−5	229	0	−142
17 Exchange	2,970	1,500	2,128	0	250	0	0	650	0	0
Over 10 years										
18 Gross purchases	811	379	307	0	132	0	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	−426	0	−601	0	0	0	0	−229	0	0
21 Exchange	1,869	1,253	234	0	159	0	0	439	0	0
All maturities										
22 Gross purchases	12,232	16,690	19,870	774	3,452	1,897	0	1,456	1,259	2,880
23 Gross sales	7,331	6,769	8,369	0	0	731	1,983	934	0	0
24 Redemptions	3,389	1,816	3,000	0	0	200	900	300	0	0
Matched transactions										
25 Gross sales	674,000	589,312	543,804	45,655	39,579	72,123	59,398	35,234	47,892	37,873
26 Gross purchases	675,496	589,647	543,173	46,370	41,724	69,088	59,043	38,204	47,724	36,205
Repurchase agreements										
27 Gross purchases	113,902	79,920	130,774	5,618	4,161	15,229	6,747	6,697	3,526	7,671
28 Gross sales	113,040	78,733	130,286	9,420	4,161	11,525	10,451	6,697	3,526	3,984
29 Net change in U.S. government securities	3,869	9,626	8,358	−2,313	5,596	1,636	−6,943	3,192	1,090	4,899
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	668	494	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	145	108	189	6	*	6	9	5	8	7
Repurchase agreements										
33 Gross purchases	28,895	13,320	18,957	1,776	739	2,566	452	276	379	340
34 Gross sales	28,863	13,576	18,638	2,778	739	1,978	1,040	276	379	92
35 Net change in federal agency obligations	555	130	130	−1,008	*	582	−596	−5	−8	241
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	73	−582	1,285	−813	0	1,480	−1,480	0	0	704
37 Total net change in System Open Market Account	**4,497**	**9,175**	**9,773**	**−4,134**	**5,596**	**3,697**	**−9,019**	**3,187**	**1,082**	**5,844**

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday 1983					End of month 1983		
	Apr. 27	May 4	May 11	May 18	May 25	Mar.	Apr.	May
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,135	11,135	11,132	11,132	11,132	11,138	11,135	11,132
2 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
3 Coin	444	466	439	432	426	477	452	403
Loans								
4 To depository institutions	4,073	798	1,170	2,028	1,548	2,808	848	1,260
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	285	0	0	0	0	0	704	0
Federal agency obligations								
7 Bought outright	8,908	8,908	8,908	8,908	8,908	8,915	8,908	8,908
8 Held under repurchase agreements	87	0	0	0	0	0	248	0
U.S. government securities								
Bought outright								
9 Bills	56,194	57,149	55,687	58,912	58,365	55,469	56,682	58,795
10 Notes	62,187	62,187	62,187	63,107	63,107	62,187	62,187	63,107
11 Bonds	18,995	18,995	18,995	19,278	19,278	18,995	18,995	19,278
12 Total[1]	137,376	138,331	136,869	141,297	140,750	136,651	137,864	141,180
13 Held under repurchase agreements	3,732	0	0	0	0	0	3,686	0
14 Total U.S. government securities	141,108	138,331	136,869	141,297	140,750	136,651	141,550	141,180
15 **Total loans and securities**	**154,461**	**148,037**	**146,947**	**152,233**	**151,206**	**148,374**	**152,258**	**151,348**
16 Cash items in process of collection	8,959	9,742	8,834	9,087	8,797	6,584	6,354	6,607
17 Bank premises	551	553	553	553	553	552	552	553
Other assets								
18 Denominated in foreign currencies[2]	4,983	4,958	4,969	4,389	4,394	4,962	4,957	4,376
19 All other[3]	4,232	4,096	4,326	2,860	3,153	3,673	5,223	3,701
20 **Total assets**	**189,383**	**183,605**	**181,818**	**185,304**	**184,279**	**180,378**	**185,549**	**182,738**
LIABILITIES								
21 Federal Reserve notes	142,841	143,850	144,903	144,726	144,799	141,497	142,497	145,783
Deposits								
22 Depository institutions	26,201	22,823	21,380	25,311	24,383	23,419	23,193	20,567
23 U.S. Treasury—General account	6,803	4,043	3,552	2,673	2,809	3,572	6,015	4,372
24 Foreign—Official accounts	194	217	222	250	240	425	322	445
25 Other	665	556	552	512	678	533	791	670
26 **Total deposits**	**33,863**	**27,639**	**25,706**	**28,746**	**28,110**	**27,949**	**30,321**	**26,054**
27 Deferred availability cash items	7,685	7,344	6,529	7,136	6,572	6,098	7,478	5,757
28 Other liabilities and accrued dividends[4]	1,906	1,696	1,577	1,600	1,698	1,752	2,069	1,849
29 **Total liabilities**	**186,295**	**180,529**	**178,715**	**182,208**	**181,179**	**177,296**	**182,365**	**179,443**
CAPITAL ACCOUNTS								
30 Capital paid in	1,407	1,408	1,409	1,413	1,413	1,393	1,407	1,413
31 Surplus	1,359	1,359	1,359	1,359	1,359	1,359	1,359	1,359
32 Other capital accounts	322	309	335	324	328	330	418	523
33 **Total liabilities and capital accounts**	**189,383**	**183,605**	**181,818**	**185,304**	**184,279**	**180,378**	**185,549**	**182,738**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	110,748	110,881	109,971	109,667	107,950	112,120	109,843	110,198
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to bank)	161,329	161,510	162,019	162,920	163,353	159,568	161,327	163,394
36 LESS: Held by bank[5]	18,488	17,660	17,116	18,194	18,554	18,130	18,830	17,611
37 Federal Reserve notes, net	142,841	143,850	144,903	144,726	144,799	141,438	142,497	145,783
Collateral for Federal Reserve notes								
38 Gold certificate account	11,135	11,135	11,132	11,132	11,132	11,138	11,135	11,132
39 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	127,088	128,097	129,153	128,976	129,049	125,682	126,744	130,033
42 **Total collateral**	**142,841**	**143,850**	**144,903**	**144,726**	**144,799**	**141,438**	**142,497**	**145,783**

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U.S. Treasury. Assets shown in this line are revalued monthly at market exchange rates.
3. Includes special investment account at Chicago of Treasury bills maturing within 90 days.
4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.
5. Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1983					1983		
	Apr. 27	May 4	May 11	May 18	May 25	Mar. 31	Apr. 29	May 31
1 Loans—Total	4,073	798	1,170	2,028	1,548	2,808	848	1,260
2 Within 15 days	4,040	744	1,132	2,011	1,508	2,782	805	1,220
3 16 days to 90 days	33	54	38	17	40	26	43	40
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	285	0	0	0	0	0	704	0
6 Within 15 days	285	0	0	0	0	0	704	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	141,108	138,331	136,869	141,297	140,750	136,651	141,550	141,180
10 Within 15 days[1]	6,694	5,771	6,269	7,822	6,335	3,525	4,947	4,011
11 16 days to 90 days	29,095	26,726	24,799	30,918	30,501	26,664	30,724	32,654
12 91 days to 1 year	43,736	44,734	44,701	40,807	42,165	44,879	44,296	42,680
13 Over 1 year to 5 years	31,972	31,489	31,489	32,983	32,983	31,830	31,972	33,067
14 Over 5 years to 10 years	12,828	12,828	12,828	11,700	11,700	12,970	12,828	11,700
15 Over 10 years	16,783	16,783	16,783	17,067	17,066	16,783	16,783	17,068
16 Federal agency obligations—Total	8,995	8,908	8,908	8,908	8,908	8,915	9,156	8,908
17 Within 15 days[1]	323	126	32	93	61	309	484	188
18 16 days to 90 days	499	581	549	489	489	508	499	585
19 91 days to 1 year	2,026	2,054	2,095	2,094	2,200	1,862	2,026	1,977
20 Over 1 year to 5 years	4,499	4,499	4,529	4,540	4,450	4,614	4,499	4,450
21 Over 5 years to 10 years	1,130	1,130	1,185	1,174	1,190	1,104	1,130	1,190
22 Over 10 years	518	518	518	518	518	518	518	518

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE

Billions of dollars, averages of daily figures

Item	1978 Dec.	1979 Dec.	1980 Dec.	1981 Dec.	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.	1983 May
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]												
1 **Total reserves[2]**	**32.83**	**34.23**	**36.23**	**37.93**	**39.93**	**40.41**	**40.78**	**40.12**	**40.34**	**41.00**	**41.31**	**41.27**
2 Nonborrowed reserves	31.96	32.76	34.54	39.45	39.45	39.79	40.15	39.59	39.76	40.21	40.30	40.32
3 Required reserves	32.59	33.91	35.71	39.53	39.53	40.01	40.28	39.57	39.91	40.57	40.83	40.80
4 Monetary base[3]	132.2	142.8	154.9	173.2	173.2	174.3	175.6	176.3	178.0	180.2	181.2	182.9
	Not seasonally adjusted											
5 **Total reserves[2]**	**33.33**	**37.24**	**37.24**	**40.00**	**40.00**	**40.68**	**41.56**	**42.23**	**40.23**	**40.23**	**41.05**	**40.74**
6 Nonborrowed reserves	32.46	35.55	35.55	39.52	39.52	40.06	40.93	41.69	39.64	39.44	40.04	39.78
7 Required reserves	33.10	36.72	36.72	39.59	39.59	40.28	41.06	41.67	39.79	39.80	40.58	40.27
8 Monetary base[3]	134.7	158.2	158.2	173.2	173.2	175.4	178.9	177.7	175.9	177.7	180.3	181.8
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[4]												
9 **Total reserves[2]**	**41.68**	**40.66**	**40.66**	**40.59**	**40.59**	**41.20**	**41.85**	**41.86**	**39.80**	**38.04**	**38.65**	**38.31**
10 Nonborrowed reserves	40.81	38.97	38.97	40.11	40.11	40.58	41.22	41.33	39.22	37.24	37.65	37.36
11 Required reserves	41.45	40.15	40.15	40.18	40.18	40.80	41.35	41.32	39.36	37.60	38.18	37.84
12 Monetary base[3]	144.5	162.5	162.5	173.8	173.8	176.0	179.3	177.9	176.0	175.9	178.4	179.9

1. Reserve aggregates include required reserves of member banks and Edge Act corporations and other depository institutions. Discontinuities associated with the implementation of the Monetary Control Act, the inclusion of Edge Act corporation reserves, and other changes in Regulation D have been removed. Beginning with the week ended December 23, 1981, reserve aggregates have been reduced by shifts of reservable liabilities to international banking facilities (IBFs). On the basis of reports of liabilities transferred to IBFs by U.S. commercial banks and U.S. agencies and branches of foreign banks, it is estimated that required reserves were lowered on average $10 millon to $20 million in December 1981 and $40 million to $70 million in January 1982.

2. Reserve balances with Federal Reserve Banks (which exclude required clearing balances) plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.

3. Includes reserve balances and required clearing balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

4. Reserves of depository institutions series reflect actual reserve requirement percentages with no adjustments to eliminate the effect of changes in Regulation D including changes associated with the implementation of the Monetary Control Act. Includes required reserves of member banks and Edge Act corporations and beginning November 13, 1980, other depository institutions. Under the transitional phase-in program of the Monetary Control Act of 1980, the net changes in required reserves of depository institutions have been as follows: Effective November 13, 1980, a reduction of $2.9 billion; February 12, 1981, an increase of $245 million; March 12, 1981, an increase of $75 million; May 14, 1981, an increase of $245 million; September 3, 1981, a reduction of $1.1 billion; November 12, 1981, an increase of $210 million; January 14, 1982, a reduction of $60 million; February 11, 1982 an increase of $170 million; March 4, 1982, an estimated reduction of $2.0 billion; May 13, 1982, an estimated increase of $150 million; August 12, 1982 an estimated increase of $140 million; and September 2, 1982, an estimated reduction of $1.2 billion; October 28, 1982 an estimated reduction of $100 million; December 23, 1982 an estimated reduction of $800 million; and March 3, 1983 an estimated reduction of $2.1 billion. Beginning with the week ended December 23, 1981, reserve aggregates have been reduced by shifts of reservable liabilities to IBFs. On the basis of reports of liabilities transferred to IBFs by U.S. commercial banks and U.S. agencies and branches of foreign banks, it is estimated that required reserves were lowered on average by $60 million to $90 million in December 1981 and $180 million to $230 million in January 1982, mostly reflecting a reduction in reservable Eurocurrency transactions.

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

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1979 Dec.	1980 Dec.	1981 Dec.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.[r]	1983 Apr.
	Seasonally adjusted							
MEASURES[1]								
1 M1	389.0	414.1	440.6	478.2	482.1	491.1	497.6	496.5
2 M2	1,497.5	1,630.3	1,794.9	1,959.5	2,010.0[r]	2,050.8	2,070.0	2,074.9
3 M3	1,758.4	1,936.7	2,167.9	2,377.6	2,403.3	2,430.6	2,447.3	2,456.0
4 L[2]	2,131.8	2,343.6	2,622.0	2,896.8[r]	n.a.	n.a.	n.a.	n.a.
SELECTED COMPONENTS								
5 Currency	106.5	116.2	123.2	132.8	134.2	135.6	137.0	138.0
6 Traveler's checks[3]	3.7	4.1	4.5	4.2	4.1	4.3	4.5	4.6
7 Demand deposits	262.0	266.8	236.4	239.8	239.4	238.7	240.1	238.9
8 Other checkable deposits[4]	17.0	26.9	76.6	101.3	104.5[r]	112.5	116.0	115.0
9 Savings deposits[5]	423.1	400.7	344.4	359.3[r]	335.1	325.7	322.8	321.9
10 Small-denomination time deposits[6]	635.9	731.7	828.6	859.1	797.4	755.1	733.8	725.7
11 Large-denomination time deposits[7]	222.2	258.9	302.6	333.8	310.7[r]	297.9	296.3	300.8
	Not seasonally adjusted							
MEASURES[1]								
12 M1	398.8	424.7	452.1	491.0	489.7[r]	480.7[r]	489.2	504.4
13 M2	1,502.1	1,635.0	1,799.6	1,964.5	2,018.3[r]	2,042.5	2,066.0	2,088.6
14 M3	1,766.1	1,944.9	2,175.9	2,385.3	2,415.2[r]	2,427.0[r]	2,446.0	2,467.5
15 L[2]	2,138.9	2,350.8	2,629.7	2,904.7[r]	n.a.	n.a.	n.a.	n.a.
SELECTED COMPONENTS								
16 Currency	108.2	118.3	125.4	135.2	133.2	133.7	135.4	137.4
17 Traveler's checks[3]	3.5	3.9	4.3	4.0	3.9	4.1	4.3	4.4
18 Demand deposits	270.1	275.2	244.0	247.7	245.1	232.8	235.2	242.4
19 Other checkable deposits[4]	17.0	27.2	78.4	104.0[r]	107.5[r]	110.0[r]	114.3[r]	120.3[r]
20 Overnight RPs and Eurodollars[8]	21.2	28.4	36.1	44.3	47.3	49.1[r]	48.6	50.4
21 Savings deposits[5]	420.7	398.3	342.1	356.2	332.1	321.0[r]	319.5	321.5
22 Money market deposit accounts	n.a.	n.a.	n.a.	26.5	114.2	163.3	185.9	198.0
23 Small-denomination time deposits[6]	633.1	728.3	824.1	853.9	798.6	758.5	737.7	728.7
Money market mutual funds								
24 General purpose and broker/dealer	33.4	61.4	150.9	182.2	166.7	159.6[r]	154.0	146.7
25 Institution only	9.5	14.9	36.0	47.6	46.1	45.2	43.5	41.0
26 Large-denomination time deposits[7]	226.0	262.4	305.9	336.5	314.2	302.6	299.0	298.6

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

M1: Averages of daily figures for (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; (2) traveler's checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (4) negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft (CUSD) accounts, and demand deposits at mutual savings banks.

M2: M1 plus money market deposit accounts, savings, and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks and balances of money market mutual funds (general purpose and broker/dealer).

M3: M2 plus large-denomination time deposits at all depository institutions, term RPs at commercial banks and savings and loan associations, and balances of institution-only money market mutual funds.

2. L: M3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

3. Outstanding amount of U.S. dollar-denominated traveler's checks of nonbank issuers.

4. Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks.

5. Excludes NOW and ATS accounts at commercial banks and thrift institutions and CUSDs at credit unions and all money market deposit accounts (MMDAs).

6. Issued in amounts of less than $100,000 and includes retail RPs.

7. Issued in amounts of $100,000 or more and are net of the holdings of domestic banks, thrift institutions, the U.S. government, money market mutual funds, and foreign banks and official institutions.

8. Overnight (and continuing contract) RPs are those issued by commercial banks to other than depository institutions and money market mutual funds (general purpose and broker/dealer), and overnight Eurodollars are those issued by Caribbean branches of member banks to U.S. residents other than depository institutions and money market mutual funds (general purpose and broker/dealer).

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1980[1]	1981[1]	1982[1]	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	62,757.8	80,858.7	90,914.4	97,097.0	95,475.9	97,748.5	103,333.1	102,743.5	102,206.1
2 Major New York City banks	25,156.1	33,891.9	37,932.9	42,077.9	38,971.6	42,104.4	46,353.0	45,133.2	44,327.4
3 Other banks	37,601.7	46,966.9	52,981.6	55,019.1	56,504.4	55,644.1	56,980.1	57,610.3	57,878.7
4 ATS-NOW accounts[3]	159.3	743.4	1,036.2	1,109.4	1,224.6	1,448.1	1,262.3	1,286.4	1,369.4
5 Savings deposits[4]	670.0	672.7	721.4	637.0	697.1	889.3	904.3	827.9	803.2
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	198.7	285.8	324.2	343.0	333.8	342.6	361.1	361.3	356.1
7 Major New York City banks	803.7	1,105.1	1,287.6	1,298.7	1,263.7	1,381.2	1,462.3	1,462.5	1,437.4
8 Other banks	132.2	186.2	211.1	219.5	221.4	218.3	223.9	227.2	225.9
9 ATS-NOW accounts[3]	9.7	14.0	14.5	14.7	15.6	18.4	15.8	15.1	15.6
10 Savings deposits[4]	3.6	4.1	4.5	4.0	4.3	4.7	6.0	5.8	5.7
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	63,124.4	81,197.9	91,031.9	93,543.3	91,838.3	107,454.9	101,566.1	92,654.1	109,166.3
12 Major New York City banks	25,243.1	34,032.0	38,001.0	39,657.6	36,893.5	47,576.3	45,657.2	40,937.3	47,496.6
13 Other banks	37,881.3	47,165.9	53,030.9	53,885.7	54,944.8	59,878.6	55,908.8	51,716.8	61,669.7
14 ATS-NOW accounts[3]	158.0	737.6	1,027.1	1,098.0	1,115.0	1,411.9	1,525.5	1,198.7	1,398.4
15 MMDA[5]	0	0	0	0	0	0	278.4	324.7	454.9
16 Savings deposits[4]	669.8	672.9	720.0	672.7	663.3	878.0	980.4	754.3	820.4
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	202.3	286.1	325.0	327.8	319.3	367.2	346.1	334.8	391.8
18 Major New York City banks	814.8	1,114.2	1,295.7	1,220.8	1,198.6	1,540.7	1,368.1	1,366.7	1,561.1
19 Other banks	134.8	186.2	211.5	213.1	213.9	228.8	215.0	209.5	248.5
20 ATS-NOW accounts[3]	9.7	14.0	14.3	14.5	14.1	17.5	18.6	14.4	16.2
21 MMDA[5]	0	0	0	0	0	0	2.4	2.0	2.4
22 Savings deposits[4]	3.6	4.1	4.5	4.2	4.1	4.7	6.6	5.3	5.8

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

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

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1981	1982	1983				1981	1982	1983			
	Dec.[2]	Dec.	Jan.[3]	Feb.	Mar.	Apr.	Dec.[2]	Dec.	Jan.[3]	Feb.	Mar.	Apr.
	Seasonally adjusted						Not seasonally adjusted					
1 ***Total loans and securities***[4]	***1,316.3***	***1,412.1***	***1,428.2***	***1,436.5***	***1,450.2***	***1,460.9***	***1,326.1***	***1,422.5***	***1,430.5***	***1,432.2***	***1,445.0***	***1,460.2***
2 U.S. Treasury securities	111.0	130.9	139.8	144.5	151.0	157.9	111.4	131.5	139.3	145.1	153.2	160.7
3 Other securities	231.4	239.1	243.3	243.2	242.8	243.4	232.8	240.6	243.5	242.6	242.3	243.4
4 Total loans and leases[4]	973.9	1,042.0	1,045.1	1,048.8	1,056.3	1,059.6	981.8	1,050.4	1,047.7	1,044.4	1,049.5	1,056.1
5 Commercial and industrial loans	358.0	392.4	395.2	394.9	396.2	393.0	360.1	394.7	394.2	393.4	395.1	395.2
6 Real estate loans	285.7	303.2	305.3	307.6	309.5	311.4	286.8	304.1	305.9	307.3	308.6	310.4
7 Loans to individuals	185.1	191.8	192.6	192.9	194.8	196.0	186.4	193.1	193.2	192.3	193.0	194.7
8 Security loans	21.9	24.7	22.7	22.2	22.6	22.9	22.7	25.5	22.9	21.5	22.0	22.9
9 Loans to nonbank financial institutions	30.2	31.1	31.7	31.6	32.0	31.6	31.2	32.1	31.9	31.7	31.6	31.3
10 Agricultural loans	33.0	36.1	36.4	36.7	37.1	37.2	33.0	36.1	36.1	36.1	36.3	36.6
11 Lease financing receivables	12.7	13.1	13.3	13.3	13.1	13.1	12.7	13.1	13.3	13.3	13.1	13.1
12 All other loans	47.2	49.7	47.8	49.6	51.0	54.3	49.2	51.7	50.3	48.8	49.8	51.9
MEMO:												
13 **Total loans and securities plus loans sold**[4,5]	**1,319.1**	**1,415.0**	**1,431.2**	**1,439.4**	**1,453.1**	**1,463.8**	**1,328.9**	**1,425.4**	**1,433.5**	**1,435.1**	**1,448.0**	**1,463.2**
14 Total loans plus loans sold[4,5]	976.7	1,045.0	1,048.0	1,051.7	1,059.3	1,062.6	984.7	1,053.3	1,050.7	1,047.4	1,052.5	1,059.1
15 Total loans sold to affiliates[4,5]	2.8	2.9	3.0	3.0	3.0	3.0	2.8	2.9	3.0	3.0	3.0	3.0
16 Commercial and industrial loans plus loans sold[5]	360.2	394.6	397.5	397.2	398.6	395.4	362.3	396.9	396.5	395.8	397.4	397.6
17 Commercial and industrial loans sold[5]	2.2	2.3	2.3	2.3	2.4	2.4	2.2	2.3	2.3	2.3	2.4	2.4
18 Acceptances held	8.9	8.5	8.8	8.2	8.9	8.9	9.8	9.5	9.2	8.4	8.5	8.2
19 Other commercial and industrial loans	349.1	383.8	386.4	386.7	387.3	384.1	350.3	385.2	384.9	385.1	386.6	387.0
20 To U.S. addressees[6]	334.9	373.5	374.1	374.5	375.0	372.2	334.3	372.7	372.7	372.8	374.4	375.2
21 To non-U.S. addressees	14.2	10.3	12.3	12.2	12.3	11.9	16.1	12.4	12.2	12.3	12.2	11.8
22 Loans to foreign banks	19.0	13.5	13.7	14.3	14.9	15.2	20.0	14.5	14.3	14.1	14.6	14.6

1. Includes domestically chartered banks; U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

2. Beginning December 1981, shifts of foreign loans and securities from U.S. banking offices to international banking facilities (IBFs) reduced the levels of several items. Seasonally adjusted data that include adjustments for the amounts shifted from domestic offices to IBFs are available in the Board's G.7 (407) statistical release (available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551).

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

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

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

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

NOTE. Data are prorated averages of Wednesday estimates for domestically chartered banks, based on weekly reports of a sample of domestically chartered banks and quarterly reports of all domestically chartered banks. For foreign-related institutions, data are averages of month-end estimates based on weekly reports from large agencies and branches and quarterly reports from all agencies, branches, investment companies, and Edge Act corporations engaged in banking.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1981	1982							1983			
	Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Total nondeposit funds												
1 Seasonally adjusted[2]	96.0	89.7	85.0	81.7	78.4	80.6	86.7	82.1	72.3	75.6	75.7	80.0
2 Not seasonally adjusted	97.5	91.2	86.7	85.4	80.8	82.8	88.7	83.5	73.8	76.5	76.2	78.6
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	111.5	119.0	119.3	120.2	121.6	126.1	129.1	127.3	131.6	134.6	134.5	141.5
4 Not seasonally adjusted	113.0	120.5	121.0	123.9	124.0	128.3	131.1	128.8	133.1	135.5	135.2	137.6
5 Net balances due to foreign-related institutions, not seasonally adjusted	−18.2	−32.2	−37.3	−41.3	−46.3	−48.0	−44.8	−48.1	−62.4	−62.0	−61.9	−61.9
6 Loans sold to affiliates, not seasonally adjusted[4]	2.8	3.0	2.8	2.8	2.8	2.8	2.9	2.9	3.0	3.0	3.0	3.0
MEMO												
7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[5]	−22.5	−29.2	−33.1	−34.5	−39.0	−40.3	−38.3	−39.8	−50.1	−50.5	−52.8	−52.5
8 Gross due from balances	54.9	57.7	60.7	65.2	68.8	69.6	69.9	72.4	79.3	78.8	79.8	80.0
9 Gross due to balances	32.4	28.5	27.6	30.8	29.7	29.4	31.6	32.6	29.2	28.3	26.9	27.5
10 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[6]	4.3	−2.9	−4.3	−6.9	−7.3	−7.8	−6.5	−8.3	−12.3	−11.5	−9.1	−9.4
11 Gross due from balances	48.1	50.2	52.9	53.8	54.6	54.1	53.7	54.9	57.6	56.1	56.1	55.9
12 Gross due to balances	52.4	47.3	48.6	46.9	47.3	46.4	47.2	46.6	45.3	44.6	47.1	46.5
Security RP borrowings												
13 Seasonally adjusted[7]	59.0	61.7	61.9	65.2	65.0	69.0	71.5	71.0	72.2	74.3	74.5	79.2
14 Not seasonally adjusted	59.2	61.7	62.2	67.5	66.0	69.8	72.1	71.1	72.2	73.7	73.7	76.2
U.S. Treasury demand balances[8]												
15 Seasonally adjusted	12.2	10.5	9.0	10.1	11.1	14.4	10.6	11.9	15.7	8.8	12.5	13.5
16 Not seasonally adjusted	11.1	10.7	8.2	8.1	12.3	16.4	7.8	10.8	16.3	10.2	13.2	14.2
Time deposits, $100,000 or more[9]												
17 Seasonally adjusted	324.1	349.6	360.3	367.1	366.7	376.6	360.6	347.3	319.2	303.0	295.9	296.0
18 Not seasonally adjusted	330.4	344.8	350.6	359.3	361.8	364.9	361.7	353.9	325.4	310.4	300.6	292.7
IBF ADJUSTMENTS FOR SELECTED ITEMS[10]												
19 Items 1 and 2	22.4	32.0	32.2	32.5	32.8	33.1	33.3	33.9	34.2	....	....	....
20 Items 3 and 4	1.7	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	....	....	....
21 Item 5	20.7	29.6	29.8	30.1	30.4	30.7	30.9	31.5	31.8	....	....	....
22 Item 7	3.1	5.0	5.1	5.3	5.4	5.4	5.5	5.8	5.8	....	....	....
23 Item 10	17.6	24.6	24.7	24.9	25.0	25.3	25.4	25.7	26.0	....	....	....

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

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

Billions of dollars except for number of banks

	1982						1983				
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	1,313.2	1,318.8	1,337.1	1,343.0	1,347.0	1,370.4	1,370.8	1,373.7	1,392.2	1,404.0	1,411.9
2 Loans, excluding interbank	966.6	970.6	985.9	988.5	990.4	1,000.8	993.3	991.4	1,001.7	1,004.6	1,006.9
3 Commercial and industrial	346.4	346.2	354.4	355.8	355.4	357.9	355.6	356.3	358.6	358.5	357.3
4 Other	620.3	624.4	631.5	632.7	635.0	642.9	638.2	635.8	643.7	646.8	650.8
5 U.S. Treasury securities	113.4	113.7	115.0	119.4	122.2	129.0	136.0	141.4	150.6	155.5	160.9
6 Other securities	233.2	234.5	236.2	235.1	234.4	240.5	241.6	240.8	239.9	243.9	244.1
7 Cash assets, total	154.5	160.8	157.4	162.1	169.7	184.4	167.8	184.7	168.9	170.1	164.5
8 Currency and coin	20.5	20.3	20.4	20.5	19.0	23.0	20.4	20.3	19.9	20.4	20.3
9 Reserves with Federal Reserve Banks	25.1	26.1	17.0	23.5	22.0	25.4	23.9	25.3	20.5	23.9	22.4
10 Balances with depository institutions	55.4	58.8	60.4	61.3	64.6	67.6	67.7	71.6	67.1	66.1	65.6
11 Cash items in process of collection	53.6	55.5	59.6	56.8	64.1	68.4	55.9	67.5	61.5	59.6	56.3
12 Other assets[2]	224.2	231.3	234.9	237.0	241.8	265.3	260.1	263.6	257.9	252.4	248.3
13 **Total assets/total liabilities and capital**	**1,692.0**	**1,710.9**	**1,729.3**	**1,742.1**	**1,758.6**	**1,820.1**	**1,798.7**	**1,822.0**	**1,818.9**	**1,826.3**	**1,824.9**
14 Deposits	1,266.4	1,279.1	1,290.7	1,300.2	1,316.9	1,361.8	1,340.6	1,368.3	1,374.2	1,368.0	1,370.8
15 Demand	314.4	315.5	323.0	326.5	338.1	363.9	324.0	337.9	333.4	329.2	324.5
16 Savings	227.1	229.5	230.9	238.2	244.9	296.4	361.5	395.2	419.2	426.9	440.2
17 Time	724.8	734.1	736.8	735.4	733.9	701.5	655.1	635.2	621.6	611.9	606.1
18 Borrowings	195.4	196.0	202.8	203.7	198.1	215.1	221.6	218.0	211.3	224.0	214.1
19 Other liabilities	99.1	103.9	103.4	106.2	109.3	109.2	106.4	106.0	103.5	102.3	104.7
20 Residual (assets less liabilities)	131.1	131.9	132.5	132.0	134.3	133.9	130.1	129.6	130.0	132.0	135.1
MEMO:											
21 U.S. Treasury note balances included in borrowing	8.0	5.9	17.0	11.7	2.4	10.7	17.1	7.0	9.6	17.8	2.7
22 Number of banks	14,752	14,770	14,785	14,797	14,782	14,787	14,780	14,812	14,819	14,823	14,817
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	1,371.3	1,376.6	1,397.3	1,401.7	1,413.7	1,429.8	1,427.5	1,429.8	1,451.3	1,461.0	1,467.6
24 Loans, excluding interbank	1,020.8	1,024.7	1,042.4	1,042.3	1,052.1	1,054.9	1,044.8	1,042.3	1,054.5	1,055.2	1,055.9
25 Commercial and industrial	384.4	384.5	395.0	393.7	398.9	396.5	393.0	392:9	396.5	394.1	392.3
26 Other	636.4	640.2	647.4	648.6	653.2	658.4	652.4	650.0	658.6	661.8	664.7
27 U.S. Treasury securities	115.7	115.8	117.2	122.7	125.7	132.8	139.5	145.1	155.3	160.3	166.1
28 Other securities	234.8	236.1	237.7	236.7	235.9	242.1	243.2	242.4	241.5	245.5	245.8
29 Cash assets, total	169.3	176.2	173.7	178.7	181.2	200.7	183.7	200.5	185.5	186.3	180.3
30 Currency and coin	20.5	20.4	20.4	20.5	19.0	23.0	20.4	20.3	19.9	20.4	20.3
31 Reserves with Federal Reserve Banks	26.5	27.5	18.4	25.0	23.4	26.8	25.3	26.7	22.0	25.4	23.8
32 Balances with depository institutions	67.8	71.8	74.2	75.3	74.4	81.4	81.1	84.9	81.0	79.8	78.9
33 Cash items in process of collection	54.6	56.5	60.6	57.8	64.3	69.4	56.9	68.6	62.6	60.7	57.3
34 Other assets[2]	299.4	306.8	310.3	313.9	323.3	341.7	333.2	330.2	325.4	317.7	309.5
35 **Total assets/total liabilities and capital**	**1,840.1**	**1,859.6**	**1,881.3**	**1,894.2**	**1,918.2**	**1,972.2**	**1,944.4**	**1,960.4**	**1,962.2**	**1,964.9**	**1,957.5**
36 Deposits	1,307.3	1,321.7	1,335.5	1,345.2	1,358.1	1,409.7	1,385.4	1,412.6	1,419.5	1,411.0	1,413.1
37 Demand	326.8	327.7	335.1	338.9	344.9	376.2	335.9	350.2	345.7	341.1	336.4
38 Savings	227.4	229.7	231.1	238.5	245.1	296.7	361.9	395.6	419.7	427.3	440.7
39 Time	753.1	764.3	769.2	767.8	768.0	736.7	687.7	666.8	654.1	642.6	636.0
40 Borrowings	260.0	260.0	267.6	268.3	267.0	278.3	283.5	276.0	269.9	281.3	269.5
41 Other liabilities	139.8	144.1	143.8	146.9	156.6	148.4	143.5	140.4	141.1	138.7	137.9
42 Residual (assets less liabilities)	133.0	133.8	134.4	133.9	136.6	135.8	132.0	131.5	131.9	133.9	137.0
MEMO:											
43 U.S. Treasury note balances included in borrowing	8.0	5.9	17.0	11.7	2.4	10.7	17.1	7.0	9.6	17.8	2.7
44 Number of banks	15,271	15,289	15,311	15,330	15,318	15,329	15,332	15,366	15,376	15,390	15,385

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks; included are member and nonmember banks, stock savings banks, and nondeposit trust companies.
2. Other assets include loans to U.S. commercial banks.
3. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.

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

1.26 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $750 Million or More on December 31, 1977, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1983 Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27p	May 4p	May 11p	May 18p	May 25p
1 Cash items in process of collection	49,325	52,165	49,457	50,748	47,572	52,362	47,365	50,071	43,484
2 Demand deposits due from banks in the United States	6,788	7,095	6,691	7,309	6,599	7,287	6,566	7,002	6,826
3 All other cash and due from depository institutions	33,978	32,359	31,061	33,591	35,833	31,989	32,358	35,159	34,433
4 **Total loans and securities**	**652,512**	**668,910**	**662,138**	**662,077**	**657,064**	**666,383**	**661,926**	**660,384**	**657,721**
Securities									
5 U.S. Treasury securities	49,098	51,389	51,964	51,809	50,996	52,444	53,296	53,484	52,581
6 Trading account	8,510	9,467	10,196	10,495	9,878	10,224	10,014	9,236	9,516
7 Investment account, by maturity	40,587	41,922	41,768	41,314	41,118	42,220	43,281	44,248	43,065
8 One year or less	12,996	13,901	13,744	13,335	13,217	13,419	13,982	13,945	13,728
9 Over one through five years	24,971	25,358	25,366	25,360	25,248	26,065	26,565	27,515	26,660
10 Over five years	2,621	2,662	2,658	2,618	2,653	2,735	2,734	2,788	2,677
11 Other securities	81,523	81,783	81,603	83,943	84,151	84,563	83,477	83,492	83,456
12 Trading account	4,679	5,294	4,931	6,624	6,602	7,365	6,031	5,938	5,784
13 Investment account	76,844	76,489	76,672	77,319	77,549	77,198	77,446	77,554	77,672
14 U.S. government agencies	16,220	16,209	16,231	16,553	16,757	16,766	16,865	16,867	16,866
15 States and political subdivisions, by maturity	57,083	56,735	56,850	57,182	57,314	56,988	57,150	57,221	57,318
16 One year or less	6,663	6,541	6,625	7,086	7,042	7,028	7,218	7,151	7,076
17 Over one year	50,420	50,194	50,225	50,096	50,272	49,960	49,932	50,070	50,241
18 Other bonds, corporate stocks and securities	3,542	3,544	3,592	3,584	3,478	3,444	3,431	3,466	3,488
Loans									
19 Federal funds sold[1]	35,752	47,793	43,768	39,624	38,906	42,880	42,482	40,508	40,877
20 To commercial banks	25,216	36,485	31,438	27,823	27,369	31,123	31,836	30,350	30,305
21 To nonbank brokers and dealers in securities	7,228	7,860	8,897	8,798	8,275	8,569	8,122	7,555	7,830
22 To others	3,308	3,448	3,433	3,004	3,262	3,188	2,524	2,603	2,742
23 Other loans, gross	499,458	501,166	498,060	499,962	496,296	499,843	496,059	496,281	494,301
24 Commercial and industrial	216,581	217,432	215,562	216,022	214,742	216,333	214,345	213,016	212,600
25 Bankers acceptances and commercial paper	4,847	4,883	4,262	4,227	4,261	4,730	4,485	3,880	3,499
26 All other	211,734	212,549	211,299	211,795	210,481	211,602	209,860	209,136	209,101
27 U.S. addressees	204,931	205,836	204,543	205,040	203,946	204,645	203,038	202,298	202,253
28 Non-U.S. addressees	6,803	6,714	6,756	6,755	6,536	6,957	6,822	6,837	6,847
29 Real estate	133,922	133,991	134,093	134,189	134,009	133,981	133,919	134,207	134,209
30 To individuals for personal expenditures	74,789	74,815	74,904	75,278	75,396	75,478	75,343	75,319	75,432
To financial institutions									
31 Commercial banks in the United States	7,586	7,576	7,583	7,700	7,999	8,242	7,680	8,031	7,553
32 Banks in foreign countries	7,585	7,842	7,715	7,486	7,024	7,469	7,372	7,416	7,489
33 Sales finance, personal finance companies, etc.	10,504	10,598	10,323	10,173	9,490	9,398	9,242	9,152	9,241
34 Other financial institutions	16,077	15,836	15,906	15,911	15,811	16,239	16,155	15,852	15,656
35 To nonbank brokers and dealers in securities	8,138	7,532	7,845	8,160	7,217	8,215	7,568	8,028	7,049
36 To others for purchasing and carrying securities[2]	2,673	2,727	2,655	2,824	2,793	2,777	2,814	2,992	2,914
37 To finance agricultural production	6,638	6,693	6,782	6,841	6,808	6,857	6,843	6,869	6,902
38 All other	14,964	16,124	14,692	15,376	15,007	14,854	14,777	15,398	15,256
39 LESS: Unearned income	5,327	5,320	5,325	5,307	5,282	5,215	5,212	5,191	5,215
40 Loan loss reserve	7,991	7,901	7,932	7,954	8,003	8,131	8,175	8,191	8,279
41 Other loans, net	486,139	487,945	484,803	486,700	483,011	486,496	482,672	482,900	480,807
42 Lease financing receivables	11,058	11,076	11,081	11,095	11,074	11,082	11,068	11,025	11,015
43 All other assets	141,703	146,750	144,585	144,023	140,470	144,576	142,788	139,598	135,098
44 **Total assets**	**895,364**	**918,355**	**905,013**	**908,843**	**898,613**	**913,678**	**902,071**	**903,240**	**888,577**
Deposits									
45 Demand deposits	173,384	180,339	176,615	179,049	170,795	180,034	172,014	174,279	166,138
46 Mutual savings banks	541	704	668	707	640	730	608	683	581
47 Individuals, partnerships, and corporations	130,197	135,534	136,187	135,173	129,353	132,154	132,138	130,807	126,675
48 States and political subdivisions	4,439	4,942	4,375	5,020	4,863	5,924	4,594	4,771	4,622
49 U.S. government	2,095	1,817	1,586	4,234	3,477	3,472	2,107	2,757	1,548
50 Commercial banks in the United States	18,668	20,536	19,157	19,464	17,587	20,718	17,874	19,913	18,691
51 Banks in foreign countries	5,600	5,738	5,800	5,364	5,572	5,759	5,768	5,502	5,626
52 Foreign governments and official institutions	1,064	901	1,016	982	1,051	961	1,016	974	988
53 Certified and officers' checks	10,780	10,166	7,825	8,104	8,252	10,316	7,908	8,871	7,408
54 Time and savings deposits	415,145	415,356	416,465	413,895	409,971	409,700	409,528	408,680	409,685
55 Savings	164,469	168,963	169,494	169,232	166,842	169,255	170,165	171,430	172,086
56 Individuals and nonprofit organizations	148,179	152,491	152,849	152,533	149,953	152,135	152,788	153,684	154,228
57 Partnerships and corporations operated for profit	15,081	15,314	15,500	15,525	15,764	15,939	16,218	16,555	16,702
58 Domestic governmental units	1,100	1,073	1,056	1,082	1,030	1,083	1,068	1,101	1,068
59 All other	109	85	89	93	94	97	91	90	88
60 Time	250,676	246,393	246,971	244,663	243,128	240,445	239,362	237,250	237,599
61 Individuals, partnerships, and corporations	216,971	213,962	214,027	212,323	211,067	209,452	208,417	206,508	208,044
62 States and political subdivisions	19,789	19,088	19,286	19,196	19,264	18,659	18,842	18,651	18,685
63 U.S. government	519	502	623	595	579	526	349	350	357
64 Commercial banks in the United States	9,710	9,251	9,387	9,042	8,683	8,287	8,216	8,307	7,144
65 Foreign governments, official institutions, and banks	3,686	3,589	3,648	3,507	3,536	3,521	3,538	3,434	3,369
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,196	140	...	570	3,229	145	543	1,222	684
67 Treasury tax-and-loan notes	7,583	3,548	3,674	12,897	13,919	11,513	9,163	6,956	1,517
68 All other liabilities for borrowed money[3]	156,391	177,602	165,571	161,425	159,573	170,014	169,892	169,779	166,465
69 Other liabilities and subordinated notes and debentures	82,533	81,483	82,606	81,172	81,533	82,000	80,432	81,995	83,957
70 **Total liabilities**	**836,232**	**858,468**	**844,930**	**849,008**	**839,020**	**853,406**	**841,572**	**842,911**	**828,446**
71 Residual (total assets minus total liabilities)[4]	59,132	59,888	60,082	59,835	59,593	60,272	60,499	60,329	60,130

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.27 LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1 Billion or More on December 31, 1977, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1983								
	Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27p	May 4p	May 11p	May 18p	May 25p
1 Cash items in process of collection	46,745	49,227	46,480	47,438	44,575	49,302	44,698	47,207	40,918
2 Demand deposits due from banks in the United States	6,272	6,535	6,128	6,709	6,024	6,767	6,058	6,429	6,282
3 All other cash and due from depository institutions	31,020	29,653	28,331	30,406	32,794	29,306	29,508	32,317	31,422
4 **Total loans and securities**	**606,847**	**621,652**	**615,042**	**615,260**	**610,775**	**619,094**	**615,204**	**613,827**	**611,891**
Securities									
5 U.S. Treasury securities	44,674	46,901	47,498	47,376	46,614	48,032	48,889	48,967	48,130
6 Trading account	8,341	9,249	10,005	10,280	9,656	10,025	9,883	9,071	9,360
7 Investment account, by maturity	36,333	37,652	37,493	37,096	36,958	38,007	39,006	39,896	38,769
8 One year or less	11,293	12,130	11,982	11,632	11,579	11,681	12,214	12,160	11,961
9 Over one through five years	22,672	23,114	23,109	23,101	22,980	23,826	24,293	25,183	24,358
10 Over five years	2,367	2,408	2,403	2,364	2,399	2,500	2,499	2,553	2,450
11 Other securities	74,191	74,500	74,244	76,485	76,628	76,930	75,903	75,798	75,788
12 Trading account	4,527	5,140	4,735	6,477	6,490	7,182	5,875	5,684	5,594
13 Investment account	69,664	69,360	69,509	70,008	70,138	69,748	70,028	70,114	70,194
14 U.S. government agencies	14,818	14,824	14,868	15,133	15,245	15,192	15,298	15,298	15,285
15 States and political subdivisions, by maturity	51,657	51,350	51,423	51,666	51,796	51,506	51,667	51,721	51,802
16 One year or less	5,917	5,806	5,894	6,305	6,258	6,226	6,409	6,341	6,259
17 Over one year	45,739	45,544	45,530	45,362	45,537	45,280	45,258	45,380	45,543
18 Other bonds, corporate stocks and securities	3,189	3,185	3,218	3,209	3,097	3,050	3,063	3,096	3,106
Loans									
19 Federal funds sold[1]	31,280	41,781	37,896	34,370	34,162	37,492	37,591	36,100	37,056
20 To commercial banks	21,278	31,072	26,216	23,318	23,239	26,352	27,493	26,466	26,995
21 To nonbank brokers and dealers in securities	6,769	7,344	8,323	8,129	7,733	7,989	7,596	7,050	7,339
22 To others	3,233	3,364	3,357	2,923	3,189	3,152	2,502	2,584	2,722
23 Other loans, gross	469,006	470,683	467,654	469,277	465,641	468,977	465,195	465,323	463,392
24 Commercial and industrial	205,053	205,922	204,104	204,487	203,225	204,617	202,586	201,245	200,883
25 Bankers acceptances and commercial paper	4,439	4,491	3,904	3,867	3,859	4,304	4,035	3,420	3,050
26 All other	200,613	201,431	200,200	200,620	199,366	200,312	198,551	197,826	197,833
27 U.S. addressees	193,919	194,829	193,550	193,973	192,938	193,466	191,841	191,107	191,105
28 Non-U.S. addressees	6,694	6,602	6,650	6,647	6,428	6,847	6,709	6,719	6,728
29 Real estate	125,842	125,864	125,924	126,049	125,831	125,814	125,735	126,002	126,005
30 To individuals for personal expenditures	66,527	66,498	66,585	66,915	67,022	67,104	66,957	66,929	67,012
To financial institutions									
31 Commercial banks in the United States	7,130	7,184	7,213	7,231	7,588	7,842	7,297	7,632	7,155
32 Banks in foreign countries	7,500	7,757	7,638	7,365	6,936	7,398	7,301	7,344	7,416
33 Sales finance, personal finance companies, etc.	10,329	10,427	10,144	10,004	9,310	9,228	9,071	8,979	9,056
34 Other financial institutions	15,444	15,212	15,285	15,292	15,194	15,570	15,489	15,199	15,016
35 To nonbank brokers and dealers in securities	8,104	7,496	7,815	8,114	7,170	8,168	7,530	7,986	7,014
36 To others for purchasing and carrying securities[2]	2,434	2,489	2,418	2,578	2,552	2,540	2,575	2,755	2,675
37 To finance agricultural production	6,445	6,499	6,587	6,644	6,610	6,656	6,639	6,662	6,699
38 All other	14,199	15,334	13,941	14,596	14,203	14,039	14,015	14,589	14,461
39 LESS: Unearned income	4,717	4,717	4,720	4,702	4,676	4,617	4,614	4,590	4,615
40 Loan loss reserve	7,588	7,497	7,529	7,547	7,594	7,720	7,761	7,772	7,860
41 Other loans, net	456,702	458,470	455,405	457,028	453,371	456,640	452,820	452,961	450,917
42 Lease financing receivables	10,666	10,677	10,677	10,687	10,666	10,675	10,664	10,627	10,617
43 All other assets	137,282	142,644	140,417	139,887	136,335	140,381	138,709	135,502	131,064
44 **Total assets**	**838,833**	**860,387**	**847,076**	**850,386**	**841,170**	**855,525**	**844,841**	**845,910**	**832,195**
Deposits									
45 Demand deposits	161,227	167,522	163,813	165,911	158,279	167,112	159,804	161,896	154,283
46 Mutual savings banks	518	661	632	681	615	694	579	649	553
47 Individuals, partnerships, and corporations	120,804	125,677	126,247	125,439	119,853	122,190	122,507	121,184	117,282
48 States and political subdivisions	3,842	4,326	3,850	4,383	4,283	5,348	4,076	4,170	4,151
49 U.S. government	1,898	1,580	1,256	3,449	2,921	3,164	1,958	2,513	1,432
50 Commercial banks in the United States	17,164	18,943	17,617	17,913	16,100	19,059	16,323	18,391	17,205
51 Banks in foreign countries	5,547	5,694	5,760	5,319	5,528	5,714	5,726	5,456	5,582
52 Foreign governments and official institutions	1,062	900	1,015	981	1,050	960	1,015	973	986
53 Certified and officers' checks	10,394	9,741	7,434	7,746	7,928	9,982	7,620	8,559	7,092
54 Time and savings deposits	386,236	386,132	387,236	384,680	380,896	380,643	380,470	379,601	380,457
55 Savings	152,264	156,382	156,880	156,666	154,478	156,671	157,551	158,738	159,376
56 Individuals and nonprofit organizations	137,356	141,313	141,640	141,363	138,970	140,966	141,607	142,444	142,980
57 Partnerships and corporations operated for profit	13,788	14,003	14,181	14,214	14,468	14,610	14,868	15,187	15,321
58 Domestic governmental units	1,020	990	978	1,003	955	1,006	990	1,023	991
59 All other	100	77	81	85	85	89	86	84	84
60 Time	233,971	229,749	230,355	228,014	226,418	223,972	222,919	220,863	221,082
61 Individuals, partnerships, and corporations	202,565	199,543	199,649	197,904	196,593	195,147	194,140	192,261	193,690
62 States and political subdivisions	17,786	17,154	17,333	17,247	17,307	16,756	16,949	16,787	16,800
63 U.S. government	430	408	528	509	492	446	258	258	262
64 Commercial banks in the United States	9,504	9,056	9,198	8,849	8,490	8,102	8,034	8,122	6,960
65 Foreign governments, official institutions, and banks	3,686	3,589	3,648	3,507	3,536	3,521	3,538	3,434	3,369
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,158	130	....	544	3,145	145	543	1,215	668
67 Treasury tax-and-loan notes	7,114	3,324	3,466	12,229	13,209	10,868	8,622	6,539	1,440
68 All other liabilities for borrowed money[3]	147,288	167,610	155,770	151,739	150,223	160,284	160,312	160,190	157,113
69 Other liabilities and subordinated notes and debentures	80,476	79,593	80,519	79,245	79,622	80,036	78,428	79,967	81,923
70 **Total liabilities**	**783,499**	**804,311**	**790,804**	**794,349**	**785,375**	**799,089**	**788,181**	**789,407**	**775,884**
71 Residual (total assets minus total liabilities)[4]	55,334	56,076	56,272	56,036	55,795	56,436	56,660	56,502	56,311

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreement to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

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

Millions of dollars, Wednesday figures

Account	1983								
	Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27p	May 4p	May 11p	May 18p	May 25p
1 Cash items in process of collection	18,952	18,548	16,742	17,208	15,856	17,214	16,302	18,229	14,489
2 Demand deposits due from banks in the United States	1,064	1,101	934	1,017	902	1,257	1,020	1,245	1,212
3 All other cash and due from depository institutions	5,884	7,476	5,085	4,373	5,628	7,298	6,167	6,518	5,880
4 Total loans and securities[1]	**142,175**	**145,475**	**142,749**	**142,886**	**141,999**	**142,754**	**142,088**	**144,466**	**142,980**
Securities									
5 U.S. Treasury securities[2]	....	....	....	....	....	....	....	....	....
6 Trading account[2]	....	....	....	....	....	....	....	....	....
7 Investment account, by maturity	8,860	9,475	9,467	9,454	9,399	9,718	10,485	10,685	9,555
8 One year or less	1,413	1,635	1,628	1,630	1,684	1,817	2,368	2,363	2,248
9 Over one through five years	6,935	7,292	7,278	7,316	7,211	7,360	7,574	7,814	6,799
10 Over five years	511	548	561	508	504	541	543	508	508
11 Other securities[2]	....	....	....	....	....	....	....	....	....
12 Trading account[2]	....	....	....	....	....	....	....	....	....
13 Investment account	13,815	13,746	13,769	14,078	14,044	13,916	14,085	14,151	14,133
14 U.S. government agencies	1,444	1,465	1,465	1,464	1,447	1,458	1,450	1,528	1,522
15 States and political subdivisions, by maturity	11,585	11,501	11,515	11,802	11,777	11,630	11,792	11,805	11,800
16 One year or less	1,376	1,301	1,309	1,568	1,518	1,466	1,609	1,562	1,528
17 Over one year	10,209	10,200	10,206	10,234	10,258	10,164	10,183	10,244	10,271
18 Other bonds, corporate stocks and securities	786	780	790	812	821	827	843	818	811
Loans									
19 Federal funds sold[3]	8,839	11,083	9,872	9,279	11,033	10,108	10,065	12,383	13,051
20 To commercial banks	4,160	5,528	4,363	4,153	5,527	4,584	5,129	7,433	7,643
21 To nonbank brokers and dealers in securities	3,019	3,886	3,903	3,690	4,004	4,085	4,105	3,955	4,220
22 To others	1,660	1,668	1,605	1,436	1,503	1,438	831	995	1,187
23 Other loans, gross	114,586	115,010	113,537	113,986	111,447	112,948	111,398	111,182	110,233
24 Commercial and industrial	59,295	59,628	58,739	58,814	57,876	58,283	57,536	57,051	56,786
25 Bankers' acceptances and commercial paper	1,211	952	1,086	1,037	951	1,165	1,171	917	908
26 All other	58,084	58,676	57,653	57,777	56,925	57,118	56,365	56,133	55,879
27 U.S. addressees	56,525	57,228	56,188	56,306	55,431	55,616	54,856	54,655	54,403
28 Non-U.S. addressees	1,559	1,448	1,465	1,471	1,494	1,502	1,508	1,479	1,476
29 Real estate	19,264	19,317	19,297	19,408	19,498	19,533	19,419	19,586	19,574
30 To individuals for personal expenditures	11,460	11,460	11,480	11,578	11,541	11,620	11,612	11,555	11,560
To financial institutions									
31 Commercial banks in the United States	2,255	2,362	2,423	2,240	2,501	2,377	2,201	2,238	2,105
32 Banks in foreign countries	2,592	2,728	2,781	2,496	2,339	2,758	2,726	2,613	2,712
33 Sales finance, personal finance companies, etc.	4,515	4,606	4,428	4,317	3,942	3,864	3,800	3,747	3,725
34 Other financial institutions	4,919	4,795	4,751	4,942	4,885	4,918	4,616	4,543	4,498
35 To nonbank brokers and dealers in securities	5,298	4,732	4,722	5,329	4,167	4,881	4,805	4,829	4,146
36 To others for purchasing and carrying securities[4]	686	680	678	599	570	587	564	540	551
37 To finance agricultural production	480	480	483	506	481	467	458	472	474
38 All other	3,821	4,220	3,754	3,756	3,645	3,660	3,661	4,008	4,101
39 LESS: Unearned income	1,426	1,416	1,432	1,440	1,432	1,404	1,409	1,396	1,405
40 Loan loss reserve	2,498	2,423	2,464	2,471	2,492	2,531	2,537	2,539	2,587
41 Other loans, net	110,661	111,171	109,641	110,075	107,523	109,013	107,452	107,247	106,242
42 Lease financing receivables	2,008	2,020	2,028	2,042	2,041	2,032	2,032	2,012	2,012
43 All other assets[5]	56,502	60,269	62,041	63,782	60,583	63,432	62,693	59,580	55,475
44 Total assets	**226,586**	**234,888**	**229,579**	**231,307**	**227,009**	**233,988**	**230,302**	**232,049**	**222,048**
Deposits									
45 Demand deposits	49,699	49,709	47,665	48,766	46,146	49,174	46,818	48,946	44,860
46 Mutual savings banks	179	279	294	369	312	302	262	311	246
47 Individuals, partnerships, and corporations	31,807	32,722	32,692	33,206	30,726	30,471	31,525	31,857	30,007
48 States and political subdivisions	574	747	606	710	646	1,103	727	688	680
49 U.S. government	555	273	381	965	915	854	586	630	419
50 Commercial banks in the United States	4,640	5,083	4,496	4,684	4,139	5,485	4,300	5,529	4,739
51 Banks in foreign countries	4,238	4,509	4,544	4,059	4,322	4,432	4,437	4,200	4,199
52 Foreign governments and official institutions	833	680	795	765	859	772	816	768	794
53 Certified and officers' checks	6,872	5,416	3,857	4,008	4,226	5,753	4,165	4,961	3,775
54 Time and savings deposits	74,760	74,811	74,976	73,852	72,728	72,126	72,063	72,283	72,471
55 Savings	25,310	26,457	26,949	27,094	27,013	27,537	27,899	28,428	28,705
56 Individuals and nonprofit organizations	23,053	24,198	24,653	24,707	24,600	25,049	25,360	25,752	26,032
57 Partnerships and corporations operated for profit	1,986	2,007	2,057	2,132	2,165	2,205	2,265	2,389	2,411
58 Domestic governmental units	199	205	186	197	189	220	214	228	203
59 All other	72	47	53	58	58	62	60	59	58
60 Time	49,450	48,354	48,028	46,758	45,716	44,590	44,164	43,856	43,766
61 Individuals, partnerships, and corporations	40,711	40,048	39,187	38,232	37,354	36,537	36,383	35,976	36,836
62 States and political subdivisions	2,271	2,213	2,266	2,283	2,299	2,196	2,201	2,188	2,220
63 U.S. government	81	70	303	280	230	230	39	39	39
64 Commercial banks in the United States	4,877	4,538	4,711	4,503	4,355	4,184	4,073	4,233	3,305
65 Foreign governments, official institutions, and banks	1,510	1,486	1,561	1,460	1,476	1,444	1,467	1,420	1,366
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	....	....	....	475	1,110	....	400	1,120	....
67 Treasury tax-and-loan notes	1,994	922	971	3,041	3,134	2,578	2,184	1,707	478
68 All other liabilities for borrowed money[6]	49,541	58,041	54,351	53,917	52,580	58,664	58,191	55,750	51,150
69 Other liabilities and subordinated notes and debentures	31,783	32,156	32,270	32,007	32,190	32,124	31,137	32,773	33,649
70 Total liabilities	**207,778**	**215,641**	**210,234**	**212,058**	**207,889**	**214,666**	**210,792**	**212,579**	**202,608**
71 Residual (total assets minus total liabilities)[7]	18,807	19,248	19,346	19,250	19,120	19,322	19,510	19,470	19,440

1. Excludes trading account securities.
2. Not available due to confidentiality.
3. Includes securities purchased under agreements to resell.
4. Other than financial institutions and brokers and dealers.
5. Includes trading account securities.
6. Includes federal funds purchased and securities sold under agreements to repurchase.
7. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1983								
	Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27p	May 4p	May 11p	May 18p	May 25p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	633,028	638,071	636,375	639,815	634,981	640,365	635,798	635,384	633,357
2 Total loans (gross) adjusted[1]	502,408	504,899	502,808	504,063	499,834	503,358	499,026	498,408	497,320
3 Demand deposits adjusted[2]	103,296	105,822	106,415	104,603	102,158	103,482	104,668	101,537	102,416
4 Time deposits in accounts of $100,000 or more	154,933	151,141	151,702	149,291	147,913	145,113	144,558	142,564	143,112
5 Negotiable CDs	106,730	103,225	103,772	101,270	99,732	97,203	96,557	94,601	95,119
6 Other time deposits	48,202	47,916	47,930	48,021	48,181	47,909	48,000	47,963	47,993
7 Loans sold outright to affiliates[3]	3,017	3,036	3,051	3,047	2,868	2,790	2,808	2,808	2,757
8 Commercial and industrial	2,390	2,412	2,426	2,427	2,243	2,172	2,189	2,189	2,145
9 Other	626	624	625	619	624	617	619	619	611
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	590,743	595,609	593,862	596,959	592,218	597,238	592,789	592,090	590,216
11 Total loans (gross) adjusted[1]	471,878	474,208	472,121	473,098	468,976	472,276	467,997	467,325	466,298
12 Demand deposits adjusted[2]	95,421	97,772	98,460	97,111	94,683	95,587	96,825	93,785	94,727
13 Time deposits in accounts of $100,000 or more	146,783	143,037	143,618	141,157	139,763	137,193	136,683	134,724	135,127
14 Negotiable CDs	102,353	98,804	99,390	96,864	95,317	92,909	92,295	90,381	90,806
15 Other time deposits	44,430	44,233	44,228	44,293	44,446	44,284	44,388	44,343	44,321
16 Loans sold outright to affiliates[3]	2,953	2,972	2,988	2,991	2,813	2,734	2,753	2,755	2,704
17 Commercial and industrial	2,345	2,366	2,380	2,384	2,200	2,128	2,145	2,146	2,104
18 Other	608	606	608	606	612	606	608	609	600
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	139,684	141,424	139,858	140,404	137,896	139,728	138,703	138,730	137,223
20 Total loans (gross) adjusted[1]	117,010	118,202	116,622	116,872	114,452	116,094	114,133	113,894	113,535
21 Demand deposits adjusted[2]	25,552	25,805	26,045	25,909	25,236	25,620	25,630	24,557	25,212
22 Time deposits in accounts of $100,000 or more	38,409	37,387	37,198	35,977	35,062	33,830	33,639	33,471	33,438
23 Negotiable CDs	28,382	27,308	27,183	25,913	25,058	23,774	23,639	23,362	23,408
24 Other time deposits	10,027	10,079	10,015	10,063	10,004	10,056	10,000	10,109	10,031

1. Exclusive of loans and federal funds transactions with domestic commercial banks.
2. All demand deposits except U.S. government and domestic banks less cash items in process of collection.
3. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
4. Excludes trading account securities.

1.291 LARGE WEEKLY REPORTING BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1983 Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27p	May 4p	May 11p	May 18p	May 25p
1 Cash and due from depository institutions	7,448	7,816	7,626	7,245	7,148	8,138	7,076	7,448	6,873
2 Total loans and securities	43,530	41,268	40,265	41,666	40,949	40,957	40,458	40,832	39,972
3 U.S. Treasury securities	3,935	4,065	3,985	3,738	3,956	4,148	4,068	3,985	4,282
4 Other securities	901	876	844	833	838	844	887	918	923
5 Federal funds sold[1]	2,661	2,270	1,700	2,919	2,130	2,491	1,838	2,588	2,152
6 To commercial banks in United States	2,578	2,180	1,637	2,688	1,717	2,093	1,593	2,430	2,058
7 To others	83	90	63	230	413	399	245	157	94
8 Other loans, gross	36,033	34,057	33,736	34,176	34,026	33,474	33,665	33,342	32,615
9 Commercial and industrial	18,690	17,696	17,653	17,719	17,512	17,264	17,596	17,461	17,210
10 Bankers acceptances and commercial paper	2,700	2,621	2,676	2,616	2,566	2,482	2,570	2,500	2,452
11 All other	15,990	15,075	14,977	15,103	14,945	14,782	15,026	14,961	14,759
12 U.S. addressees	14,252	13,406	13,323	13,379	13,274	12,890	13,174	13,184	12,966
13 Non-U.S. addressees	1,738	1,669	1,654	1,725	1,671	1,892	1,852	1,776	1,793
14 To financial institutions	13,390	12,642	12,443	12,504	12,563	12,247	12,349	12,093	11,717
15 Commercial banks in United States	10,175	9,566	9,285	9,445	9,618	9,293	9,357	9,144	8,880
16 Banks in foreign countries	2,656	2,485	2,554	2,443	2,356	2,387	2,415	2,385	2,260
17 Nonbank financial institutions	558	591	604	617	589	567	578	565	576
18 For purchasing and carrying securities	426	312	244	370	356	457	236	193	224
19 All other	3,526	3,407	3,396	3,582	3,595	3,506	3,484	3,595	3,463
20 Other assets (claims on nonrelated parties)	10,242	9,940	10,358	10,461	10,781	10,645	10,729	9,797	9,929
21 Net due from related institutions	12,854	15,163	14,192	12,636	12,915	13,100	13,444	12,056	11,370
22 Total assets	74,073	74,186	72,441	72,008	71,794	72,840	71,707	70,134	68,143
23 Deposits or credit balances[2]	24,111	23,622	22,440	22,288	22,123	21,851	21,980	22,198	21,072
24 Credit balances	188	176	193	173	183	207	178	204	203
25 Demand deposits	1,703	2,351	1,696	1,781	1,689	2,253	1,815	2,616	1,820
26 Individuals, partnerships, and corporations	800	851	778	789	782	843	768	1,047	900
27 Other	904	1,500	918	991	906	1,411	1,048	1,568	920
28 Total time and savings	22,219	21,095	20,551	20,334	20,250	19,391	19,987	19,378	19,048
29 Individuals, partnerships, and corporations	18,922	17,999	17,619	17,581	17,524	16,604	17,286	16,516	16,179
30 Other	3,297	3,096	2,932	2,753	2,727	2,787	2,701	2,862	2,869
31 Borrowings[3]	29,914	31,988	31,842	30,453	29,993	30,776	30,914	28,621	29,429
32 Federal funds purchased[4]	8,255	11,190	10,905	10,024	10,143	11,197	11,466	9,762	10,387
33 From commercial banks in United States	6,402	9,451	9,166	8,419	8,500	9,421	9,554	7,930	8,367
34 From others	1,852	1,739	1,738	1,605	1,643	1,776	1,912	1,832	2,020
35 Other liabilities for borrowed money	21,660	20,798	20,937	20,429	19,850	19,579	19,448	18,859	19,042
36 To commercial banks in United States	19,242	18,466	18,291	17,836	17,058	16,802	16,717	16,245	16,424
37 To others	2,418	2,333	2,646	2,593	2,792	2,776	2,731	2,614	2,618
38 Other liabilities to nonrelated parties	11,071	10,890	11,225	11,361	11,614	11,586	11,591	11,342	11,248
39 Net due to related institutions	8,977	7,685	6,934	7,906	8,064	8,627	7,221	7,973	6,394
40 Total liabilities	74,073	74,186	72,441	72,008	71,794	72,840	71,707	70,134	68,143
MEMO									
41 Total loans (gross) and securities adjusted[5]	30,776	29,522	29,343	29,533	29,614	29,571	29,508	29,258	29,033
42 Total loans (gross) adjusted[5]	25,941	24,580	24,514	24,961	24,820	24,579	24,553	24,356	23,828

1. Includes securities purchased under agreements to resell.
2. Balances due to other than directly related institutions.
3. Borrowings from other than directly related institutions.
4. Includes securities sold under agreements to repurchase.
5. Excludes loans and federal funds transactions with commercial banks in United States.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Domestic Classified Commercial and Industrial Loans▲

▲Series discontinued.

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

Billions of dollars, estimated daily-average balances

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

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.
2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1.
3. Demand deposit ownership survey estimates for June 1981 are not available due to unresolved reporting errors.
4. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1977 Dec.	1978 Dec.	1979[1] Dec.	1980 Dec.	1981 Dec.	1982 Nov.	1982 Dec.[6r]	1983 Jan.[r]	1983 Feb.[r]	1983 Mar.[r]	1983 Apr.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**65,051**	**83,438**	**112,803**	**124,374**	**165,455**	**165,110**	**166,263**	**165,311**	**168,679**	**167,750**	**170,745**
Financial companies[2]											
Dealer-placed paper[3]											
2 Total	8,796	12,181	17,359	19,599	29,904	35,219	34,101	35,468	37,622	36,255	37,481
3 Bank-related (not seasonally adjusted)	2,132	3,521	2,784	3,561	6,045	6,232	2,516	2,660	2,604	2,030	1,950
Directly placed paper[4]											
4 Total	40,574	51,647	64,757	67,854	81,715	78,290	84,204	82,978	85,020	85,858	87,917
5 Bank-related (not seasonally adjusted)	7,102	12,314	17,598	22,382	26,914	27,769	32,034	31,691	31,661	32,951	32,495
6 Nonfinancial companies[5]	15,681	19,610	30,687	36,921	53,836	51,601	47,958	46,865	46,037	45,637	45,347
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**25,450**	**33,700**	**45,321**	**54,744**	**69,226**	**77,125**	**79,543**	**77,529**	**73,706**	**70,843**	
Holder											
8 Accepting banks	10,434	8,579	9,865	10,564	10,857	10,596	10,910	10,249	9,567	10,518	
9 Own bills	8,915	7,653	8,327	8,963	9,743	9,455	9,471	9,067	8,258	9,083	
10 Bills bought	1,519	927	1,538	1,601	1,115	1,140	1,439	1,182	1,308	1,435	
Federal Reserve Banks											
11 Own account	954	587	704	776	195	0	1,480	0	0	0	n.a.
12 Foreign correspondents	362	664	1,382	1,791	1,442	992	949	965	1,003	758	
13 Others	13,700	23,870	33,370	41,614	56,926	65,537	66,204	66,315	63,136	59,568	
Basis											
14 Imports into United States	6,378	8,574	10,270	11,776	14,765	16,716	17,683	15,803	14,976	14,217	
15 Exports from United States	5,863	7,586	9,640	12,712	15,400	16,711	16,328	17,931	17,633	16,826	
16 All other	13,209	17,540	25,411	30,257	39,061	43,699	45,532	43,794	41,097	39,800	

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.
2. 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.
3. Includes all financial company paper sold by dealers in the open market.
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. Effective December 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed.

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1981—Nov. 17	16.50–17.00	Aug. 2	15.00	1982—Jan.	15.75	1982—Nov.	11.85
20	16.50	16	14.50	Feb.	16.56	Dec.	11.50
24	16.00	18	14.00	Mar.	16.50		
Dec. 1	15.75	23	13.50	Apr.	16.50	1983—Jan.	11.16
		Oct. 7	13.00	May	16.50	Feb.	10.98
1982—Feb. 18	17.00	14	12.00	June	16.50	Mar.	10.50
23	16.50	Nov. 22	11.50	July	16.26	Apr.	10.50
July 20	16.00			Aug.	14.39	May	10.50
29	15.50	1983—Jan. 11	11.00	Sept.	13.50		
		Feb. 28	10.50	Oct.	12.52		

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 7–11, 1983

Item	All sizes	Size of loan (in thousands of dollars)					
		1–24	25–49	50–99	100–499	500–999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	41,172,020	1,021,295	553,106	692,787	1,803,408	797,941	36,303,484
2 Number of loans	168,504	125,222	16,919	11,148	9,316	1,200	4,698
3 Weighted-average maturity (months)	1.0	4.1	4.2	4.8	4.1	3.2	.6
4 With fixed rates	.7	3.9	3.2	4.5	2.8	1.7	.5
5 With floating rates	2.5	4.6	5.8	5.5	5.5	4.7	1.7
6 Weighted-average interest rate (percent per annum)	10.20	14.44	13.57	13.40	12.71	11.59	9.81
7 Interquartile range[1]	9.42–10.33	13.12–15.48	12.68–14.37	12.47–14.37	11.68–13.75	10.64–12.56	9.38–9.96
8 With fixed rates	10.01	14.73	14.09	13.79	13.07	10.76	9.72
9 With floating rates	10.93	13.76	12.97	12.84	12.45	12.10	10.27
Percentage of amount of loans							
10 With floating rate	20.6	29.5	46.2	41.0	56.6	61.9	16.9
11 Made under commitment	57.3	32.2	44.5	39.2	46.5	66.7	58.8
12 With no stated maturity	7.6	12.0	19.3	13.7	21.2	30.1	6.0
13 With one-day maturity	46.6	.0	.1	.1	.3	6.4	52.7
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS		1–99			100–499	500–999	1,000 and over
14 Amount of loans (thousands of dollars)	3,511,595	462,857			450,537	144,074	2,454,128
15 Number of loans	24,758	21,881			2,201	218	459
16 Weighted-average maturity (months)	52.5	42.2			75.2	41.2	50.9
17 With fixed rates	52.0	41.3			34.9	49.3	60.3
18 With floating rates	52.7	43.2			95.9	39.5	47.5
19 Weighted-average interest rate (percent per annum)	11.81	14.56			13.86	12.48	10.88
20 Interquartile range[1]	9.95–12.68	12.68–16.08			12.68–15.16	11.57–13.03	9.76–11.73
21 With fixed rates	12.19	15.68			14.27	12.09	10.34
22 With floating rates	11.64	13.22			13.65	12.56	11.07
Percentage of amount of loans							
23 With floating rate	69.3	45.5			66.1	82.6	73.7
24 Made under commitment	69.0	27.0			54.5	65.7	79.8
CONSTRUCTION AND LAND DEVELOPMENT LOANS		1–24	25–49	50–99	100–499	500 and over	
25 Amount of loans (thousands of dollars)	1,859,351	131,679	143,094	174,067	325,998	1,084,513	
26 Number of loans	26,699	16,985	4,323	2,764	2,253	374	
27 Weighted-average maturity (months)	6.2	4.7	7.7	6.8	9.0	5.3	
28 With fixed rates	4.3	4.3	7.8	4.3	3.9	3.4	
29 With floating rates	7.9	6.6	7.5	8.1	11.5	6.7	
30 Weighted-average interest rate (percent per annum)	12.56	14.84	15.54	13.45	13.89	11.35	
31 Interquartile range[1]	10.92–13.81	13.43–16.83	13.88–18.12	12.55–15.02	13.24–14.75	10.09–12.13	
32 With fixed rates	12.52	15.18	16.03	12.66	13.52	10.63	
33 With floating rates	12.60	13.40	12.96	13.85	14.06	11.83	
Percentage of amount of loans							
34 With floating rate	55.5	19.1	15.9	66.3	67.5	59.8	
35 Secured by real estate	61.1	71.4	32.7	81.3	97.9	49.3	
36 Made under commitment	45.1	40.9	26.8	44.1	84.4	36.4	
37 With no stated maturity	3.8	10.1	1.3	3.6	1.6	4.0	
38 With one-day maturity	2.1	.1	.0	.0	.0	3.6	
Type of construction							
39 1- to 4-family	20.4	53.5	26.5	41.4	36.7	7.3	
40 Multifamily	5.7	.6	1.6	2.0	4.0	8.0	
41 Nonresidential	73.9	45.9	71.9	56.6	59.4	84.7	
LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
42 Amount of loans (thousands of dollars)	1,245,489	163,829	181,268	155,502	170,728	346,388	227,774
43 Number of loans	66,458	44,427	12,094	4,528	2,701	2,349	359
44 Weighted-average maturity (months)	9.6	7.9	8.9	7.1	11.2	12.7	6.9
45 Weighted-average interest rate (percent per annum)	13.85	14.44	14.48	14.21	14.05	13.99	12.30
46 Interquartile range[1]	13.10–14.75	13.52–15.03	13.96–15.00	13.65–14.93	13.62–14.49	13.52–14.65	11.47–13.38
By purpose of loan							
47 Feeder livestock	13.76	14.37	14.40	14.51	13.27	14.64	12.38
48 Other livestock	14.23	14.63	14.51	14.71	(2)	(2)	(2)
49 Other current operating expenses	14.10	14.46	14.48	13.87	14.24	14.55	12.87
50 Farm machinery and equipment	14.15	13.99	14.33	14.26	(2)	(2)	(2)
51 Other	13.14	14.69	14.91	14.43	14.11	12.94	10.96

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's E.2 (111) statistical release.

1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1980	1981	1982	1983				1983, week ending				
				Feb.	Mar.	Apr.	May	Apr. 29	May 6	May 13	May 20	May 27
MONEY MARKET RATES												
1 Federal funds[1,2]	13.36	16.38	12.26	8.51	8.77	8.80	8.63	8.58	8.80	8.48	8.59	8.72
Commercial paper[3,4]												
2 1-month	12.76	15.69	11.83	8.30	8.56	8.58	8.36	8.36	8.29	8.22	8.39	8.48
3 3-month	12.66	15.32	11.89	8.34	8.52	8.53	8.33	8.33	8.21	8.16	8.35	8.54
4 6-month	12.29	14.76	11.89	8.39	8.48	8.48	8.31	8.30	8.14	8.11	8.33	8.56
Finance paper, directly placed[3,4]												
5 1-month	12.44	15.30	11.64	8.25	8.48	8.52	8.28	8.34	8.20	8.13	8.28	8.43
6 3-month	11.49	14.08	11.23	8.24	8.35	8.41	8.19	8.29	8.10	8.04	8.19	8.37
7 6-month	11.28	13.73	11.20	8.26	8.35	8.41	8.15	8.28	8.07	7.99	8.16	8.35
Bankers acceptances[4,5]												
8 3-month	12.72	15.32	11.89	8.36	8.54	8.49	8.36	8.29	8.17	8.18	8.41	8.60
9 6-month	12.25	14.66	11.83	8.41	8.52	8.43	8.33	8.27	8.09	8.10	8.37	8.64
Certificates of deposit, secondary market[6]												
10 1-month	12.91	15.91	12.04	8.40	8.62	8.60	8.44	8.39	8.32	8.29	8.48	8.62
11 3-month	13.07	15.91	12.27	8.54	8.69	8.63	8.49	8.40	8.32	8.30	8.52	8.75
12 6-month	12.99	15.77	12.57	8.77	8.80	8.76	8.62	8.56	8.35	8.38	8.66	8.99
13 Eurodollar deposits, 3-month[2]	14.00	16.79	13.12	9.14	9.25	9.23	8.96	9.09	8.88	8.71	8.89	9.14
U.S. Treasury bills[4]												
Secondary market[7]												
14 3-month	11.43	14.03	10.61	8.11	8.35	8.21	8.19	8.11	8.03	8.03	8.14	8.48
15 6-month	11.37	13.80	11.07	8.23	8.37	8.30	8.22	8.16	8.02	8.05	8.21	8.50
16 1-year	10.89	13.14	11.07	8.28	8.36	8.29	8.23	8.16	8.00	8.04	8.24	8.51
Auction average[8]												
17 3-month	11.506	14.029r	10.686	8.130	8.304	8.252	8.19	8.15	8.04	8.14	8.10	8.46
18 6-month	11.374	13.776r	11.084	8.233	8.325	8.343	8.20	8.22	8.05	8.13	8.14	8.47
19 1-year	10.748	13.159	11.099	8.308	8.427	8.275	8.05	....	....	....	8.05	....
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[9]												
Constant maturities[10]												
20 1-year	12.05	14.78	12.27	8.92	9.04	8.98	8.90	8.83	8.64	8.70	8.93	9.23
21 1-½-year[11]	....	....	....	....	....	....	....	....	9.00	....	9.35	....
22 2-year	11.77	14.56	12.80	9.64	9.66	9.57	9.49	9.44	9.23	9.27	9.54	9.81
23 2-½-year[12]	....	....	....	....	....	....	....	....	9.35	....	9.65	....
24 3-year	11.55	14.44	12.92	9.91	9.84	9.76	9.66	9.68	9.43	9.45	9.69	9.95
25 5-year	11.48	14.24	13.01	10.26	10.08	10.02	10.03	9.95	9.77	9.84	10.10	10.32
26 7-year	11.43	14.06	13.06	10.56	10.31	10.29	10.30	10.20	10.07	10.12	10.38	10.55
27 10-year	11.46	13.91	13.00	10.72	10.51	10.40	10.38	10.33	10.19	10.21	10.45	10.59
28 20-year	11.39	13.72	12.92	11.03	10.80	10.63	10.67	10.57	10.45	10.48	10.78	10.90
29 30-year	11.30	13.44	12.76	10.88	10.63	10.48	10.53	10.43	10.32	10.35	10.62	10.73
Composite[13]												
30 Over 10 years (long-term)	10.81	12.87	12.23	10.60	10.34	10.19	10.21	10.13	10.00	10.03	10.29	10.43
State and local notes and bonds												
Moody's series[14]												
31 Aaa	7.85	10.43	10.88	8.80	8.42	8.28	8.39	8.20	8.10	8.20	8.50	8.75
32 Baa	9.01	11.76	12.48	10.59	10.05	9.75	9.74	9.40	9.40	9.60	9.85	10.10
33 *Bond Buyer* series[15]	8.59	11.33	11.66	9.58	9.20	9.05	9.11	8.82	8.78	8.86	9.29	9.51
Corporate bonds												
Seasoned issues[16]												
34 All industries	12.75	15.06	14.94	13.02	12.71	12.44	12.30	12.35	12.19	12.13	12.33	12.49
35 Aaa	11.94	14.17	13.79	12.01	11.73	11.51	11.46	11.43	11.29	11.29	11.54	11.67
36 Aa	12.50	14.75	14.41	12.58	12.32	12.06	11.95	12.01	11.81	11.80	11.98	12.16
37 A	12.89	15.29	15.43	13.52	13.15	12.86	12.68	12.80	12.65	12.53	12.70	12.82
38 Baa	13.67	16.04	16.11	13.95	13.61	13.29	13.09	13.16	12.99	12.92	13.09	13.28
Aaa utility bonds[17]												
39 New issue	12.74	15.56	14.41	12.08	11.70	11.41	11.32	11.32	10.92	10.99	11.56	11.81
40 Recently offered issues	12.70	15.56	14.45	12.09	11.74	11.50	11.37	11.34	11.03	11.18	11.49	11.62
MEMO: Dividend/price ratio[18]												
41 Preferred stocks	10.60	12.36	12.53	11.13	10.86	10.80	10.65	10.73	10.59	10.62	10.62	10.78
42 Common stocks	5.26	5.20	5.81	4.74	4.59	4.44	4.27	4.33	4.30	4.26	4.30	4.23

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

1.36 STOCK MARKET Selected Statistics

Indicator	1980	1981	1982	1982 Sept.	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.	1983 May
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	68.06	74.02	68.93	70.21	76.10	79.75	80.30	83.25	84.74	87.50	90.61	94.61
2 Industrial	78.64	85.44	78.18	80.08	86.67	90.76	92.00	95.37	97.26	100.61	104.46	109.43
3 Transportation	60.52	72.61	60.41	61.39	66.64	71.92	73.40	75.65	79.44	83.28	85.26	89.07
4 Utility	37.35	38.90	39.75	40.36	42.67	43.46	42.93	45.59	45.92	45.89	46.22	47.62
5 Finance	64.28	73.52	71.99	69.66	80.59	88.66	86.22	85.66	86.57	93.22	99.07	102.45
6 Standard & Poor's Corporation (1941–43 = 10)[1]	118.71	128.05	119.71	122.43	132.66	138.10	139.37	145.13	146.80	151.88	157.71	164.10
7 American Stock Exchange (Aug. 31, 1973 = 100)	300.94	343.58	282.62	286.22	308.74	333.54	333.36	360.92	373.84	383.76	405.02	447.94
Volume of trading (thousands of shares)												
8 New York Stock Exchange	44,867	46,967	64,617	73,710	98,508	88,431	76,463	88,463	85,026	82,694	89,627	93,016
9 American Stock Exchange	6,377	5,346	5,283	5,064	7,828	8,672	7,475	9,220	8,256	7,354	8,576	12,260
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Regulated margin credit at brokers–dealers[2]**	**14,721**	**14,411**	**13,325**	**11,208**	**11,728**	**12,459**	**13,325**	**13,370**	**13,985**	**14,483**	**15,590**	
11 Margin stock[3]	14,500	14,150	12,980	10,950	11,450	12,170	12,980	13,070	13,680	14,170	15,260	
12 Convertible bonds	219	259	344	257	277	288	344	299	304	312	329	
13 Subscription issues	2	2	1	1	1	1	1	1	1	1	1	n.a.
Free credit balances at brokers[4]												
14 Margin-account	2,105	3,515	5,735	4,990	5,520	5,600	5,735	6,257	6,195	6,370	6,090	
15 Cash-account	6,070	7,150	8,390	7,475	8,120	8,395	8,390	8,225	7,955	7,965[r]	7,970	
	Margin-account debt at brokers (percentage distribution, end of period)											
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	
By equity class (in percent)[5]												
17 Under 40	14.0	37.0	21.0	27.0	21.0	20.0	21.0	18.0	18.0	17.0	14.0	
18 40–49	30.0	24.0	24.0	26.0	24.0	21.0	24.0	23.0	20.0	21.0	19.0	
19 50–59	25.0	17.0	24.0	20.0	22.0	25.0	24.0	25.0	27.0	25.0	28.0	n.a.
20 60–69	14.0	10.0	14.0	12.0	16.0	15.0	14.0	16.0	16.0	18.0	19.0	
21 70–79	9.0	6.0	9.0	8.0	9.0	10.0	9.0	9.0	10.0	10.0	10.0	
22 80 or more	8.0	6.0	8.0	7.0	8.0	9.0	8.0	9.0	9.0	9.0	9.0	
	Special miscellaneous-account balances at brokers (end of period)											
23 **Total balances (millions of dollars)[6]**	**21,690**	**25,870**	**35,598**	**31,644**	**33,689**	**34,909**	**35,598**	**43,838**	**43,006**	**43,472**	**44,999**	
Distribution by equity status (percent)												
24 Net credit status	47.8	58.0	62.0	61.0	61.0	62.0	62.0	65.0	66.0	62.0	64.0	n.a.
Debt status, equity of												
25 60 percent or more	44.4	31.0	29.0	27.0	29.0	29.0	29.0	28.0	27.0	28.0	30.0	
26 Less than 60 percent	7.7	11.0	9.0	12.0	10.0	9.0	9.0	8.0	7.0	9.0	6.0	

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

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

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exhange.
In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.
3. A distribution of this total by equity class is shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.
7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1980	1981	1982 July	Aug.	Sept.	Oct.	Nov.	Dec.r	1983 Jan.r	Feb.r	Mar.	Apr.p
Savings and loan associations												
1 **Assets**	**630,712**	**664,167**	**697,690**	**703,399**	**691,077**	**692,549**	**697,189**	**706,045**	**714,676**	**772,352**	**723,616**	**728,680**
2 Mortgages	503,192	518,547	510,678	509,776	493,899	489,923	488,614	482,234	481,470	481,090	475,688	476,526
3 Cash and investment securities[1]	57,928	63,123	72,854	74,141	74,692	75,638	78,122	84,767	90,662	94,080	96,649	99,089
4 Other	69,592	82,497	114,158	119,482	122,486	126,988	130,453	139,044	142,544	147,182	151,279	153,065
5 **Liabilities and net worth**	**630,712**	**664,167**	**697,690**	**703,399**	**691,077**	**692,549**	**697,189**	**706,045**	**714,676**	**772,352**	**723,616**	**728,680**
6 Savings capital	511,636	525,061	539,830	542,648	547,628	547,112	548,439	566,189	582,918	591,913	597,112	601,325
7 Borrowed money	64,586	88,782	98,433	98,803	99,771	100,881	102,948	97,979	88,925	86,544	84,884	83,559
8 FHLBB	47,045	62,794	67,019	66,374	65,567	65,015	64,202	63,861	60,415	58,841	56,859	55,874
9 Other	17,541	25,988	31,414	32,429	34,204	35,866	38,746	34,118	28,510	27,703	28,025	27,685
10 Loans in process	8,767	6,385	7,250	7,491	8,084	8,484	8,967	9,934	10,453	11,039	12,245	13,493
11 Other	12,394	15,544	27,375	29,965	19,202	20,018	21,048	15,720	16,658	17,524	14,767	16,373
12 Net worth[2]	33,329	28,395	24,802	24,492	24,476	24,538	24,754	26,157	26,175	26,371	26,853	27,429
13 MEMO: Mortgage loan commitments outstanding[3]	16,102	15,225	15,924	16,943	17,256	18,407	19,682	18,054	19,453	22,051	24,885	24,895
Mutual savings banks[4]												
14 **Assets**	**171,564**	**175,728**	**175,683**	**172,901**	**173,487**	**172,908**	**172,287**	**174,197**	**174,726**	**176,378**	**178,814**	
Loans												
15 Mortgage	99,865	99,997	96,282	94,498	94,382	94,261	94,017	94,091	93,944	93,607	93,822	
16 Other	11,733	14,753	17,128	16,929	17,458	17,035	16,702	16,957	17,420	18,211	17,837	
Securities												
17 U.S. government[5]	8,949	9,810	10,058	9,675	9,404	9,219	9,456	9,743	10,248	11,081	12,187	
18 State and local government	2,390	2,288	2,236	2,201	2,191	2,505	2,496	2,470	2,446	2,440	2,403	
19 Corporate and other[6]	39,282	37,791	36,651	35,937	35,845	35,599	35,753	36,161	36,430	36,905	37,827	
20 Cash	4,334	5,442	6,225	6,460	6,695	6,749	6,291	6,919	6,275	6,104	6,548	
21 Other assets	5,011	5,649	7,104	7,192	7,514	7,540	7,572	7,855	7,963	8,031	8,189	n.a.
22 **Liabilities**	**171,564**	**175,728**	**175,683**	**172,901**	**173,487**	**172,908**	**172,287**	**174,197**	**174,726**	**176,378**	**178,814**	
23 Deposits	154,805	155,110	154,314	152,014	153,089	152,210	151,304	155,196	157,113	159,162	161,489	
24 Regular[7]	151,416	153,003	151,969	149,736	150,795	149,928	149,167	152,777	154,876	156,915	159,088	
25 Ordinary savings	53,971	49,425	47,580	46,901	47,496	48,520	49,208	46,862	41,850	41,165	41,183	
26 Time	97,445	103,578	116,998	116,213	103,299	101,408	99,959	110,462	103,658	100,851	99,687	
27 Other	2,086	2,108	2,345	2,278	2,294	2,283	2,137	2,419	2,237	2,247	2,401	
28 Other liabilities	6,695	10,632	11,926	11,671	11,166	11,556	11,893	8,336	7,722	7,542	7,395	
29 General reserve accounts	11,368	9,986	9,443	9,216	9,232	9,141	9,089	9,235	9,196	9,197	9,342	
30 MEMO: Mortgage loan commitments outstanding[8]	1,476	1,293	992	1,056	1,217	1,281	1,400	1,285	1,253	1,295	1,639	
Life insurance companies												
31 **Assets**	**479,210**	**525,803**	**551,124**	**557,094**	**563,321**	**571,902**	**578,200**	**584,311**	**589,490**	**595,959**		
Securities												
32 Government	21,378	25,209	28,694	30,263	30,759	31,791	32,682	34,558	35,567	36,946		
33 United States[9]	5,345	8,167	10,774	12,214	12,606	13,538	14,370	16,072	16,731	17,877		
34 State and local	6,701	7,151	7,705	7,799	7,834	7,871	7,935	8,094	8,225	8,333		
35 Foreign[10]	9,332	9,891	10,215	10,250	10,319	10,382	10,377	10,392	10,611	10,736	n.a.	n.a.
36 Business	238,113	255,769	267,627	270,029	273,539	279,918	283,650	283,799	290,178	293,427		
37 Bonds	190,747	208,098	221,503	221,642	223,783	226,879	229,101	228,220	233,380	235,376		
38 Stocks	47,366	47,670	46,124	48,387	49,756	53,039	54,549	55,579	56,798	58,051		
39 Mortgages	131,030	137,747	140,044	140,244	140,404	140,678	140,956	141,919	142,277	142,683		
40 Real estate	15,063	18,278	20,198	20,176	20,268	20,293	20,480	21,019	20,922	21,014		
41 Policy loans	41,411	48,706	51,867	52,238	52,525	52,751	52,916	53,114	53,239	53,383		
42 Other assets	31,702	40,094	42,694	44,144	45,826	46,471	47,516	49,902	47,307	48,506		
Credit unions[11]												
43 **Total assets/liabilities and capital**	**71,709**	**77,682**	**84,423**	**85,102**	**86,554**	**88,144**	**89,261**	**69,673**	**69,741**	**71,293**	**73,737**	
44 Federal	39,801	42,382	45,931	46,310	47,076	47,649	48,272	45,483	45,418	46,449	48,057	
45 State	31,908	35,300	38,492	38,792	39,478	40,495	40,989	24,190	23,323	24,844	25,680	
46 Loans outstanding	47,774	50,448	50,133	50,733	51,047	50,934	50,936	43,577	43,293	43,135	43,433	n.a.
47 Federal	25,627	27,458	27,351	27,659	27,862	27,789	27,824	28,184	27,966	27,832	27,974	
48 State	22,147	22,990	22,782	23,074	23,185	23,145	23,139	15,393	15,328	15,303	15,459	
49 Savings	64,399	68,871	75,088	75,331	76,874	78,529	79,799	63,071	63,321	64,684	67,266	
50 Federal (shares)	36,348	37,574	40,969	41,178	41,961	42,852	43,413	41,341	41,441	42,404	43,890	
51 State (shares and deposits)	28,051	31,297	34,119	34,153	34,913	35,677	36,386	21,730	21,880	22,280	23,376	

For notes see bottom of opposite page.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982	Calendar year					
				1981	1982		1983		
				H2	H1	H2	Feb.	Mar.	Apr.
U.S. budget									
1 Receipts[1]	517,112	599,272	617,766	301,777	322,478	286,338	38,816	43,504	66,234
2 Outlays[1,2]	576,675	657,204	728,375	358,558	348,678	390,846	64,152	69,540	69,542
3 Surplus, or deficit (−)	−59,563	−57,932	−110,609	−56,780	−26,200	−104,508	−25,336	−26,036	−3,308
4 Trust funds	8,801	6,817	5,456	−8,085	−17,690	−6,576	−4,830	2,085	403
5 Federal funds[3]	−68,364	−64,749	−116,065	−48,697	−43,889	−97,934	−20,506	−28,120	−3,711
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−14,549	−20,769	−14,142	−8,728	−7,942	−4,923	−52	−1,244	−1,290
7 Other[4]	303	−236	−3,190	−1,752	227	−2,267	47	−16	151
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−73,808	−78,936	−127,940	−67,260	−33,914	−111,699	−25,341	−27,296	−4,447
Source or financing									
9 Borrowing from the public	70,515	79,329	134,993	54,081	41,728	119,609	17,919	31,303	2,681
10 Cash and monetary assets (decrease, or increase (−))[5]	−355	−1,878	−11,911	−1,111	−408	−9,057	7,496	−6,767	−8,156
11 Other[6]	3,648	1,485	4,858	14,290	−7,405	1,146	−74	2,761	9,922
MEMO:									
12 Treasury operating balance (level, end of period)	20,990	18,670	29,164	12,046	10,999	19,773	10,006	15,452	24,053
13 Federal Reserve Banks	4,102	3,520	10,975	4,301	4,099	5,033	2,856	3,572	6,015
14 Tax and loan accounts	16,888	15,150	18,189	7,745	6,900	14,740	7,150	11,880	18,038

1. Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.
2. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
3. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
4. Other off-budget includes Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank; it also includes petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.
5. Includes U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
6. Includes accrued interest payable to the public; allocations of special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government." *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1984*.

NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets."
2. Includes net undistributed income, which is accrued by most, but not all, associations.
3. Excludes figures for loans in process, which are shown as a liability.
4. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Before that date, data were reported on a gross-of-valuation-reserves basis.
5. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."
6. Includes securities of foreign governments and international organizations and, before April 1979, nonguaranteed issues of U.S. government agencies.
7. Excludes checking, club, and school accounts.
8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.
9. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
10. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.
11. As of December 1982, National Credit Union Administration data no longer includes either federally chartered or state chartered corporate credit unions.

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

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States.

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

Credit unions: Estimates by the National Credit Union Administration for a group of federal and state-chartered credit unions that account for about 30 percent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982	Calendar year					
				1981	1982		1983		
				H2	H1	H2	Feb.	Mar.	Apr.
RECEIPTS									
1 **All sources**[1]	**517,112**	**599,272**	**617,766**	**301,777**	**322,478**	**286,338**	**38,816**	**43,504**	**66,234**
2 Individual income taxes, net	244,069	285,917	297,744	147,035	150,565	145,676	20,544	15,658	35,040
3 Withheld	223,763	256,332	267,513	134,199	133,575	131,567	22,288	24,808	21,636
4 Presidential Election Campaign Fund	39	41	39	5	34	5	4	9	8
5 Nonwithheld	63,746	76,844	84,691	17,391	66,174	20,040	1,970	3,604	31,961
6 Refunds	43,479	47,299	54,498	4,559	49,217	5,938	3,717	12,764	18,564
Corporation income taxes									
7 Gross receipts	72,380	73,733	65,991	31,056	37,836	25,661	2,115	6,985	8,445
8 Refunds	7,780	12,596	16,784	6,847	8,028	11,467	2,388	2,612	3,650
9 Social insurance taxes and contributions, net	157,803	182,720	201,498	91,592	108,079	94,278	13,797	17,939	21,481
10 Payroll employment taxes and contributions[2]	133,025	156,932	172,744	82,984	88,795	85,063	11,845	16,975	14,567
11 Self-employment taxes and contributions[3]	5,723	6,041	7,941	244	7,357	177	43	418	4,232
12 Unemployment insurance	15,336	15,763	16,600	6,355	9,809	6,857	1,553	160	2,324
13 Other net receipts[1,4]	3,719	3,984	4,212	2,009	2,119	2,181	356	387	358
14 Excise taxes	24,329	40,839	36,311	22,097	17,525	16,556	2,795	2,755	2,557
15 Customs deposits	7,174	8,083	8,854	4,661	4,310	4,299	503	733	762
16 Estate and gift taxes	6,389	6,787	7,991	3,742	4,208	3,445	349	500	458
17 Miscellaneous receipts[5]	12,748	13,790	16,161	8,441	7,984	7,891	1,101	1,545	1,141
OUTLAYS									
18 **All types**[1,6]	**576,675**	**657,204**	**728,424**	**358,532**	**348,683**	**390,847**	**64,152**	**69,540**	**69,542**
19 National defense	135,856	159,765	187,418	87,421	93,154	100,419	16,567	19,038	17,524
20 International affairs	10,733	11,130	9,982	4,646	5,183	4,406	108	1,601	937
21 General science, space, and technology	5,722	6,359	7,070	3,388	3,370	3,903	610	526	607
22 Energy	6,313	10,277	4,674	4,394	2,946	2,059	330	488	212
23 Natural resources and environment	13,812	13,525	12,934	7,296	5,636	6,940	998	913	1,036
24 Agriculture	4,762	5,572	14,875	5,181	7,087	13,260	2,170	1,003	2,717
25 Commerce and housing credit	7,788	3,946	3,865	1,825	1,408	2,244	−559	395	434
26 Transportation	21,120	23,381	20,560	10,753	9,915	10,686	1,557	1,776	1,581
27 Community and regional development	10,068	9,394	7,165	4,269	3,055	4,186	405	562	427
28 Education, training, employment, social services	30,767	31,402	26,300	13,874	12,607	12,187	2,159	2,114	1,985
29 Health[1]	55,220	65,982	74,017	35,322	37,219	39,073	6,575	6,913	7,120
30 Income security[6]	193,100	225,101	248,343	129,269	112,782	133,779	22,812	24,840	24,654
31 Veterans benefits and services	21,183	22,988	23,955	12,880	10,865	13,241	2,063	2,292	3,357
32 Administration of justice	4,570	4,696	4,671	2,290	2,334	2,373	412	473	432
33 General government	4,505	4,614	4,726	2,320	2,400	2,322	345	427	163
34 General-purpose fiscal assistance	8,584	6,856	6,393	3,043	3,325	3,152	89	40	1,162
35 Net Interest[7]	52,458	68,726	84,697	39,952	41,883	44,948	8,416	6,854	6,343
36 Undistributed offsetting receipts[8]	−9,887	−16,509	−13,270	−9,564	−6,490	−8,333	−905	−715	−1,148

1. *Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.*
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. *Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was* reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
7. Net interest function includes interest received by trust funds.
8. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1984.*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1981				1982				1983
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**970.9**	**977.4**	**1,003.9**	**1,034.7**	**1,066.4**	**1,084.7**	**1,147.0**	**1,201.9**	**1,249.3**
2 Public debt securities	964.5	971.2	997.9	1,028.7	1,061.3	1,079.6	1,142.0	1,197.1	1,244.5
3 Held by public	773.7	771.3	789.8	825.5	858.9	867.9	925.6	987.7	1,043.3
4 Held by agencies	190.9	199.9	208.1	203.2	202.4	211.7	216.4	209.4	201.2
5 Agency securities	6.4	6.2	6.1	6.0	5.1	5.0	5.0	4.8	4.8
6 Held by public	4.9	4.7	4.6	4.6	3.9	3.9	3.7	3.7	3.7
7 Held by agencies	1.5	1.5	1.5	1.4	1.2	1.1	1.3	1.1	1.1
8 **Debt subject to statutory limit**	**965.5**	**972.2**	**998.8**	**1,029.7**	**1,062.2**	**1,080.5**	**1,142.9**	**1,197.9**	**1,245.3**
9 Public debt securities	963.9	970.6	997.2	1,028.1	1,060.7	1,079.0	1,141.4	1,196.5	1,243.9
10 Other debt[1]	1.6	1.6	1.6	1.6	1.5	1.5	1.5	1.4	1.4
11 MEMO: Statutory debt limit	985.0	985.0	999.8	1,079.8	1,079.8	1,143.1	1,143.1	1,290.2	1,290.2

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

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

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

Billions of dollars, end of period

Type and holder	1979	1980	1981	1982	1983				
					Jan.	Feb.	Mar.	Apr.	May
1 **Total gross public debt**	**845.1**	**930.2**	**1,028.7**	**1,197.1**	**1,201.0**	**1,215.3**	**1,244.5**	**1,247.9**	**1,291.4**
By type									
2 Interest-bearing debt	844.0	928.9	1,027.3	1,195.5	1,199.6	1,213.7	1,243.0	1,242.1	1,289.9
3 Marketable	530.7	623.2	720.3	881.5	888.7	907.7	937.8	935.5	957.4
4 Bills	172.6	216.1	245.0	311.8	308.1	314.9	331.9	325.9	325.2
5 Notes	283.4	321.6	375.3	465.0	473.0	481.3	494.1	494.9	513.6
6 Bonds	74.7	85.4	99.9	104.6	107.6	111.5	111.4	114.6	118.5
7 Nonmarketable[1]	313.2	305.7	307.0	314.0	310.9	306.1	305.2	306.6	332.6
8 Convertible bonds[2]	2.2	...	...	...	...	...	...	...	...
9 State and local government series	24.6	23.8	23.0	25.7	25.6	25.7	27.1	28.0	29.6
10 Foreign issues[3]	28.8	24.0	19.0	14.7	14.0	12.7	12.4	12.0	11.1
11 Government	23.6	17.6	14.9	13.0	12.7	11.4	11.1	10.7	10.5
12 Public	5.3	6.4	4.1	1.7	1.3	1.3	1.3	1.3	0.6
13 Savings bonds and notes	79.9	72.5	68.1	68.0	68.1	68.3	68.5	68.8	69.2
14 Government account series[4]	177.5	185.1	196.7	205.4	203.0	199.1	197.0	197.6	222.4
15 Non-interest-bearing debt	1.2	1.3	1.4	1.6	1.4	1.6	1.5	5.9	1.5
By holder[5]									
16 U.S. government agencies and trust funds	187.1	192.5	203.3	209.4	207.0	203.3	201.2	n.a.	n.a.
17 Federal Reserve Banks	117.5	121.3	131.0	139.3	132.4	135.6	136.7	n.a.	n.a.
18 Private investors	540.5	616.4	694.5	848.4r	n.a.	n.a.	906.6	n.a.	n.a.
19 Commercial banks	96.4	116.0	109.4	131.4	n.a.	n.a.	153.2	n.a.	n.a.
20 Mutual savings banks	4.7	5.4	5.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Insurance companies	16.7	20.1	19.1	38.7r	n.a.	n.a.	40.0	n.a.	n.a.
22 Other companies	22.9	25.7	37.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 State and local governments	69.9	78.8	85.6	113.4r	n.a.	n.a.	n.a.	n.a.	n.a.
Individuals									
24 Savings bonds	79.9	72.5	68.0	68.3	n.a.	n.a.	68.3	n.a.	n.a.
25 Other securities	36.2	56.7	75.6	48.2r	n.a.	n.a.	48.4	n.a.	n.a.
26 Foreign and international[6]	124.4	127.7	141.4	149.4r	n.a.	n.a.	156.3	n.a.	n.a.
27 Other miscellaneous investors[7]	90.1	106.9	152.3	233.2r	n.a.	n.a.	n.a.	n.a.	n.a.

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category (line 5).
3. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
4. Held almost entirely by U.S. government agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Consists of investments of foreign balances and international accounts in the United States.
7. Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies.

NOTE. Gross public debt excludes guaranteed agency securities.
Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin*.

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1980	1981	1982	1983 Feb.[r]	1983 Mar.[r]	1983 Apr.	1983, week ending Wednesday Apr. 20[r]	Apr. 27[r]	May 4	May 11	May 18	May 25
Immediate delivery[1]												
1 U.S. government securities	18,331	24,728	32,271	40,570	37,900	38,468	39,723	39,170	42,728	48,263	40,399	35,028
By maturity												
2 Bills	11,413	14,768	18,398	20,327	20,195	22,142	22,299	20,760	20,844	24,792	21,643	19,098
3 Other within 1 year	421	621	810	706	519	611	673	580	651	545	659	493
4 1–5 years	3,330	4,360	6,272	9,245	7,884	7,385	7,022	10,217	10,604	8,108	8,190	7,576
5 5–10 years	1,464	2,451	3,557	5,251	5,196	4,136	4,869	3,774	5,139	5,771	4,627	3,434
6 Over 10 years	1,704	2,528	3,234	5,042	4,106	4,194	4,860	3,839	5,490	9,047	5,281	4,428
By type of customer												
7 U.S. government securities dealers	1,484	1,640	1,769	1,904	1,757	2,418	1,842	2,122	2,786	2,748	2,163	1,852
8 U.S. government securities brokers	7,610	11,750	15,659	20,005	18,414	18,535	19,924	19,151	21,220	24,969	20,171	17,678
9 All others[2]	9,237	11,337	15,344	18,662	17,728	17,515	17,957	17,897	18,722	20,546	18,065	15,499
10 Federal agency securities	3,258	3,306	4,142	4,982	4,575	5,584	5,800	6,202	5,749	5,689	5,969	5,641
11 Certificates of deposit	2,472	4,477	5,001	4,402	3,702	4,541	4,329	4,798	4,493	3,895	3,672	3,326
12 Bankers acceptances	n.a.	1,807	2,502	2,593	2,255	3,063	3,313	3,063	3,097	2,917	2,381	1,897
13 Commercial paper	n.a.	6,128	7,595	7,806	7,604	8,603	8,736	8,603	8,551	7,772	8,269	7,882
Futures transactions[3]												
14 Treasury bills	n.a.	3,523	5,031	6,303	6,040	6,057	6,192	6,144	5,895	6,092	7,116	6,217
15 Treasury coupons	n.a.	1,330	1,490	2,055	2,138	1,779	2,085	1,890	2,068	2,314	2,523	2,342
16 Federal agency securities	n.a.	234	259	236	262	194	193	241	198	288	194	361
Forward transactions[4]												
17 U.S. government securities	n.a.	365	835	1,707	1,628	1,322	1,212	1,189	2,222	2,361	1,328	743
18 Federal agency securities	n.a.	1,370	982	1,175	1,439	1,493	1,770	1,131	1,431	2,037	1,726	1,166

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

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

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

Item	1980	1981	1982	1983 Feb.[r]	1983 Mar.[r]	1983 Apr.	1983, week ending Wednesday Apr. 13	Apr. 20	Apr. 27	May 4	May 11
						Positions					
Net immediate[1]											
1 U.S. government securities	4,306	9,033	9,328	14,192	11,399	9,014	6,924	10,271	10,698	11,748	11,813
2 Bills	4,103	6,485	4,837	10,534	9,544	7,775	6,650	9,412	8,119	8,345	6,886
3 Other within 1 year	−1,062	−1,526	−199	−428	3	−371	−491	−404	−298	−118	97
4 1–5 years	434	1,488	2,932	2,719	1,263	733	−53	−131	2,336	2,537	2,560
5 5–10 years	166	292	−341	−203	−748	−57	−270	304	−53	158	209
6 Over 10 years	665	2,294	2,001	1,570	1,337	934	1,087	1,089	593	827	2,062
7 Federal agency securities	797	2,277	3,712	4,455	4,855	5,278	5,022	5,659	5,221	5,647	5,581
8 Certificates of deposit	3,115	3,435	5,531	5,683	6,104	5,474	5,307	5,492	5,401	5,761	5,103
9 Bankers acceptances	n.a.	1,746	2,832	2,901	2,809	3,051	2,740	3,177	3,275	4,254	3,834
10 Commercial paper	n.a.	2,658	3,317	2,892	3,173	3,228	3,345	3,204	2,943	3,950	3,575
Futures positions											
11 Treasury bills	n.a.	−8,934	−2,508	−3,217	−530	−7,151	−6,649	−8,613	−7,851	−9,644	−10,259
12 Treasury coupons	n.a.	−2,733	−2,361	−1,206	−1,907	−1,966	−2,136	−2,025	−1,593	−2,059	−2,214
13 Federal agency securities	n.a.	522	−224	−137	−64	112	79	227	177	79	51
Forward positions											
14 U.S. government securities	n.a.	−603	−788	−1,061	−1,782	−887	−1,002	−1,312	−664	−563	−863
15 Federal agency securities	n.a.	−451	−1,190	−1,962	−1,906	−1,570	−1,747	−1,853	−1,200	−1,091	−1,573
						Financing[2]					
Reverse repurchase agreements[3]											
16 Overnight and continuing	n.a.	14,568	26,754	24,136	19,668	22,351	22,216	19,978	24,087	20,823	n.a.
17 Term agreements	n.a.	32,048	48,247	49,425	49,637	49,414	50,187	51,123	47,891	46,993	n.a.
Repurchase agreements[4]											
18 Overnight and continuing	n.a.	35,919	49,695	56,033	51,228	51,702	52,272	51,826	53,252	53,429	n.a.
19 Term agreements	n.a.	29,449	43,410	42,891	43,450	41,890	41,769	43,816	41,922	40,313	n.a.

For notes see opposite page.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1979	1980	1981	1982				1983		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 **Federal and federally sponsored agencies**[1]	**163,290**	**193,229**	**227,210**	**245,951**	**244,599**	**243,535**	**247,119**	**247,887**	**244,243r**	**240,475**
2 Federal agencies	24,715	28,606	31,806	32,606	32,713	32,772	33,055	33,018	33,045	33,083
3 Defense Department[2]	738	610	484	388	377	364	354	346	336	335
4 Export-Import Bank[3,4]	9,191	11,250	13,339	14,042	14,000	13,999	14,218	14,267	14,255	14,304
5 Federal Housing Administration[5]	537	477	413	335	323	311	288	282	281	271
6 Government National Mortgage Association participation certificates[6]	2,979	2,817	2,715	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[7]	1,837	1,770	1,538	1,471	1,471	1,471	1,471	1,471	1,471	1,471
8 Tennessee Valley Authority	8,997	11,190	13,115	14,010	14,185	14,270	14,365	14,365	14,415	14,415
9 United States Railway Association[7]	436	492	202	195	192	192	194	122	122	122
10 Federally sponsored agencies[1]	138,575	164,623	195,404	213,345	212,886	210,763	214,064	214,869	211,198r	207,392
11 Federal Home Loan Banks	33,330	41,258	58,090	61,251	60,904	60,356	61,447	59,969	57,515r	54,880
12 Federal Home Loan Mortgage Corporation	2,771	2,536	2,604	3,000	3,000	3,000	3,000	3,000	3,202	2,002
13 Federal National Mortgage Association	48,486	55,185	58,749	68,130	67,916	66,852	70,052	72,247	72,221	71,366
14 Federal Land Banks	16,006	12,365	9,717	7,652	6,813	6,813	6,813	5,802	5,802	5,802
15 Federal Intermediate Credit Banks	2,676	1,821	1,388	926	926	926	926	926	926	926
16 Banks for Cooperatives	584	584	220	220	220	220	220	220	220	220
17 Farm Credit Banks[1]	33,216	48,153	60,034	65,553	66,449	65,877	65,014	66,360	65,796	65,653
18 Student Loan Marketing Association	1,505	2,720	4,600	6,611	6,657	6,718	6,591	6,404	6,257	6,542
19 Other	1	1	2	2	1	1	1	1	1	1
MEMO:										
20 **Federal Financing Bank debt**[1,8]	**67,383**	**87,460**	**110,698**	**124,357**	**125,064**	**125,707**	**126,424**	**126,587**	**126,623**	**127,717**
Lending to federal and federally sponsored agencies										
21 Export-Import Bank[4]	8,353	10,654	12,741	13,954	13,954	13,954	14,177	14,177	14,177	14,232
22 Postal Service[7]	1,587	1,520	1,288	1,221	1,221	1,221	1,221	1,221	1,221	1,221
23 Tennessee Valley Authority	7,272	9,465	11,390	12,285	12,460	12,545	12,640	12,640	12,690	12,675
24 United States Railway Association[7]	436	492	202	195	192	192	194	122	122	122
Other Lending[9]										
25 Farmers Home Administration	32,050	39,431	48,821	53,736	53,661	53,661	53,261	53,056	52,431	52,686
26 Rural Electrification Administration	6,484	9,196	13,516	16,282	16,600	16,750	17,157	17,330	17,502	17,816
27 Other	9,696	13,982	18,140	21,684	26,976	27,384	27,774	28,041	28,480	28,965

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.
2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
6. Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
7. Off-budget.
8. 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.
9. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

NOTES TO TABLE 1.43

1. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities to resell (reverse RPs). Before 1981, data for immediate positions include forward positions.
2. Figures cover financing involving U.S. government and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper.
3. Includes all reverse repurchase agreements, including those that have been arranged to make delivery on short sales and those for which the securities obtained have been used as collateral on borrowings, i.e., matched agreements.
4. Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements.

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

1.45 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1980	1981	1982	1982r Sept.	1982r Oct.	1982r Nov.	1982r Dec.	1983 Jan.r	1983 Feb.r	1983 Mar.r	1983 Apr.
1 **All issues, new and refunding**[1]	**48,367**	**47,732**	**78,950**	**6,673**	**8,466**	**10,287**	**9,761**	**3,625**	**5,998**	**8,141**	**10,149**
Type of issue											
2 General obligation	14,100	12,394	21,088	1,716	2,331	3,392	1,623	847	1,250	2,230	3,278
3 U.S. government loans[2]	38	34	225	30	30	34	37	0	3	3	2
4 Revenue	34,267	35,338	57,862	4,957	6,135	6,895	8,138	2,778	4,748	5,911	6,871
5 U.S. government loans[2]	57	55	461	54	57	57	62	0	2	5	9
Type of issuer											
6 State	5,304	5,288	8,406	1,077	1,010	1,091	220	237	275	724	1,745
7 Special district and statutory authority	26,972	27,499	45,000	3,607	5,160	5,489	6,171	2,100	4,123	5,046	5,227
8 Municipalities, counties, townships, school districts	16,090	14,945	25,544	1,821	2,296	3,243	3,370	1,288	1,600	2,371	3,177
9 **Issues for new capital, total**	**46,736**	**46,530**	**74,612**	**6,470**	**7,275**	**9,496**	**9,531**	**3,127**	**4,909**	**6,709**	**8,242**
Use of proceeds											
10 Education	4,572	4,547	6,444	840	546	765	895	352	1,079	811	605
11 Transportation	2,621	3,447	6,256	557	636	1,291	1,342	49	539	815	559
12 Utilities and conservation	8,149	10,037	14,254	292	1,338	1,969	1,891	956	1,039	1,716	2,508
13 Social welfare	19,958	12,729	26,605	2,647	2,918	2,336	3,121	817	1,391	2,376	2,637
14 Industrial aid	3,974	7,651	8,256	1,082	621	877	1,308	306	167	330	350
15 Other purposes	7,462	8,119	12,797	1,052	1,212	2,258	974	647	694	904	1,583

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

SOURCE. Public Securities Association.

1.46 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1980	1981	1982	1982 Aug.	1982 Sept.	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.
1 **All issues**[1,2]	**73,694**	**69,991**	**83,788**	**9,318**	**8,247**	**9,989**	**8,802**	**9,830**	**7,598**	**8,481**	**11,608**
2 **Bonds**	**53,206**	**44,642**	**53,226**	**6,553**	**5,762**	**7,121**	**5,412**	**5,636**	**4,470**	3,819	5,267
Type of offering											
3 Public	41,587	37,653	43,428	5,546	5,308	6,426	4,927	4,264	4,470	3,819	5,267
4 Private placement	11,619	6,989	9,798	1,007	454	695	485	1,372	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	15,409	12,325	13,307	1,602	1,730	2,044	2,138	1,204	849	635	962
6 Commercial and miscellaneous	6,693	5,229	5,681	1,202	481	417	523	565	702	361	511
7 Transportation	3,329	2,052	1,474	402	64	285	88	120	31	250	....
8 Public utility	9,557	8,963	12,155	934	1,021	1,663	1,246	944	313	813	950
9 Communication	6,683	4,280	2,265	205	311	208	115	372	....	....	650
10 Real estate and financial	11,534	11,793	18,344	2,208	2,156	2,504	1,302	2,431	2,575	1,760	2,194
11 **Stocks**[3]	**20,489**	**25,349**	**30,562**	**2,765**	**2,485**	**2,868**	**3,390**	**4,194**	**3,128**	**4,662**	**6,341**
Type											
12 Preferred	3,631	1,797	5,113	622	522	611	573	421	594	1,962	893
13 Common	16,858	23,552	25,449	2,143	1,963	2,257	2,817	3,773	2,534	2,700	5,448
Industry group											
14 Manufacturing	4,839	5,074	5,649	717	345	666	481	921	876	1,048	1,584
15 Commercial and miscellaneous	5,245	7,557	7,770	375	742	640	1,024	693	994	646	1,225
16 Transportation	549	779	709	62	84	80	225	22	355	283	91
17 Public utility	6,230	5,577	7,517	759	1,003	620	752	742	350	534	674
18 Communication	567	1,778	2,227	495	4	33	14	1,361	187	2	1,133
19 Real estate and financial	3,059	4,584	6,690	357	307	829	894	455	366	2,149	1,634

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.
2. Data for 1983 include only public offerings.
3. Beginning in August 1981, gross stock offerings include new equity volume from swaps of debt for equity.

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

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1981	1982	1982				1983			
			Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	20,596	45,675	4,709	5,668	5,815	5,291	8,095	6,115	7,871	8,421
2 Redemptions of own shares[3]	15,866	30,078	3,052	3,046	3,493	4,835	4,233	3,510	5,066	6,482
3 Net sales	4,730	15,597	1,657	2,622	2,322	456	3,862	2,605	2,805	1,939
4 Assets[4]	55,207	76,741	63,783	70,964	74,864	76,841	80,384	84,981	90,075	98,660
5 Cash position[5]	5,277	5,999	5,556	5,948	5,838	6,040	6,943	7,404	7,904	8,948
6 Other	49,930	70,742	58,227	65,016	69,026	70,801	73,441	77,577	82,171	89,712

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

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1980	1981	1982	1981			1982				1983
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1 Corporate profits with inventory valuation and capital consumption adjustment	181.6	190.6	160.8	185.1	193.1	183.9	157.1	155.4	166.2	164.6	185.4
2 Profits before tax	242.4	232.1	174.9	225.4	233.3	216.5	171.6	171.7	180.3	175.9	178.3
3 Profits tax liability	84.6	81.2	57.7	79.2	82.4	71.6	56.7	55.3	60.9	58.0	65.7
4 Profits after tax	157.8	150.9	117.1	146.2	150.9	144.9	114.9	116.3	119.4	117.9	112.5
5 Dividends	58.1	65.1	70.3	64.0	66.8	68.1	68.8	69.3	70.5	72.4	73.5
6 Undistributed profits	99.7	85.8	46.9	82.2	84.1	76.8	46.1	47.0	48.8	45.5	39.0
7 Inventory valuation	−43.0	−24.6	−9.2	−22.8	−23.0	−17.1	−4.4	−9.4	−10.3	−12.6	−.7
8 Capital consumption adjustment	−17.8	−16.8	−4.9	−17.5	−17.1	−15.5	−10.1	−6.9	−3.8	1.3	7.8

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

1.49 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

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

1. Ratio of total current assets to total current liabilities.

NOTE. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics.

SOURCE. Federal Trade Commission.

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry[1]	1981	1982	1983[1]	1982			1983			
				Q2	Q3	Q4	Q1	Q2[1]	Q3[1]	Q4[1]
1 **Total nonfarm business**	**321.49**	**316.43**	**305.53**	**323.22**	**315.79**	**302.77**	**293.03**	**302.23**	**306.83**	**320.02**
Manufacturing										
2 Durable goods industries	61.84	56.44	51.95	59.03	57.14	50.50	50.74	49.64	53.34	54.09
3 Nondurable goods industries	64.95	63.23	60.84	64.74	62.32	59.59	59.12	61.34	60.75	62.15
Nonmanufacturing										
4 Mining	16.86	15.45	13.24	16.56	14.63	13.31	12.03	13.69	13.54	13.70
Transportation										
5 Railroad	4.24	4.38	3.96	4.73	3.94	4.31	3.35	4.00	4.09	4.41
6 Air	3.81	3.93	3.42	3.54	4.11	4.85	4.09	3.25	2.68	3.66
7 Other	4.00	3.64	3.42	4.06	3.24	3.25	3.60	3.40	3.17	3.51
Public utilities										
8 Electric	29.74	33.40	33.84	32.26	34.98	35.12	33.97	34.16	32.97	34.24
9 Gas and other	8.65	8.55	7.76	9.14	8.40	7.77	7.64	8.03	7.48	7.87
10 Trade and services	86.33	86.95	87.13	88.85	87.31	84.00	82.38	85.33	87.41	93.37
11 Communication and other[2]	41.06	40.46	39.97	40.33	39.73	40.06	36.11	39.40	41.39	43.00

1. Anticipated by business.
2. "Other" consists of construction; social services and membership organizations; and forestry, fisheries, and agricultural services.

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1977	1978	1979	1980	1981	1982 Q1	1982 Q2	1982 Q3	1982 Q4	1983 Q1
ASSETS										
Accounts receivable, gross										
1 Consumer	44.0	52.6	65.7	73.6	85.5	85.1	88.0	88.3	89.5	89.9
2 Business	55.2	63.3	70.3	72.3	80.6	80.9	82.6	82.2	81.0	82.2
3 Total	99.2	116.0	136.0	145.9	166.1	166.0	170.6	170.5	170.4	172.1
4 LESS: Reserves for unearned income and losses	12.7	15.6	20.0	23.3	28.9	29.1	30.2	30.4	30.5	29.7
5 Accounts receivable, net	86.5	100.4	116.0	122.6	137.2	136.9	140.4	140.1	139.8	142.4
6 Cash and bank deposits	2.6	3.5								
7 Securities	.9	1.3	24.9[1]	27.5	34.2	35.0	37.3	39.1	39.7	42.8
8 All other	14.3	17.3								
9 **Total assets**	**104.3**	**122.4**	**140.9**	**150.1**	**171.4**	**171.9**	**177.8**	**179.2**	**179.5**	**185.2**
LIABILITIES										
10 Bank loans	5.9	6.5	8.5	13.2	15.4	15.4	14.5	16.8	18.6	16.6
11 Commercial paper	29.6	34.5	43.3	43.4	51.2	46.2	50.3	46.7	45.8	45.2
Debt										
12 Short-term, n.e.c.	6.2	8.1	8.2	7.5	9.6	9.0	9.3	9.9	8.7	9.8
13 Long-term, n.e.c.	36.0	43.6	46.7	52.4	54.8	59.0	60.3	60.9	63.5	64.7
14 Other	11.5	12.6	14.2	14.3	17.8	19.0	18.9	20.5	18.7	22.8
15 Capital, surplus, and undivided profits	15.1	17.2	19.9	19.4	22.8	23.3	24.5	24.5	24.2	26.0
16 **Total liabilities and capital**	**104.3**	**122.4**	**140.9**	**150.1**	**171.4**	**171.9**	**177.8**	**179.2**	**179.5**	**185.2**

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

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

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Mar. 31, 1983[1]	Changes in accounts receivable 1983 Jan.	Feb.	Mar.	Extensions 1983 Jan.	Feb.	Mar.	Repayments 1983 Jan.	Feb.	Mar.
1 **Total**	**82,239**	**1,030**	**126**	**−80**	**22,808**	**22,458**	**23,924**	**21,778**	**22,332**	**24,004**
2 Retail automotive (commercial vehicles)	13,772	269	396	645	1,230	1,336	1,604	961	940	959
3 Wholesale automotive	12,525	182	115	−590	6,458	6,643	6,058	6,276	6,258	6,648
4 Retail paper on business, industrial, and farm equipment	27,627	−41	381	283	1,308	1,477	1,252	1,349	1,096	969
5 Loans on commercial accounts receivable and factored commercial accounts receivable	9,320	501	−243	102	12,286	11,634	13,327	11,785	11,877	13,225
6 All other business credit	18,995	119	−523	−520	1,526	1,368	1,683	1,407	1,891	2,203

1. Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1980	1981	1982	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	83.4	90.4	94.6	99.1	97.9	91.8	88.9	88.4	80.1	89.6
2 Amount of loan (thousands of dollars)	59.2	65.3	69.8	74.4	75.6	67.6	65.4	66.6	60.5	66.5
3 Loan/price ratio (percent)	73.2	74.8	76.6	77.9	79.0	75.2	75.2	77.9	76.8	74.2
4 Maturity (years)	28.2	27.7	27.6	28.4	27.9	26.9	26.5	27.2	24.2	26.9
5 Fees and charges (percent of loan amount)[2]	2.09	2.67	2.95	2.74	2.76	2.98	2.46	2.78	2.21	2.09
6 Contract rate (percent per annum)	12.25	14.16	14.47	13.86	13.26	13.09	13.00	12.62	12.97	12.02
Yield (percent per annum)										
7 FHLBB series[3]	12.65	14.74	15.12	14.41	13.81	13.69	13.49	13.16	13.41	12.42
8 HUD series[4]	13.95	16.52	15.79	13.95	13.80	13.62	13.44	13.18	13.17	13.02
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	13.44	16.31	15.31	12.99	12.82	12.80	12.87	12.65	12.68	12.50
10 GNMA securities[6]	12.55	15.29	14.68	12.83	12.66	12.60	12.06	11.94	11.87	11.76
FNMA auctions[7]										
11 Government-underwritten loans	14.11	16.70	....	....	....	....	....	n.a.	n.a.	n.a.
12 Conventional loans	14.43	16.64	15.95	13.92	13.75	13.72	....	n.a.	n.a.	n.a.
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13 Total	55,104	58,675	66,031	69,152	70,126	71,814	73,106	73,555	73,666	73,553
14 FHA/VA-insured	37,365	39,341	39,718	39,523	39,174	39,057	38,924	38,768	38,409	37,901
15 Conventional	17,725	19,334	26,312	29,629	30,952	32,757	34,182	34,788	35,257	35,653
Mortgage transactions (during period)										
16 Purchases	8,099	6,112	15,116	1,449	1,681	2,495	2,045	1,594	1,433	1,004
17 Sales	0	2	2	1	1	1	0	1	777	586
Mortgage commitments[8]										
18 Contracted (during period)	8,083	9,331	22,105	1,426	2,795	3,055	2,006	785	1,184	1,023
19 Outstanding (end of period)	3,278	3,717	7,606	6,268	7,286	7,606	7,487	6,475	6,187	5,811
Auction of 4-month commitments to buy										
Government-underwritten loans										
20 Offered	8,605.4	2,487.2	307.4	2.5	27.0	4.6	2.0	n.a.	n.a.	n.a.
21 Accepted	4,002.0	1,478.0	104.3	0	0	0	0	n.a.	n.a.	n.a.
Conventional loans										
22 Offered	3,639.2	2,524.7	445.3	13.6	22.1	23.2	7.8	1.8	n.a.	n.a.
23 Accepted	1,748.5	1,392.3	237.6	8.9	11.4	15.3	0	n.a.	n.a.	n.a.
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[9]										
24 Total	4,362	5,245	5,153	4,957	4,676	4,733	4,560	4,450	4,795	4,997
25 FHA/VA	2,116	2,236	1,921	1,016	1,012	1,009	1,004	1,000	995	990
26 Conventional	2,246	3,010	3,224	3,891	3,618	3,724	3,556	3,450	3,800	4,008
Mortgage transactions (during period)										
27 Purchases	3,723	3,789	23,671	2,000	1,917	3,916	1,479	1,688	2,849	1,807
28 Sales	2,527	3,531	24,164	2,197	2,182	3,798	1,641	1,756	2,469	1,525
Mortgage commitments[10]										
29 Contracted (during period)	3,859	6,974	28,187	2,506	1,714	1,068	2,059	868	1,438	3,079
30 Outstanding (end of period)	447	3,518	7,549	10,572	10,407	7,549	8,098	7,238	5,845	7,253

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month. FNMA's commitment auctions were discontinued in March 1983.
8. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
9. Includes participation as well as whole loans.
10. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1980	1981	1982	1982 Q1	1982 Q2	1982 Q3	1982 Q4	1983 Q1
1 **All holders**	**1,471,786**	**1,583,264**	**1,652,126[r]**	**1,602,855**	**1,624,279**	**1,632,161**	**1,652,126[r]**	**1,679,911[r]**
2 1- to 4-family	986,979	1,065,294	1,112,352[r]	1,076,930	1,089,522	1,097,507	1,112,352[r]	1,133,012[r]
3 Multifamily	137,134	136,354	136,515	137,712	138,332	136,508	136,515	138,164[r]
4 Commercial	255,655	279,889	296,369[r]	284,306	290,951	291,740	296,369[r]	301,703[r]
5 Farm	92,018	101,727	106,890	103,907	105,474	106,406	106,890	107,032[r]
6 Major financial institutions	997,168	1,040,827	1,020,527	1,041,702	1,042,904	1,027,027	1,020,527	1,026,582[r]
7 Commercial banks[1]	263,030	284,536	301,742	289,365	294,022	298,342	301,742	305,672
8 1- to 4-family	160,326	170,013	177,122	171,350	172,596	175,126	177,122	179,430
9 Multifamily	12,924	15,132	15,841	15,338	15,431	15,666	15,841	16,147
10 Commercial	81,081	91,026	100,269	94,256	97,522	99,050	100,269	101,575
11 Farm	8,699	8,365	8,510	8,421	8,473	8,500	8,510	8,520
12 Mutual savings banks	99,865	99,997	94,452	97,464	96,346	94,382	94,452	93,697
13 1- to 4-family	67,489	68,187	64,095	66,305	65,381	63,849	64,095	63,582
14 Multifamily	16,058	15,960	15,037	15,536	15,338	15,026	15,037	14,917
15 Commercial	16,278	15,810	15,292	15,594	15,598	15,479	15,292	15,170
16 Farm	40	40	28	29	29	28	28	28
17 Savings and loan associations	503,192	518,547	482,414	516,111	512,997	493,899	482,414	484,080[r]
18 1- to 4-family	419,763	433,142	398,537[r]	430,178	425,890	410,035	398,537[r]	397,178[r]
19 Multifamily	38,142	37,699	36,023	37,986	38,321	36,894	36,023	36,511[r]
20 Commercial	45,287	47,706	47,854[r]	47,947	48,786	46,970	47,854[r]	50,391[r]
21 Life insurance companies	131,081	137,747	141,919	138,762	139,539	140,404	141,919	143,133
22 1- to 4-family	17,943	17,201	16,743	17,086	16,451	16,865	16,743	16,836
23 Multifamily	19,514	19,283	18,847	19,199	18,982	18,967	18,847	19,054
24 Commercial	80,666	88,163	93,501	89,529	91,113	91,640	93,501	94,618
25 Farm	12,958	13,100	12,828	12,948	12,993	12,932	12,828	12,625
26 Federal and related agencies	114,300	126,094	138,185	128,698	131,456	134,449	138,185	140,023[r]
27 Government National Mortgage Association	4,642	4,765	4,227	4,438	4,669	4,110	4,227	3,785
28 1- to 4-family	704	693	676	689	688	682	676	665
29 Multifamily	3,938	4,072	3,551	3,749	3,981	3,428	3,551	3,120
30 Farmers Home Administration	3,492	2,235	1,786	2,469	1,335	947	1,786	2,077[r]
31 1- to 4-family	916	914	783	715	491	302	783	707[r]
32 Multifamily	610	473	218	615	179	46	218	380[r]
33 Commercial	411	506	377	499	256	164	377	337[r]
34 Farm	1,555	342	408	640	409	435	408	653[r]
35 Federal Housing and Veterans Administration	5,640	5,999	5,228	6,003	5,908	5,362	5,228	5,156
36 1- to 4-family	2,051	2,289	1,980	2,266	2,218	2,130	1,980	1,883
37 Multifamily	3,589	3,710	3,248	3,737	3,690	3,232	3,248	3,273
38 Federal National Mortgage Association	57,327	61,412	71,814	62,544	65,008	68,841	71,814	73,666
39 1- to 4-family	51,775	55,986	66,500	57,142	59,631	63,495	66,500	68,370
40 Multifamily	5,552	5,426	5,314	5,402	5,377	5,346	5,314	5,296
41 Federal Land Banks	38,131	46,446	50,350	47,947	49,270	49,983	50,350	50,544
42 1- to 4-family	2,099	2,788	3,068	2,874	2,954	3,029	3,068	3,059
43 Farm	36,032	43,658	47,282	45,073	46,316	46,954	47,282	47,485
44 Federal Home Loan Mortgage Corporation	5,068	5,237	4,780	5,297	5,266	5,166	4,780	4,795
45 1- to 4-family	3,873	5,181	4,733	5,240	5,209	5,116	4,733	4,740
46 Multifamily	1,195	56	47	57	57	50	47	55
47 Mortgage pools or trusts[2]	142,258	163,000	216,654[r]	172,303	183,657	198,376	216,654[r]	234,596[r]
48 Government National Mortgage Association	93,874	105,790	118,940[r]	108,592	111,459	114,776	118,940[r]	127,939[r]
49 1- to 4-family	91,602	103,007	115,831[r]	105,701	108,487	111,728	115,831[r]	124,482[r]
50 Multifamily	2,272	2,783	3,109	2,891	2,972	3,048	3,109	3,457
51 Federal Home Loan Mortgage Corporation	16,854	19,853	42,964	23,970	28,703	35,132	42,964	48,008
52 1- to 4-family	13,471	19,501	42,560	23,610	28,329	34,739	42,560	47,575
53 Multifamily	3,383	352	404	360	374	393	404	433
54 Federal National Mortgage Association[3]	n.a.	717	14,450	2,786	4,556	8,133	14,450	18,157
55 1- to 4-family	n.a.	717	14,450	2,786	4,556	8,133	14,450	18,157
56 Farmers Home Administration	31,530	36,640	40,300	36,955	38,939	40,335	40,300	40,492[r]
57 1- to 4-family	16,683	18,378	20,005	18,740	19,357	20,079	20,005	20,263[r]
58 Multifamily	2,612	3,426	4,344	3,447	4,044	4,344	4,344	4,344[r]
59 Commercial	5,271	6,161	7,011	6,351	6,762	7,056	7,011	7,115[r]
60 Farm	6,964	8,675	8,940	8,417	8,776	8,856	8,940	8,770[r]
61 Individual and others[4]	218,060	253,343	276,760[r]	260,152	266,262	272,349	276,760[r]	278,710[r]
62 1- to 4-family[5]	138,284	167,297	185,269[r]	172,248	177,284	182,199	185,269[r]	186,085[r]
63 Multifamily	27,345	27,982	30,532	29,395	29,586	30,068	30,532	31,177
64 Commercial	26,661	30,517	32,065	30,130	30,914	31,381	32,065	32,497
65 Farm	25,770	27,547	28,894	28,379	28,478	28,701	28,894	28,951

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

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

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

Millions of dollars

Holder, and type of credit	1980	1981	1982	1982 Sept.	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.
	Amounts outstanding (end of period)										
1 **Total**	**313,472**	**331,697**	**344,798**	**337,469**	**336,473**	**338,372**	**344,798**	**343,151**	**340,343**	**342,568**	**344,748**
By major holder											
2 Commercial banks	147,013	147,622	152,069	149,801	149,528	149,651	152,069	150,906	150,257	151,319	152,408
3 Finance companies	76,756	89,818	94,322	93,357	92,541	93,462	94,322	95,080	93,859	94,817	94,675
4 Credit unions	44,041	45,954	47,253	46,846	46,645	46,832	47,253	46,946	46,757	47,081	47,505
5 Retailers[2]	28,448	29,551	30,202	26,829	27,046	27,639	30,202	28,859	27,734	27,472	27,455
6 Savings and loans	9,911	11,598	13,891	13,051	13,457	13,672	13,891	14,209	14,860	15,083	15,551
7 Gasoline companies	4,468	4,403	4,063	4,669	4,322	4,141	4,063	4,102	3,780	3,669	3,980
8 Mutual savings banks	2,835	2,751	2,998	2,916	2,934	2,975	2,998	3,049	3,096	3,127	3,174
By major type of credit											
9 Automobile	116,838	125,331	130,227	128,856	128,375	129,299	130,227	129,482	129,055	130,959	131,976
10 Commercial banks	61,536	58,081	58,851	58,542	58,552	58,701	58,851	57,740	57,971	58,567	59,291
11 Indirect paper	35,233	34,375	35,178	34,728	34,744	34,884	35,178	(3)	(3)	(3)	(3)
12 Direct loans	26,303	23,706	23,673	23,814	23,808	23,817	23,673	(3)	(3)	(3)	(3)
13 Credit unions	21,060	21,975	22,596	22,402	22,306	22,395	22,596	22,458	22,360	22,518	22,721
14 Finance companies	34,242	45,275	48,780	47,921	47,518	48,203	48,780	49,284	48,724	49,874	49,964
15 Revolving	58,352	62,819	67,184	61,845	61,836	62,362	67,184	65,562	63,372	63,091	63,521
16 Commercial banks	29,765	32,880	36,688	34,017	34,110	34,233	36,688	36,282	35,481	35,533	35,651
17 Retailers	24,119	25,536	26,433	23,159	23,404	23,988	26,433	25,178	24,111	23,889	23,890
18 Gasoline companies	4,468	4,403	4,063	4,669	4,322	4,141	4,063	4,102	3,780	3,669	3,980
19 Mobile home	17,322	18,373	18,988	19,011	19,043	19,049	18,988	19,291	19,374	19,379	19,400
20 Commercial banks	10,371	10,187	9,684	9,956	9,860	9,806	9,684	9,828	9,806	9,739	9,624
21 Finance companies	3,745	4,494	4,965	4,953	4,971	4,970	4,965	4,981	4,960	4,967	4,970
22 Savings and loans	2,737	3,203	3,836	3,604	3,716	3,775	3,836	3,984	4,112	4,174	4,303
23 Credit unions	469	489	503	498	496	498	503	498	496	499	503
24 Other	120,960	125,174	128,399	127,748	127,219	127,662	128,399	128,816	128,542	129,139	129,851
25 Commercial banks	45,341	46,474	46,846	47,286	47,006	46,911	46,846	47,056	46,999	47,480	47,842
26 Finance companies	38,769	40,049	40,577	40,483	40,052	40,289	40,577	40,815	40,175	39,976	39,741
27 Credit unions	22,512	23,490	24,154	23,946	23,844	23,939	24,154	23,990	23,901	24,064	24,281
28 Retailers	4,329	4,015	3,769	3,670	3,642	3,651	3,769	3,681	3,623	3,583	3,565
29 Savings and loans	7,174	8,395	10,055	9,447	9,741	9,897	10,055	10,225	10,748	10,909	11,248
30 Mutual savings banks	2,835	2,751	2,998	2,916	2,934	2,975	2,998	3,049	3,096	3,127	3,174
	Net change (during period)[4]										
31 **Total**	**1,448**	**18,217**	**13,096**	**1,256**	**−131**	**2,015**	**2,418**	**2,725**	**735**	**2,582**	**2,271**
By major holder											
32 Commercial banks	−7,163	607	4,442	688	73	457	1,111	410	788	1,354	1,186
33 Finance companies	8,438	13,062	4,504	106	−372	1,051	1,024	1,881	−658	487	−520
34 Credit unions	−2,475	1,913	1,298	255	38	412	197	20	43	143	708
35 Retailers[2]	329	1,103	651	69	−67	−51	−91	−14	36	422	147
36 Savings and loans	1,485	1,682	2,290	200	274	181	201	412	677	187	394
37 Gasoline companies	739	−65	−340	−88	−108	−35	−51	−78	−200	−35	299
38 Mutual savings banks	95	−85	251	26	31	0	27	94	49	24	57
By major type of credit											
39 Automobile	477	8,495	4,898	349	−70	1,534	1,491	625	−233	1,221	689
40 Commercial banks	−5,830	−3,455	770	360	137	336	527	−581	321	240	612
41 Indirect paper	−3,104	−858	803	238	117	134	429	(3)	(3)	(3)	(3)
42 Direct loans	−2,726	−2,597	−33	122	20	202	98	(3)	(3)	(3)	(3)
43 Credit unions	−1,184	914	622	110	16	211	89	20	15	68	341
44 Finance companies	7,491	11,033	3,505	−121	−223	987	875	1,186	−569	913	−264
45 Revolving	1,415	4,467	4,365	311	81	39	501	68	−135	1,177	917
46 Commercial banks	−97	3,115	3,808	311	223	74	650	130	61	786	468
47 Retailers	773	1,417	897	88	−34	0	−98	16	4	426	150
48 Gasoline companies	739	−65	−340	−88	−108	−35	−51	−78	−200	−35	299
49 Mobile home	483	1,049	609	75	−35	23	−37	420	204	−61	22
50 Commercial banks	−276	−186	−508	−6	−105	−47	−74	193	26	−95	−99
51 Finance companies	355	749	471	18	−9	5	−15	53	59	−23	8
52 Savings and loans	430	466	633	60	78	61	49	175	120	54	107
53 Credit unions	−25	20	14	3	1	4	3	−1	−1	3	6
54 Other	−927	4,206	3,224	521	−107	419	463	1,612	899	245	643
55 Commercial banks	−960	1,133	372	23	−182	94	8	668	380	423	205
56 Finance companies	592	1,280	528	209	−140	59	164	642	−148	−403	−264
57 Credit unions	−1,266	975	662	142	21	197	105	1	29	72	361
58 Retailers	−444	−314	−246	−19	−33	−51	7	−30	32	−4	−3
59 Savings and loans	1,056	1,217	1,657	140	196	120	152	237	557	133	287
60 Mutual savings banks	95	−85	251	26	31	0	27	94	49	24	57

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.
2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.
3. Not reported after December 1982.
4. For 1982 and earlier, net change equals extensions, seasonally adjusted less liquidations, seasonally adjusted. Beginning 1983, net change equals outstandings, seasonally adjusted less outstandings of the previous period, seasonally adjusted.

NOTE: Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, $74.8 billion at the end of 1980, $80.6 billion at the end of 1981, and $85.9 billion at the end of 1982.

▲ These data have been revised from December 1980 through February 1983.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT
Percent unless noted otherwise

	Item	1980	1981	1982	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.	1983 May
	INTEREST RATES										
	Commercial banks[1]										
1	48-month new car[2]	14.30	16.54	16.83	15.97	....	....	14.81	....	....	13.90
2	24-month personal	15.47	18.09	18.65	17.99	....	....	17.47	....	....	16.57
3	120-month mobile home[2]	14.99	17.45	18.05	17.55	....	....	16.73	....	....	15.84
4	Credit card	17.31	17.78	18.51	18.75	....	....	18.82	....	....	18.79
	Auto finance companies										
5	New car	14.82	16.17	16.15	12.82	12.57	12.25	12.05	12.07	11.90	....
6	Used car	19.10	20.00	20.75	20.68	20.63	20.20	19.91	19.38	18.91	....
	OTHER TERMS[3]										
	Maturity (months)										
7	New car	45.0	45.4	46.0	46.4	46.4	46.0	45.9	45.9	45.8	....
8	Used car	34.8	35.8	34.0	36.9	36.9	38.2	37.7	37.7	37.7	....
	Loan-to-value ratio										
9	New car	87.6	86.1	85.3	87.0	87.0	86.0	86.0	84.0	86.0	....
10	Used car	94.2	91.8	90.3	91.0	90.0	90.0	90.0	91.0	91.0	....
	Amount financed (dollars)										
11	New car	6,322	7,339	8,178	8,339	8,468	8,683	8,755	8,829	8,662	....
12	Used car	3,810	4,343	4,746	4,822	4,846	4,742	4,731	4,802	4,869	....

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

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1977	1978	1979	1980	1981	1982	1980		1981		1982	
							H1	H2	H1	H2	H1	H2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**317.7**	**368.6**	**388.8**	**355.0**	**391.1**	**412.7**	**325.1**	**384.9**	**402.7**	**379.6**	**365.9**	**459.6**
By sector and instrument												
2 U.S. government	56.8	53.7	37.4	79.2	87.4	161.3	63.3	95.1	81.9	92.9	100.2	222.4
3 Treasury securities	57.6	55.1	38.8	79.8	87.8	162.1	63.9	95.7	82.4	93.2	101.5	222.7
4 Agency issues and mortgages	-.9	-1.4	-1.4	-.6	-.5	-.9	-.6	-.6	-.5	-.4	-1.4	-.4
5 Private domestic nonfinancial sectors	260.9	314.9	351.5	275.8	303.7	251.5	261.9	289.7	320.8	286.7	265.7	237.2
6 Debt capital instruments	169.8	198.7	216.0	204.1	175.0	168.4	203.8	204.4	196.5	153.5	157.1	179.7
7 Tax-exempt obligations	21.9	28.4	29.8	35.9	32.9	59.5	30.7	41.0	35.1	30.6	52.7	66.3
8 Corporate bonds	21.0	20.1	22.5	33.2	23.9	25.5	37.3	29.0	24.7	23.0	13.4	37.7
9 Mortgages	126.9	150.2	163.7	135.1	118.3	83.3	135.8	134.3	136.7	99.9	91.1	75.6
10 Home mortgages	94.3	112.1	120.1	96.7	78.6	58.8	96.5	96.9	95.2	62.0	58.6	59.0
11 Multifamily residential	7.1	9.2	7.8	8.8	4.6	1.3	8.1	9.5	5.1	4.1	4.2	-1.6
12 Commercial		21.7	23.9	20.2	25.3	18.0	20.3	20.1	27.4	23.2	22.8	13.3
13 Farm	18.4	7.2	11.8	9.3	9.8	5.2	10.9	7.8	9.0	10.5	5.4	4.9
	7.1											
14 Other debt instruments	91.1	116.2	135.5	71.7	128.8	83.0	58.1	85.4	124.3	133.2	108.6	57.5
15 Consumer credit	40.2	48.8	45.4	4.9	25.3	14.4	-3.3	13.0	29.4	21.2	14.4	14.4
16 Bank loans n.e.c.	26.7	37.1	49.2	35.4	51.1	57.4	18.0	52.7	47.7	54.6	77.4	37.5
17 Open market paper	2.9	5.2	11.1	6.6	19.2	-2.8	20.3	-7.1	10.7	27.6	4.4	-9.9
18 Other	21.3	25.1	29.7	24.9	33.1	14.0	23.0	26.7	36.5	29.8	12.4	15.6
19 By borrowing sector	260.9	314.9	351.5	275.8	303.7	251.5	261.9	289.7	320.8	286.7	265.7	237.2
20 State and local governments	15.4	19.1	20.2	27.3	22.3	45.8	21.8	32.8	25.1	19.5	41.1	50.4
21 Households	137.3	169.3	176.5	117.5	120.4	88.5	115.2	119.8	141.0	99.9	88.1	89.0
22 Farm	12.3	14.6	21.4	14.4	16.4	9.0	15.7	13.0	19.9	12.8	8.4	9.6
23 Nonfarm noncorporate	28.3	32.4	34.4	33.8	40.5	24.7	27.5	40.2	41.8	39.3	32.4	16.9
24 Corporate	67.6	79.4	99.0	82.8	104.1	83.5	81.7	83.9	93.0	115.2	95.7	71.2
25 Foreign net borrowing in U.S.	13.5	33.8	20.2	27.2	27.3	15.3	29.0	25.3	34.0	20.6	17.5	13.2
26 Bonds	5.1	4.2	3.9	.8	5.5	6.4	2.0	-.4	3.3	7.6	2.2	10.7
27 Bank loans n.e.c.	3.1	19.1	2.3	11.5	3.7	-6.2	5.9	17.2	5.0	2.3	-.4	-12.1
28 Open market paper	2.4	6.6	11.2	10.1	13.9	10.7	15.7	4.5	20.6	7.1	12.5	9.0
29 U.S. government loans	3.0	3.9	2.9	4.7	4.3	4.4	5.4	4.0	5.0	3.6	3.2	5.7
30 **Total domestic plus foreign**	**331.2**	**402.3**	**409.1**	**382.2**	**418.4**	**428.0**	**354.2**	**410.2**	**436.7**	**400.2**	**383.3**	**472.8**
	Financial sectors											
31 **Total net borrowing by financial sectors**	**48.8**	**75.0**	**80.7**	**61.3**	**80.7**	**68.8**	**57.6**	**65.0**	**85.8**	**75.5**	**93.5**	**44.2**
By instrument												
32 U.S. government related	21.9	36.7	47.3	43.6	45.1	62.6	47.3	39.8	42.5	47.8	59.3	65.9
33 Sponsored credit agency securities	7.0	23.1	24.3	24.4	30.1	13.1	27.1	21.7	26.9	33.3	21.4	4.7
34 Mortgage pool securities	16.1	13.6	23.1	19.2	15.0	49.5	20.2	18.1	15.6	14.5	37.9	61.2
35 Loans from U.S. government	-1.2	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
36 Private financial sectors	26.9	38.3	33.4	17.7	35.6	6.2	10.3	25.2	43.4	27.8	34.2	-21.8
37 Corporate bonds	10.1	7.5	7.8	7.1	-.8	2.3	9.9	4.4	-2.1	.4	-3.3	7.9
38 Mortgages	3.1	.9	-1.2	-.9	-2.9	1.8	-5.3	3.5	-2.3	-3.5	1.9	1.6
39 Bank loans n.e.c.	-.3	2.8	-.4	-.4	2.2	3.2	.1	-.9	3.7	.7	6.0	.5
40 Open market paper	9.6	14.6	18.0	4.8	20.9	-1.8	-.1	9.7	24.8	17.0	16.0	-19.6
41 Loans from Federal Home Loan Banks	4.3	12.5	9.2	7.1	16.2	.8	5.8	8.5	19.3	13.2	13.8	-12.1
By sector												
42 Sponsored credit agencies	5.8	23.1	24.3	24.4	30.1	13.1	27.1	21.7	26.9	33.3	21.4	4.7
43 Mortgage pools	16.1	13.6	23.1	19.2	15.0	49.5	20.2	18.1	15.6	14.5	37.9	61.2
44 Private financial sectors	26.9	38.3	33.4	17.7	35.6	6.2	10.3	25.2	43.4	27.8	34.2	-21.8
45 Commercial banks	1.1	1.3	1.6	.5	.4	1.2	.8	.3	.2	.5	.7	1.7
46 Bank affiliates	2.0	7.2	6.5	6.9	8.3	1.9	5.8	8.0	6.9	9.7	9.7	-5.8
47 Savings and loan associations	9.9	14.3	11.4	6.6	13.1	-1.7	.1	13.2	19.2	6.9	16.6	-19.9
48 Finance companies	16.9	18.1	16.6	6.3	14.1	5.3	6.0	6.5	17.3	11.0	7.7	2.9
49 REITs	-2.5	-1.4	-1.3	-2.2	.2	.1	-2.0	-2.5	.2	.2	.1	.1
	All sectors											
50 **Total net borrowing**	**379.9**	**477.4**	**489.7**	**443.5**	**499.1**	**496.9**	**411.8**	**475.2**	**522.5**	**475.7**	**476.8**	**516.9**
51 U.S. government securities	79.9	90.5	84.8	122.9	132.6	224.0	110.7	135.1	124.5	140.7	159.6	288.4
52 State and local obligations	21.9	28.4	29.8	35.9	32.9	59.5	30.7	41.0	35.1	30.6	52.7	66.3
53 Corporate and foreign bonds	36.1	31.8	34.2	41.1	28.5	34.2	49.3	33.0	26.0	30.9	12.2	56.3
54 Mortgages	129.9	151.0	162.4	134.0	115.2	85.0	130.4	137.7	134.3	96.2	92.8	77.1
55 Consumer credit	40.2	48.8	45.4	4.9	25.3	14.4	-3.3	13.0	29.4	21.2	14.4	14.4
56 Bank loans n.e.c.	29.5	59.0	51.0	46.5	57.0	54.4	24.0	69.0	56.4	57.6	82.9	26.0
57 Open market paper	15.0	26.4	40.3	21.6	54.0	6.1	35.9	7.2	56.2	51.8	32.8	-20.6
58 Other loans	27.4	41.5	41.8	36.6	53.7	19.2	34.1	39.2	60.7	46.6	29.3	9.1
	External corporate equity funds raised in U.S.											
59 **Total new share issues**	**6.5**	**1.9**	**-3.8**	**22.1**	**-2.9**	**34.5**	**16.3**	**27.9**	**11.2**	**-17.0**	**23.5**	**45.6**
60 Mutual funds	.9	-.1	.1	5.0	7.7	19.6	5.5	4.5	8.9	6.5	14.5	24.7
61 All other	5.6	1.9	-3.9	17.1	-10.6	14.9	10.8	23.4	2.3	-23.5	9.0	20.8
62 Nonfinancial corporations	2.7	-.1	-7.8	12.9	-11.5	11.4	6.9	18.8	.9	-23.8	7.0	15.8
63 Financial corporations	2.5	2.5	3.2	2.1	.9	2.2	1.9	2.3	.8	1.0	2.2	2.2
64 Foreign shares purchased in U.S.	.4	-.5	.8	2.1	*	1.3	1.9	2.2	.7	-.7	-.2	2.9

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1977	1978	1979	1980	1981	1982	1980 H1	1980 H2	1981 H1	1981 H2	1982 H1	1982 H2
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**317.7**	**368.6**	**388.8**	**355.0**	**391.1**	**412.7**	**325.1**	**384.9**	**402.7**	**379.6**	**365.9**	**459.6**
By public agencies and foreign												
2 Total net advances	79.2	101.9	74.6	95.8	95.9	110.9	104.6	87.0	98.7	93.2	92.2	129.6
3 U.S. government securities	34.9	36.1	-6.3	15.7	17.2	17.7	20.5	10.9	15.9	18.5	.2	35.2
4 Residential mortgages	20.0	25.7	35.8	31.7	23.4	61.1	34.9	28.5	21.4	25.5	47.4	74.7
5 FHLB advances to savings and loans	4.3	12.5	9.2	7.1	16.2	.8	5.8	8.5	19.3	13.2	13.8	-12.1
6 Other loans and securities	20.1	27.6	35.9	41.3	39.1	31.4	43.4	39.1	42.1	36.0	30.9	31.8
Total advanced, by sector												
7 U.S. government	10.0	17.1	19.0	23.7	24.2	19.4	24.6	22.8	27.1	21.2	14.0	24.9
8 Sponsored credit agencies	22.4	39.9	52.4	44.4	46.0	63.5	45.2	43.7	44.3	47.7	60.4	66.6
9 Monetary authorities	7.1	7.0	7.7	4.5	9.2	9.8	14.9	-5.9	-3.7	22.1	-6.3	25.9
10 Foreign	39.6	38.0	-4.6	23.2	16.6	18.2	19.9	26.5	30.9	2.2	24.1	12.3
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies & mortgage pools	21.9	36.7	47.3	43.6	45.1	62.6	47.3	39.8	42.5	47.8	59.3	65.9
12 Foreign	13.5	33.8	20.2	27.2	27.3	15.3	29.0	25.3	34.0	20.6	17.5	13.2
Private domestic funds advanced												
13 Total net advances	273.9	337.1	381.8	329.9	367.6	379.7	296.9	362.9	380.5	354.7	350.4	409.1
14 U.S. government securities	45.1	54.3	91.1	107.2	115.4	206.3	90.2	124.2	108.5	122.3	159.4	253.2
15 State and local obligations	21.9	28.4	29.8	35.9	32.9	59.5	30.7	41.0	35.1	30.6	52.7	66.3
16 Corporate and foreign bonds	22.2	22.4	23.7	25.8	20.6	21.2	31.6	20.1	18.6	22.7	*	42.4
17 Residential mortgages	81.4	95.5	92.0	73.7	59.7	-1.1	69.6	77.8	78.8	40.5	15.3	-17.5
18 Other mortgages and loans	107.6	149.1	154.3	94.4	155.3	94.6	80.6	108.3	158.7	151.8	136.7	52.4
19 LESS: Federal Home Loan Bank advances	4.3	12.5	9.2	7.1	16.2	.8	5.8	8.5	19.3	13.2	13.8	-12.1
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	261.7	302.9	292.2	257.9	301.3	262.5	245.4	270.4	326.3	276.3	278.7	246.3
21 Commercial banking	87.6	128.7	121.1	99.7	103.5	107.8	64.7	134.8	107.8	99.2	122.5	93.1
22 Savings institutions	81.6	73.6	55.5	54.1	24.6	24.0	34.9	73.2	43.9	5.3	29.8	18.2
23 Insurance and pension funds	69.0	75.0	66.4	74.4	75.8	88.6	84.3	64.4	75.8	75.8	87.2	90.0
24 Other finance	23.5	25.6	49.2	29.8	97.4	42.1	61.5	-1.9	98.8	95.9	39.2	44.9
25 Sources of funds	261.7	302.9	292.2	257.9	301.3	262.5	245.4	270.4	326.3	276.3	278.7	246.3
26 Private domestic deposits and RP's	138.9	141.1	142.5	167.8	211.2	170.4	162.5	173.1	212.0	210.3	161.1	179.6
27 Credit market borrowing	26.9	38.3	33.4	17.7	35.6	6.2	10.3	25.2	43.4	27.8	34.2	-21.8
28 Other sources	96.0	123.5	116.4	72.4	54.6	85.9	72.7	72.1	70.9	38.2	83.4	88.4
29 Foreign funds	1.2	6.3	25.6	-23.0	-8.8	-28.6	-20.0	-26.0	-.7	-16.8	-18.3	-39.0
30 Treasury balances	4.3	6.8	.4	-2.6	-1.1	6.1	-6.1	1.0	6.0	-8.2	-5.1	17.2
31 Insurance and pension reserves	51.4	62.2	49.1	65.4	70.8	78.1	70.3	60.5	66.0	75.6	77.3	78.8
32 Other, net	39.1	48.3	41.3	32.6	-6.4	30.4	28.6	36.6	-.4	-12.3	29.4	31.4
Private domestic nonfinancial investors												
33 Direct lending in credit markets	39.0	72.5	122.9	89.7	101.9	123.5	61.7	117.7	97.5	106.2	105.9	141.0
34 U.S. government securities	24.6	36.3	61.4	38.3	50.4	70.6	23.3	53.3	43.0	57.7	59.4	81.8
35 State and local obligations	-.8	3.6	9.4	12.6	20.3	41.3	6.2	18.9	22.8	17.8	40.8	41.7
36 Corporate and foreign bonds	-5.1	-2.9	10.2	9.3	-7.9	-8.3	7.8	10.8	-9.2	-6.6	-26.6	10.0
37 Open-market paper	9.6	15.6	12.1	-3.4	3.5	-2.3	-8.1	1.4	-1.4	8.4	7.8	-12.5
38 Other	10.7	19.9	29.8	32.9	35.6	22.3	32.5	33.3	42.3	29.0	24.5	20.0
39 Deposits and currency	148.5	152.3	151.9	179.2	221.0	176.5	172.4	186.1	218.6	223.4	161.1	191.8
40 Currency	8.3	9.3	7.9	10.3	9.5	8.4	9.3	11.3	5.8	13.2	2.0	14.8
41 Checkable deposits	17.2	16.3	19.2	4.2	18.3	17.0	-2.5	11.0	26.5	10.1	9.2	24.8
42 Small time and savings accounts	93.5	63.[illegible]	61.0	79.5	46.6	122.7	73.4	85.7	26.9	66.3	77.7	167.6
43 Money market fund shares	.2	6.9	34.4	29.2	107.5	24.7	61.9	-3.4	104.1	110.8	39.4	10.1
44 Large time deposits	25.8	46.6	21.2	48.3	36.3	2.1	24.4	72.1	46.8	25.7	33.7	-29.5
45 Security RPs	2.2	7.5	6.6	6.5	2.5	3.8	5.3	7.8	7.7	-2.6	1.1	6.6
46 Deposits in foreign countries	1.3	2.0	1.5	1.1	.3	-2.3	.6	1.7	.8	-.2	-2.0	-2.6
47 **Total of credit market instruments, deposits and currency**	**187.5**	**224.9**	**274.8**	**269.0**	**322.8**	**300.0**	**234.1**	**303.8**	**316.1**	**329.6**	**267.0**	**332.9**
48 Public holdings as percent of total	23.9	25.3	18.2	25.1	22.9	25.9	29.5	21.2	22.6	23.3	24.1	27.4
49 Private financial intermediation (in percent)	95.6	89.9	76.5	78.2	82.0	69.1	82.7	74.5	85.8	77.9	79.5	60.2
50 Total foreign funds	40.8	44.3	21.0	.2	7.8	-10.4	*	.5	30.3	-14.6	5.9	-26.7
MEMO: Corporate equities not included above												
51 **Total net issues**	**6.5**	**1.9**	**-3.8**	**22.1**	**-2.9**	34.5	**16.3**	**27.9**	**11.2**	**-17.0**	23.5	45.6
52 Mutual fund shares	.9	-.1	.1	5.0	7.7	19.6	5.5	4.5	8.9	6.5	14.5	24.7
53 Other equities	5.6	1.9	-3.9	17.1	-10.6	14.9	10.8	23.4	2.3	-23.5	9.0	20.8
54 Acquisitions by financial institutions	7.4	4.6	10.4	14.6	22.9	31.4	8.6	20.7	25.3	20.5	21.1	41.6
55 Other net purchases	-.8	-2.7	-14.2	7.5	-25.8	3.2	7.7	7.2	-14.1	-37.5	2.4	4.0

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

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1980	1981	1982	1982 Sept.	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.	1983 May
1 **Industrial production**[1]	**147.0**	**151.0**	**138.6**	**137.3**	**135.7**	**134.9**	**135.2**	**137.4**	**138.1**	**139.9**	**142.7**	**144.3**
Market groupings												
2 Products, total	146.7	150.6	141.8	140.8	139.3	139.0	139.9	140.9	140.3	141.7	144.3	146.0
3 Final, total	145.3	149.5	141.5	140.0	138.7	138.3	139.5	140.1	138.9	140.0	142.6	144.3
4 Consumer goods	145.4	147.9	142.6	143.4	142.2	141.3	142.0	143.6	143.4	144.5	146.8	148.1
5 Equipment	145.2	151.5	139.8	135.2	134.0	134.2	136.1	135.3	132.7	133.9	136.8	139.0
6 Intermediate	151.9	154.4	143.3	143.7	141.6	141.8	141.5	143.7	145.3	147.9	150.7	152.6
7 Materials	147.6	151.6	133.7	132.0	130.0	128.4	127.8	132.0	134.9	137.2	140.1	141.5
Industry groupings												
8 Manufacturing	146.7	150.4	137.6	137.1	135.0	134.0	134.5	136.7	138.2	140.3	143.2	145.0
Capacity utilization (percent)[1,2]												
9 Manufacturing	79.1	78.5	69.8	69.2	68.0	67.4	67.5	68.5	69.1	69.9	71.3	72.0
10 Industrial materials industries	80.0	79.9	68.9	67.7	66.6	65.7	65.2	67.3	68.6	69.7	71.0	71.7
11 Construction contracts (1977 = 100)[3]	107.0	111.0	111.0	117.0	105.0	122.0	131.0	127.0	119.0	131.0	129.0	n.a.
12 Nonagricultural employment, total[4]	137.4	138.5	136.2	135.6r	135.2r	134.9	134.7r	135.1	134.9	135.0r	135.4r	136.0
13 Goods-producing, total	110.1	109.4r	102.6r	101.0	99.9r	99.2r	98.9r	99.5r	98.9r	98.8r	99.3r	100.2
14 Manufacturing, total	104.3	103.7	96.9	95.4r	94.4r	93.7r	93.6r	93.8r	93.8r	93.9r	94.5	95.0
15 Manufacturing, production-worker	99.3	98.0	89.4r	87.7r	86.4r	85.6r	85.6r	85.9r	86.0r	86.1	86.9	87.7
16 *Service-producing*	152.4	154.4	154.7	154.6r	154.5r	154.5	154.4r	154.6r	154.6r	154.8r	155.2r	155.6
17 Personal income, total	342.9	383.5	407.9	412.3	414.2	417.1	418.3	419.3	419.7	422.0	425.3	n.a.
18 Wages and salary disbursements	317.6	349.9	365.5	367.7	368.0	368.2	370.0	373.8	373.3	375.4	378.4	n.a.
19 Manufacturing	264.3	288.1	285.3	284.5	281.3	280.0	279.3	283.9	285.5	287.5	291.3	n.a.
20 Disposable personal income[5]	332.9	370.3	396.7	402.0	403.7	406.8	407.4	409.5	409.2	411.6	415.7	n.a.
21 Retail sales[6]	303.8	330.6	326.0	343.5	347.4	353.4	353.3	352.7	348.3	356.4	362.5	370.1
Prices[7]												
22 Consumer	246.8	272.4	289.1	293.3	294.1	293.6	292.4	292.6	293.2	293.4	295.5	n.a.
23 Producer finished goods	247.0	269.8	280.6	281.2	284.1	284.9	285.5r	283.6	283.7	283.4	283.0	n.a.

1. The industrial production and capacity utilization series have been revised back to January 1979.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.
3. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce).
6. Based on Bureau of Census data published in *Survey of Current Business*.
7. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

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

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

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1982 Q2	1982 Q3	1982 Q4	1983 Q1	1982 Q2	1982 Q3	1982 Q4	1983 Q1	1982 Q2	1982 Q3	1982 Q4	1983 Q1
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**138.1**	**137.7**	**134.5**	**138.4**	**196.4**	**197.7**	**198.9**	**200.1**	**70.3**	**69.7**	**67.6**	**69.2**
2 Primary processing	132.3	132.4	129.3	136.9	199.5	200.4	201.3	202.3	66.3	66.1	64.2	67.7
3 Advanced processing	141.2	140.5	137.3	139.7	194.9	196.2	197.6	199.0	72.5	71.6	69.5	70.2
4 **Materials**	**134.7**	**132.6**	**128.7**	**134.7**	**193.7**	**194.6**	**195.5**	**196.6**	**69.6**	**68.1**	**65.8**	**68.5**
5 Durable goods	127.1	124.7	117.1	125.1	197.3	198.3	199.2	200.2	64.4	62.9	58.8	62.5
6 Metal materials	77.0	73.0	66.5	78.3	142.4	142.3	142.4	142.6	54.1	51.3	46.7	54.9
7 Nondurable goods	156.8	155.1	157.0	163.5	216.1	217.4	218.9	220.2	72.6	71.3	71.8	74.3
8 Textile, paper, and chemical	160.5	158.4	160.8	169.1	227.3	228.8	230.5	231.9	70.6	69.2	69.8	72.9
9 Textile	101.8	102.0	103.0	107.2	142.4	142.8	143.1	143.6	71.5	71.5	72.0	74.7
10 Paper	142.0	145.9	147.6	149.7	164.6	165.4	166.3	167.0	86.3	88.2	88.7	89.6
11 Chemical	194.0	188.5	191.9	204.3	289.6	291.9	294.3	296.7	67.0	64.6	65.2	68.8
12 Energy materials	125.5	123.8	121.5	122.2	157.0	157.6	158.2	158.8	79.9	78.5	76.8	76.9

2.11 Continued

Series	Previous cycle[1]		Latest cycle[2]		1982	1982				1983				
	High	Low	High	Low	May	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Capacity utilization rate (percent)													
13 Manufacturing	88.0	69.0	87.2	74.9	70.2	69.2	68.0	67.4	67.5	68.5	69.1	69.9	71.3	72.0
14 Primary processing	93.8	68.2	90.1	71.0	66.1	66.4	65.0	63.9	63.7	66.0	67.7	68.8	70.6	71.2
15 Advanced processing	85.5	69.4	86.2	77.2	72.5	70.7	69.6	69.2	69.5	70.0	69.9	70.5	71.6	72.4
16 Materials	92.6	69.4	88.8	73.8	69.4	67.7	66.6	65.7	65.2	67.3	68.6	69.7	71.0	71.7
17 Durable goods	91.5	63.6	88.4	68.2	64.2	61.9	59.6	58.4	58.4	60.8	62.6	64.1	65.8	66.7
18 Metal materials	98.3	68.6	96.0	59.6	53.9	51.9	48.6	45.5	46.0	52.4	55.2	57.2	58.0	n.a.
19 Nondurable goods	94.5	67.2	91.6	77.5	72.5	72.8	72.5	71.9	71.0	72.7	74.5	75.6	76.8	77.6
20 Textile, paper, and chemical	95.1	65.3	92.2	75.3	70.6	70.7	70.3	69.9	69.3	70.8	73.3	74.7	76.2	77.2
21 Textile	92.6	57.9	90.6	80.9	71.5	72.3	73.0	71.6	71.3	73.0	74.1	77.0	78.3	n.a.
22 Paper	99.4	72.4	97.7	89.3	86.1	89.8	89.7	90.0	86.5	89.9	89.9	89.1	89.4	n.a.
23 Chemical	95.5	64.2	91.3	70.7	66.9	66.2	65.4	65.1	65.1	66.0	69.5	71.0	72.8	n.a.
24 Energy materials	94.6	84.8	88.3	82.7	79.9	76.6	77.6	76.8	76.0	77.5	76.7	76.6	76.8	76.6

1. Monthly high 1973; monthly low 1975.

2. Preliminary; monthly highs December 1978 through January 1980; monthly lows July 1980 through October 1980.

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1980	1981	1982	1982		1983				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
HOUSEHOLD SURVEY DATA										
1 Noninstitutional population[1]	**169,847**	**172,272**	**174,451**	**175,238**	**175,381**	**175,543**	**175,693**	**175,850**	**175,996[r]**	**176,151**
2 Labor force (including Armed Forces)[1]	109,042	110,812	112,384	113,222	113,311	112,737	112,741	112,678	112,988	112,947
3 Civilian labor force	106,940	108,670	110,204	111,042	111,129	110,548	110,553	110,484	110,786	110,749
Employment										
4 Nonagricultural industries[2]	95,938	97,030	96,125	95,670	95,682	95,691	95,670	95,729	96,088[r]	96,190
5 Agriculture	3,364	3,368	3,401	3,466	3,411	3,412	3,393	3,375	3,371	3,367
Unemployment										
6 Number	7,637	8,273	10,678	11,906	12,036	11,446	11,490	11,381	11,328	11,192
7 Rate (percent of civilian labor force)	7.1	7.6	9.7	10.7	10.8	10.4	10.4	10.3	10.2	10.1
8 Not in labor force	60,805	61,460	62,067	62,016	62,070	62,806	62,952	63,172	63,008	63,204
ESTABLISHMENT SURVEY DATA										
9 Nonagricultural payroll employment[3]	**90,406**	**91,105**	**89,619**	**88,785[r]**	**88,665[r]**	**88,886[r]**	**88,745[r]**	**88,814[r]**	**89,087[r]**	**89,461**
10 Manufacturing	20,285	20,173	18,849	18,222[r]	18,193[r]	18,244[r]	18,245[r]	18,267[r]	18,373[r]	18,477
11 Mining	1,020	1,132	1,122	1,066[r]	1,053[r]	1,037[r]	1,014[r]	1,006[r]	997[r]	1,004
12 Contract construction	4,399	4,176	3,912	3,843[r]	3,815[r]	3,905[r]	3,790[r]	3,757[r]	3,785[r]	3,866
13 Transportation and public utilities	5,143	5,157	5,057	5,019[r]	5,008[r]	4,980[r]	4,965[r]	4,963[r]	4,988[r]	4,994
14 Trade	20,386	20,551	20,547	20,320[r]	20,256[r]	20,355[r]	20,343[r]	20,350[r]	20,317[r]	20,344
15 Finance	5,168	5,301	5,350	5,356[r]	5,367[r]	5,374[r]	5,384[r]	5,391[r]	5,417[r]	5,418
16 Service	17,901	18,592	19,000	19,187[r]	19,215[r]	19,238[r]	19,262[r]	19,356[r]	19,484[r]	19,603
17 Government	16,249	16,024	15,784	15,772[r]	15,758[r]	15,753[r]	15,742[r]	15,724[r]	15,726[r]	15,755

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2. Includes self-employed, unpaid family, and domestic service workers.

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1983 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted

Grouping	1967 proportion	1982 avg.	1982 May	1982 June	1982 July	1982 Aug.	1982 Sept.	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.[r]	1983 Mar.	1983 Apr.[p]	1983 May[e]
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**138.6**	**139.2**	**138.7**	**138.8**	**138.4**	**137.3**	**135.7**	**134.9**	**135.2**	**137.4**	**138.1**	**139.9**	**142.7**	**144.3**
2 Products	60.71	141.8	142.3	142.1	142.6	142.0	140.8	139.3	139.0	139.9	140.9	140.3	141.7	144.3	146.0
3 Final products	47.82	141.5	142.2	142.1	142.5	141.2	140.0	138.7	138.3	139.5	140.1	138.9	140.0	142.6	144.3
4 Consumer goods	27.68	142.6	143.6	144.8	145.8	144.1	143.4	142.2	141.3	142.0	143.6	143.4	144.5	146.8	148.1
5 Equipment	20.14	139.8	140.4	138.4	138.0	137.3	135.2	134.0	134.2	136.1	135.3	132.7	133.9	136.8	139.0
6 Intermediate products	12.89	143.3	142.6	141.9	142.8	144.7	143.7	141.6	141.8	141.5	143.7	145.3	147.9	150.7	152.6
7 Materials	39.29	133.7	134.3	133.5	133.0	132.8	132.0	130.0	128.4	127.8	132.0	134.9	137.2	140.1	141.5
Consumer goods															
8 Durable consumer goods	7.89	129.2	132.6	134.6	137.3	132.9	131.3	126.5	124.6	125.9	131.6	134.4	136.0	139.1	142.4
9 Automotive products	2.83	129.5	138.9	143.0	149.7	135.5	135.5	123.6	120.7	128.7	136.2	144.3	142.3	144.7	150.3
10 Autos and utility vehicles	2.03	99.0	111.8	117.1	127.7	107.1	105.8	89.6	86.9	99.0	107.0	120.8	116.4	117.8	124.8
11 Autos	1.90	86.6	96.1	101.9	114.6	93.3	94.3	79.5	77.7	87.9	97.1	107.3	99.9	102.7	107.4
12 Auto parts and allied goods	.80	206.9	207.6	208.6	205.4	207.6	210.7	210.0	206.6	204.0	210.2	203.9	208.3	213.0	215.0
13 Home goods	5.06	129.1	129.1	129.9	130.4	131.4	128.9	128.1	126.8	124.3	129.1	128.8	132.5	135.9	137.9
14 Appliances, A/C, and TV	1.40	102.6	100.5	106.4	102.7	104.5	99.4	106.1	104.8	94.2	109.5	105.8	105.0	107.1	110.8
15 Appliances and TV	1.33	104.6	101.5	108.8	106.1	108.6	104.1	110.5	108.4	98.3	112.9	108.8	108.5	110.8	.....
16 Carpeting and furniture	1.07	149.7	145.9	149.0	151.4	152.5	153.3	151.9	151.4	150.8	149.0	156.7	167.3	178.1	.....
17 Miscellaneous home goods	2.59	135.0	137.7	134.9	136.7	137.2	134.9	130.1	128.6	129.8	131.4	129.7	133.1	134.2	135.6
18 Nondurable consumer goods	19.79	148.0	147.9	148.8	149.1	148.6	148.2	148.5	147.9	148.4	148.3	147.0	147.8	149.9	150.4
19 Clothing	4.29	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
20 Consumer staples	15.50	159.0	159.0	159.9	159.7	159.4	158.8	159.1	158.1	158.8	158.6	157.4	158.5	160.3	160.8
21 Consumer foods and tobacco	8.33	149.7	149.9	150.9	149.9	149.6	148.6	150.2	149.0	149.5	150.9	149.5	149.0	.....	.....
22 Nonfood staples	7.17	169.7	169.5	170.4	171.2	170.8	170.7	169.5	168.7	169.6	167.6	166.5	169.4	171.7	172.4
23 Consumer chemical products	2.63	219.9	216.6	219.8	222.3	222.4	221.7	220.0	218.9	220.9	222.6	220.9	225.6	226.2	.....
24 Consumer paper products	1.92	127.7	126.7	126.7	128.1	129.4	128.2	125.3	125.1	128.3	127.1	127.9	128.1	128.9	.....
25 Consumer energy products	2.62	150.2	153.6	152.8	151.4	149.3	150.6	151.1	150.2	148.4	142.2	140.2	143.3	148.4	.....
26 Residential utilities	1.45	170.8	173.7	171.1	167.7	169.7	169.5	169.1	171.5	169.3	164.1	162.9	166.1	.....	.....
Equipment															
27 Business	12.63	157.9	159.9	156.7	154.9	153.9	150.5	147.1	146.4	148.1	146.6	142.7	143.9	147.2	149.7
28 Industrial	6.77	134.9	138.9	134.0	131.3	128.4	123.8	118.3	117.2	117.9	118.4	113.7	113.2	114.5	117.6
29 Building and mining	1.44	214.2	224.4	209.0	200.4	190.8	182.1	169.3	165.7	171.9	173.8	153.6	145.3	143.2	153.8
30 Manufacturing	3.85	107.2	109.7	107.5	106.0	104.4	101.6	98.0	97.5	97.0	97.6	97.9	99.7	102.4	104.0
31 Power	1.47	129.9	131.5	129.9	129.6	130.1	124.7	121.0	121.0	119.7	118.3	116.0	116.8	117.8	117.9
32 Commercial transit, farm	5.86	184.4	184.1	183.0	182.2	183.3	181.4	180.5	180.2	183.0	179.2	176.1	179.4	184.9	186.8
33 Commercial	3.26	253.5	247.7	247.5	248.8	253.5	254.0	253.5	254.8	258.6	254.9	251.2	255.7	263.2	265.0
34 Transit	1.93	103.9	110.9	108.3	106.3	102.0	95.5	93.2	92.3	96.2	90.8	88.2	90.8	92.5	93.8
35 Farm	.67	80.5	85.8	84.1	76.9	75.8	76.1	76.8	70.7	65.1	66.0	63.4	63.4	70.4	.....
36 Defense and space	7.51	109.4	107.7	107.6	109.5	109.5	109.5	111.9	113.6	115.9	116.4	116.1	117.1	119.4	120.9
Intermediate products															
37 Construction supplies	6.42	124.3	122.2	123.1	124.1	127.1	125.5	122.5	123.4	123.0	127.0	129.7	133.7	137.0	139.6
38 Business supplies	6.47	162.1	162.8	160.6	161.4	162.1	161.8	160.5	160.1	159.8	160.3	160.9	162.0	164.4	.....
39 Commercial energy products	1.14	181.1	180.3	178.3	179.8	178.1	179.2	180.4	182.4	182.4	180.6	178.6	180.3	182.2	.....
Materials															
40 Durable goods materials	20.35	125.0	126.6	126.6	126.0	125.1	123.0	118.5	116.4	116.5	121.5	125.3	128.4	132.2	134.1
41 Durable consumer parts	4.58	95.3	98.9	103.1	103.8	101.0	97.1	91.4	90.0	91.1	96.2	101.6	103.7	106.2	108.5
42 Equipment parts	5.44	166.8	170.0	168.3	166.1	164.1	158.3	155.4	155.1	155.3	157.5	158.8	162.5	167.0	168.9
43 Durable materials n.e.c.	10.34	116.2	116.1	115.1	114.8	115.4	115.8	111.1	107.7	107.4	113.8	118.2	121.4	125.4	127.1
44 Basic metal materials	5.57	79.9	79.4	77.4	75.7	76.1	77.7	73.0	69.1	68.7	78.1	82.4	85.1	86.5	.....
45 Nondurable goods materials	10.47	157.5	156.6	153.5	152.3	154.5	158.5	158.2	157.3	155.6	159.7	164.0	166.9	169.9	171.8
46 Textile, paper, and chemical materials	7.62	161.1	160.4	156.7	155.3	157.7	162.2	161.5	161.0	160.0	163.7	170.0	173.5	177.4	180.0
47 Textile materials	1.85	102.2	101.8	99.1	99.6	103.2	103.3	104.4	102.5	102.1	104.7	106.4	110.6	112.6	.....
48 Paper materials	1.62	145.6	141.8	140.7	142.1	146.6	148.9	148.9	149.7	144.1	150.1	150.1	149.0	149.9	.....
49 Chemical materials	4.15	193.5	193.9	188.7	185.4	186.5	193.7	192.0	191.6	192.0	195.4	206.2	211.2	217.2	.....
50 Containers, nondurable	1.70	161.4	157.2	158.5	158.1	162.8	167.3	164.9	160.8	155.2	162.1	159.6	163.4	163.4	.....
51 Nondurable materials n.e.c.	1.14	127.9	130.6	124.8	123.4	120.1	121.1	125.5	127.4	127.2	129.6	130.5	127.8	129.2	.....
52 Energy materials	8.48	125.1	125.4	125.4	126.0	124.5	121.0	122.6	121.4	120.4	123.0	121.8	121.7	122.2	122.1
53 Primary energy	4.65	116.0	116.9	116.6	117.2	113.8	111.1	114.4	113.7	113.5	116.5	115.4	114.2	113.5	.....
54 Converted fuel materials	3.82	136.3	135.7	136.0	136.7	137.4	133.0	132.6	130.8	128.9	130.8	129.6	130.8	132.8	.....
Supplementary groups															
55 Home goods and clothing	9.35	119.6	119.5	120.2	121.4	121.3	120.1	119.9	119.6	118.2	120.8	119.9	121.9	125.1	126.5
56 Energy, total	12.23	135.7	136.5	136.2	136.4	134.8	132.7	134.1	133.3	132.2	132.4	131.0	131.8	133.4	133.5
57 Products	3.76	159.6	161.7	160.5	160.0	158.0	159.3	160.0	160.0	158.7	153.8	151.9	154.5	158.6	.....
58 Materials	8.48	125.1	125.4	125.4	126.0	124.5	121.0	122.6	121.4	120.4	123.0	121.8	121.7	122.2	122.1

2.13 Continued

Grouping	SIC code	1967 proportion	1982 avg.	1982 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1983 Jan.	Feb.r	Mar.	Apr.p	Mayp
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	12.05	146.3	148.8	145.2	142.6	141.3	139.7	140.4	140.4	140.1	141.3	141.7	136.6	133.4	132.6
2 Mining	......	6.36	126.1	128.9	123.5	120.1	116.9	114.7	115.9	116.8	118.4	121.9	114.5	112.3	112.1	113.8
3 Utilities	......	5.69	168.7	170.9	169.4	167.7	168.5	167.5	167.8	166.7	164.2	163.1	171.9	163.9	157.1	153.2
4 Electric	......	3.88	190.5	193.4	191.6	189.2	189.9	188.2	188.4	188.3	185.6	184.4	191.6	181.6	173.8	171.0
5 Manufacturing	......	87.95	137.6	137.9	137.7	138.1	138.0	137.1	135.0	134.0	134.5	136.7	138.0	141.4	143.3	145.1
6 Nondurable	......	35.97	156.2	155.0	155.3	155.7	156.9	156.7	156.2	155.3	155.6	157.4	157.5	160.7	162.8	164.5
7 Durable	......	51.98	124.7	126.1	125.5	125.9	124.9	123.5	120.3	119.3	119.9	122.5	124.5	128.0	129.8	131.7
Mining																
8 Metal	10	.51	82.4	90.0	71.8	58.1	53.4	55.4	63.1	70.4	74.9	81.7	71.2	74.2	81.2	.....
9 Coal	11.12	.69	142.7	149.2	144.4	140.3	135.8	127.9	143.2	134.1	129.7	144.8	135.0	133.3	130.8	133.0
10 Oil and gas extraction	13	4.40	131.1	132.7	129.1	127.0	123.3	121.0	119.1	120.3	122.9	124.6	117.5	114.2	112.0	113.1
11 Stone and earth minerals	14	.75	112.1	114.6	106.6	103.8	105.7	106.3	108.5	111.9	111.7	112.8	108.1	108.2	117.1	.....
Nondurable manufactures																
12 Foods	20	8.75	151.1	150.5	151.0	151.0	150.7	149.0	151.5	152.0	152.8	154.4	147.0	147.6	.....	.....
13 Tobacco products	21	.67	118.0	118.6	123.6	121.4	120.6	113.3	110.6	113.0	109.9	104.7	115.9	116.5	.....	.....
14 Textile mill products	22	2.68	124.5	123.5	123.7	124.3	125.9	126.1	125.9	123.1	122.2	125.8	128.7	132.8	138.6	.....
15 Apparel products	23	3.31	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
16 Paper and products	26	3.21	150.8	146.5	146.8	147.0	152.5	154.3	155.0	154.5	151.1	158.8	160.9	163.9	163.1	162.4
17 Printing and publishing	27	4.72	144.1	143.8	142.6	143.9	145.3	144.3	142.0	141.7	142.8	141.3	135.8	137.9	140.0	144.2
18 Chemicals and products	28	7.74	196.1	193.6	193.2	194.1	195.6	196.4	194.1	192.8	195.9	197.6	200.0	206.6	211.2	.....
19 Petroleum products	29	1.79	121.8	122.2	124.3	124.7	121.4	122.6	123.8	120.0	118.7	113.5	108.6	110.0	116.7	121.1
20 Rubber and plastic products	30	2.24	254.7	257.0	258.9	256.8	261.1	262.0	256.3	250.2	249.7	256.2	275.2	285.7	283.2	.....
21 Leather and products	31	.86	60.9	61.1	62.3	62.9	60.8	60.9	59.5	57.7	56.0	59.5	64.1	62.4	62.4	.....
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	86.9	86.3	86.5	87.1	86.5	86.9	89.5	91.9	92.5	93.5	93.4	94.3	94.8	96.9
23 Lumber and products	24	1.64	112.6	110.6	112.2	116.9	120.3	119.9	117.2	119.1	121.4	130.0	130.5	130.8	135.3	.....
24 Furniture and fixtures	25	1.37	151.9	151.1	152.5	154.5	156.7	155.7	154.3	152.4	153.7	150.0	162.5	162.7	167.2	.....
25 Clay, glass, stone products	32	2.74	128.2	125.0	126.1	126.9	128.8	130.4	128.1	127.3	125.4	128.0	124.8	131.0	139.0	.....
26 Primary metals	33	6.57	75.3	75.2	72.8	72.9	72.9	73.2	69.6	63.6	63.5	73.1	79.4	86.5	87.3	87.9
27 Iron and steel	331.2	4.21	61.7	62.4	58.0	58.1	57.4	56.4	54.1	47.5	46.6	59.0	64.3	71.6	73.3	.....
28 Fabricated metal products	34	5.93	114.8	115.8	115.0	115.5	114.3	112.3	107.6	107.0	107.3	107.6	112.3	115.5	115.2	116.4
29 Nonelectrical machinery	35	9.15	149.0	150.0	147.4	147.1	147.2	144.9	140.4	139.6	139.2	138.0	137.1	138.7	142.4	144.3
30 Electrical machinery	36	8.05	169.3	170.9	170.8	170.3	169.7	167.0	165.4	165.5	165.5	169.5	170.1	174.0	176.5	179.2
31 Transportation equipment	37	9.27	104.9	110.0	111.6	112.7	107.0	105.3	100.8	100.2	103.7	106.3	110.5	114.4	114.4	117.6
32 Motor vehicles and parts	371	4.50	109.8	119.8	124.0	127.2	116.7	113.5	103.0	101.7	108.8	113.9	124.8	130.6	131.3	137.0
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	100.4	100.8	99.9	99.0	97.8	97.6	98.6	98.7	98.9	99.1	97.0	99.1	98.5	99.4
34 Instruments	38	2.11	161.9	163.8	164.8	165.2	165.5	161.9	157.4	155.8	155.2	154.5	151.6	152.7	152.8	155.9
35 Miscellaneous manufactures	39	1.51	137.0	141.7	136.8	134.7	133.9	132.9	129.6	129.5	128.2	131.3	130.6	136.0	135.1	136.0
	Gross value (billions of 1972 dollars, annual rates)															
MAJOR MARKET																
36 Products, total	......	**507.4**	**579.6**	**586.1**	**584.1**	**585.8**	**578.5**	**575.3**	**570.0**	**568.4**	**572.9**	**578.1**	**578.4**	**584.4**	**593.9**	**601.1**
37 Final	......	390.9	451.1	458.3	456.7	457.2	449.2	446.3	442.8	441.3	445.8	448.3	447.3	451.4	458.4	464.4
38 Consumer goods	......	277.5	308.0	312.3	313.1	314.9	309.1	309.3	306.6	305.6	306.8	310.9	312.0	313.4	318.2	321.3
39 Equipment	......	113.4	143.1	146.0	143.5	142.3	140.1	137.0	136.2	135.7	138.9	137.4	135.3	138.0	140.2	143.1
40 Intermediate	......	116.6	128.5	127.8	127.4	128.7	129.3	129.0	127.2	127.1	127.1	129.8	131.1	133.1	135.6	136.7

1. 1972 dollar value.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1980	1981	1982	1982					1983			
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.[r]	Apr.
	Private residential real estate activity (thousands of units)											
NEW UNITS												
1 Permits authorized	1,191	986	1,001[r]	928[r]	1,029[r]	1,154[r]	1,227[r]	1,326[r]	1,447[r]	1,479	1,467	1,563
2 1-family	710	564	546[r]	515[r]	576[r]	657[r]	738[r]	753[r]	866[r]	835	859	836
3 2-or-more-family	480	421	454[r]	413[r]	453[r]	497[r]	489[r]	573[r]	581[r]	644	608	727
4 Started	1,292	1,084	1,062	1,046	1,134	1,142	1,361	1,280	1,694	1,784	1,627	1,490
5 1-family	852	705	663	651	683	716	868	842	1,126	1,103	1,023	983
6 2-or-more-family	440	379	400	395	451	426	493	438	568	681	604	507
7 Under construction, end of period[1]	896	682	720	671	685	691	712	730	756	798	834	↑
8 1-family	515	382	400	374	380	383	395	411	428	457	474	
9 2-or-more-family	382	301	320	296	306	307	317	319	329	341	360	
10 Completed	1,502	1,266	1,006	1,001	936	1,077	1,053	1,035	1,195[r]	1,140	1,139	n.a.
11 1-family	957	818	631	638	585	679	679	647	782[r]	708	793	
12 2-or-more-family	545	447	374	363	351	398	374	388	413[r]	432	346	
13 Mobile homes shipped	222	241	239	234	222	224	251	243	284	283	276	↓
Merchant builder activity in 1-family units												
14 Number sold	545	436	413	389	473	481	545	529	611[r]	592	597	573
15 Number for sale, end of period[1]	342	278	255	248	247	245	246	251	259[r]	263	266	270
Price (thousands of dollars)[2]												
Median												
16 Units sold	64.7	68.8	69.3	70.1	67.7	69.7	73.5	71.7	73.5[r]	73.7	73.1	74.9
Average												
17 Units sold	76.4	83.1	83.8	86.5	79.6	79.9	87.8	86.7	87.2[r]	87.1	87.0	89.2
EXISTING UNITS (1-family)												
18 Number sold	2,974	2,418	1,991	1,860	1,910	1,990	2,150	2,260	2,580	2,460	2,710	2,750
Price of units sold (thousands of dollars)[2]												
19 Median	62.1	66.1	67.7	68.9	67.3	66.9	67.7	67.8	68.1	68.2	68.9	68.9
20 Average	72.7	78.0	80.4	82.0	80.0	79.3	80.4	80.6	80.0	80.3	81.1	81.3
	Value of new construction[3] (millions of dollars)											
CONSTRUCTION												
21 Total put in place	**230,748**	**238,198**	**229,566**	**228,053**	**228,136**	**230,818**	**239,637**	**239,031**	**255,969**	**249,355**	**246,863**	**248,041**
22 Private	175,701	185,221	179,418	176,644	177,002	179,792	187,517	191,441	200,071	199,176	198,822	202,316
23 Residential	87,261	86,566	75,003	72,139	71,451	75,687	81,744	86,950	93,406	96,391	98,572	104,362
24 Nonresidential, total	88,440	98,655	104,415	104,505	105,551	104,105	105,773	104,491	106,665	102,785	100,250	97,954
Buildings												
25 Industrial	13,839	17,031	16,670	16,691	16,587	17,072	15,838	15,257	15,518	14,431	13,894	12,930
26 Commercial	29,940	34,243	37,125	36,091	37,129	35,677	37,769	37,516	38,773	37,330	36,313	34,596
27 Other	8,654	9,543	10,421	10,499	10,506	10,778	11,100	11,476	12,234	11,871	11,693	11,006
28 Public utilities and other	36,007	37,838	40,199	41,224	41,329	40,578	41,066	40,242	40,140	39,153	38,350	39,422
29 Public	55,047	52,977	50,148	51,409	51,134	51,026	52,120	47,590	55,898	50,179	48,041	45,725
30 Military	1,880	1,966	2,192	2,481	2,674	2,324	2,527	2,320	2,671	2,709	2,721	2,647
31 Highway	13,808	13,304	13,180	13,327	13,464	14,314	13,906	12,417	14,757	13,245	12,243	12,005
32 Conservation and development	5,089	5,225	4,983	5,036	4,719	4,541	4,718	4,601	5,214	4,889	5,209	4,677
33 Other	34,270	32,482	29,793	30,565	30,277	29,847	30,969	28,252	33,256	29,336	27,868	26,396

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (at annual rate)				Change from 1 month earlier					Index level Apr. 1983 (1967 = 100)[1]
	1982 Apr.	1983 Apr.	1982 June	1982 Sept.	1982 Dec.	1983 Mar.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.	
CONSUMER PRICES[2]												
1 **All items**	**6.6**	**3.9**	**9.8**	**4.1**	**.5**	**.4**	**−.3**	**.2**	**−.2**	**.1**	**.6**	**295.5**
2 Food	4.0	2.8	6.2	.6	.8	2.8	.0	.1	.0	.6	.4	291.9
3 Energy items	−3.4	3.6	7.5	8.1	10.2	−25.1	.3	−2.5	−3.7	−.9	2.0	410.0
4 All items less food and energy	8.8	4.3	9.6	4.7	−.3	4.4	−.2	.5	.4	.2	.4	284.0
5 Commodities	6.4	5.7	9.9	2.4	5.4	5.7	.3	.5	.5	.4	.1	240.2
6 Services	10.9	3.2	11.3	4.6	−4.8	3.7	−1.0	.5	.3	.1	.5	334.8
PRODUCER PRICES												
7 Finished goods	3.3	2.1	4.6	4.2	5.2[r]	−4.7[r]	.3[r]	−1.2[r]	.1	−.1	−.1	283.0
8 Consumer foods	3.2	1.1	9.8	−7.7	.8[r]	3.6[r]	.2	−.2	.6	.5	1.2	262.9
9 Consumer energy	−9.2	−3.3	−9.2	30.9	7.0[r]	−34.3[r]	−.8[r]	−4.2	−2.9	−3.2	−2.8	749.7
10 Other consumer goods	5.6	3.5	5.7	4.2	7.9[r]	−2.3[r]	.6[r]	−1.4[r]	.7	.1	.2	238.6
11 Capital equipment	6.3	3.4	5.2	3.5	3.6[r]	3.3[r]	.5	.0[r]	.5	.4	−.3	286.5
12 Intermediate materials[3]	1.8	−.3	−.5	2.3	1.5	−5.1	.0	−.4	−.2	−.8	−.4	314.0
13 Excluding energy	3.3	.8	.0	1.0	1.0[r]	1.1[r]	.1[r]	.0[r]	.4	−.1	−.2	293.0
Crude materials												
14 Foods	−3.5	.9	15.8	−26.4	1.3	18.1	.4	1.1	2.4	.7	3.0	256.8
15 Energy	−1.5	2.0	1.6	8.7	6.4[r]	−7.6[r]	−1.0[r]	−1.4[r]	−.6	.0	−1.4	794.2
16 Other	−11.2	−1.2	19.2	2.9	−8.0[r]	−15.7[r]	−.4	−2.9	−2.8	1.5	2.0	243.8

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

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1980	1981	1982	1982				1983
				Q1	Q2	Q3	Q4	Q1r
GROSS NATIONAL PRODUCT								
1 **Total**	**2,633.1**	**2,937.7**	**3,059.3**	**2,995.5**	**3,045.2**	**3,088.2**	**3,108.2**	**3,170.9**
By source								
2 Personal consumption expenditures	1,667.2	1,843.2	1,971.1	1,919.4	1,947.8	1,986.3	2,030.8	2,054.2
3 Durable goods	214.3	234.6	242.7	237.9	240.7	240.3	251.8	257.3
4 Nondurable goods	670.4	734.5	762.1	749.1	755.0	768.4	775.7	776.8
5 Services	782.5	874.1	966.3	932.4	952.1	977.6	1,003.3	1,020.0
6 Gross private domestic investment	402.4	471.5	420.3	414.8	431.5	443.3	391.5	421.3
7 Fixed investment	412.4	451.1	444.1	450.4	447.7	438.6	439.9	458.6
8 Nonresidential	309.2	346.1	348.0	357.0	352.2	344.2	338.4	338.1
9 Structures	110.5	129.7	141.5	141.4	143.6	141.3	139.6	137.4
10 Producers' durable equipment	198.6	216.4	206.5	215.6	208.6	203.0	198.8	200.7
11 Residential structures	103.2	105.0	96.2	93.4	95.5	94.3	101.4	120.5
12 Nonfarm	98.3	99.7	90.5	87.9	89.6	88.7	95.7	114.8
13 Change in business inventories	-10.0	20.5	-23.8	-35.6	-16.2	4.7	-48.3	-37.3
14 Nonfarm	-5.7	15.0	-24.3	-36.0	-15.0	3.7	-50.0	-36.6
15 Net exports of goods and services	25.2	26.1	20.5	31.3	34.9	6.9	9.1	19.0
16 Exports	339.2	367.3	350.8	359.9	365.8	349.5	328.1	331.9
17 Imports	314.0	341.3	330.3	328.6	330.9	342.5	319.1	312.9
18 Government purchases of goods and services	538.4	596.9	647.4	630.1	630.9	651.7	676.8	676.4
19 Federal	197.2	229.0	257.9	249.7	244.3	259.0	278.7	274.0
20 State and local	341.2	368.0	389.4	380.4	386.6	392.7	398.0	402.5
By major type of product								
21 Final sales, total	2,643.1	2,917.3	3,083.1	3,031.1	3,061.4	3,083.5	3,156.5	3,208.2
22 Goods	1,141.9	1,289.2	1,280.4	1,269.4	1,283.1	1,295.5	1,273.6	1,298.9
23 Durable	477.3	528.1	493.3	482.4	505.9	516.9	467.9	482.3
24 Nondurable	664.6	761.1	787.1	787.0	777.2	778.6	805.7	816.6
25 Services	1,225.6	1,364.3	1,494.4	1,444.4	1,476.7	1,509.5	1,547.0	1,567.6
26 Structures	265.7	284.2	284.5	281.7	285.3	283.2	287.7	304.5
27 Change in business inventories	-10.0	20.5	-23.8	-35.6	-16.2	4.7	-48.3	-37.3
28 Durable goods	-5.2	8.7	-18.9	-30.9	-6.6	10.1	-48.3	-36.3
29 Nondurable goods	-4.8	11.8	-5.0	-4.8	-9.6	-5.4	.0	-1.0
30 MEMO: **Total GNP in 1972 dollars**	**1,474.0**	**1,502.6**	**1,476.9**	**1,470.7**	**1,478.4**	**1,481.1**	**1,477.2**	**1,486.2**
NATIONAL INCOME								
31 **Total**	**2,117.1**	**2,352.5**	**2,436.6**	**2,396.9**	**2,425.2**	**2,455.6**	**2,468.8**	**2,523.9**
32 Compensation of employees	1,598.6	1,767.6	1,856.5	1,830.8	1,850.7	1,868.3	1,876.1	1,908.4
33 Wages and salaries	1,356.1	1,494.0	1,560.6	1,541.5	1,556.6	1,570.0	1,574.5	1,597.6
34 Government and government enterprises	260.2	283.1	302.3	296.3	300.0	303.5	309.2	313.2
35 Other	1,095.9	1,210.9	1,258.4	1,245.2	1,256.6	1,266.4	1,265.4	1,284.5
36 Supplement to wages and salaries	242.5	273.6	295.8	289.3	294.1	298.3	301.6	310.8
37 Employer contributions for social insurance	115.3	133.2	142.1	140.2	141.7	142.8	143.7	150.1
38 Other labor income	127.3	140.4	153.8	149.1	152.5	155.5	157.9	160.6
39 Proprietors' income[1]	116.3	124.7	120.3	116.4	117.3	118.4	128.9	128.4
40 Business and professional[1]	96.9	100.7	101.3	98.6	99.9	101.7	104.8	109.9
41 Farm[1]	19.4	24.0	19.0	17.8	17.4	16.6	24.1	18.6
42 Rental income of persons[2]	32.9	33.9	34.1	33.9	34.2	34.6	33.9	35.3
43 Corporate profits[1]	181.6	190.6	160.8	157.1	155.4	166.2	164.6	185.4
44 Profits before tax[3]	242.5	232.1	174.9	171.6	171.7	180.3	175.9	178.3
45 Inventory valuation adjustment	-43.0	-24.6	-9.2	-4.4	-9.4	-10.3	-12.6	-.7
46 Capital consumption adjustment	-17.8	-16.8	-4.9	-10.1	-6.9	-3.8	1.3	7.8
47 Net interest	187.7	235.7	264.9	258.7	267.5	268.1	265.3	266.4

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1980	1981	1982	1982 Q1	1982 Q2	1982 Q3	1982 Q4	1983 Q1r
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,160.2**	**2,404.1**	**2,569.9**	**2,510.5**	**2,552.7**	**2,592.5**	**2,624.0**	**2,648.2**
2 Wage and salary disbursements	1,356.1	1,493.9	1,560.7	1,541.6	1,556.6	1,570.0	1,574.5	1,597.6
3 Commodity-producing industries	468.0	510.8	509.9	514.3	513.6	510.2	501.6	509.8
4 Manufacturing	354.4	386.4	382.6	385.1	385.6	383.8	375.8	383.0
5 Distributive industries	330.5	361.4	376.0	371.4	375.4	378.4	378.8	381.3
6 Service industries	297.5	338.6	372.5	359.5	367.6	377.8	385.0	393.3
7 Government and government enterprises	260.2	283.1	302.3	296.5	300.0	303.5	309.2	313.2
8 Other labor income	127.3	140.4	153.8	149.1	152.5	155.5	157.9	160.6
9 Proprietors' income[1]	116.3	124.7	120.3	116.4	117.3	118.4	128.9	128.4
10 Business and professional[1]	96.9	100.7	101.3	98.6	99.9	101.7	104.8	109.9
11 Farm[1]	19.4	24.0	19.0	17.8	17.4	16.6	24.1	18.6
12 Rental income of persons[2]	32.9	33.9	34.1	33.9	34.2	34.6	33.9	35.3
13 Dividends	55.9	62.5	67.0	65.8	66.1	67.2	68.8	69.8
14 Personal interest income	256.3	308.5	371.2	359.7	372.0	378.2	374.6	377.1
15 Transfer payments	297.2	336.3	374.7	354.6	365.2	381.0	397.8	395.8
16 Old-age survivors, disability, and health insurance benefits	154.2	182.0	204.5	194.7	197.5	209.2	216.6	217.1
17 LESS: Personal contributions for social insurance	88.7	104.9	111.7	110.6	111.4	112.4	112.5	116.4
18 EQUALS: Personal income	2,160.2	2,404.1	2,569.9	2,510.5	2,552.7	2,592.5	2,624.0	2,648.2
19 LESS: Personal tax and nontax payments	336.2	386.7	397.2	393.4	401.2	394.4	399.7	401.0
20 EQUALS: Disposable personal income	1,824.1	2,029.2	2,172.7	2,117.1	2,151.5	2,198.1	2,224.3	2,247.2
21 LESS: Personal outlays	1,717.9	1,898.9	2,030.5	1,977.9	2,007.2	2,046.1	2,090.9	2,115.3
22 EQUALS: Personal saving	106.2	130.2	142.2	139.1	144.3	152.0	133.4	131.9
MEMO:								
Per capita (1972 dollars)								
23 Gross national product	6,474	6,536	6,364	6,360	6,380	6,376	6,342	6,365
24 Personal consumption expenditures	4,087	4,122	4,123	4,104	4,121	4,117	4,151	4,168
25 Disposable personal income	4,472	4,538	4,545	4,527	4,552	4,555	4,547	4,559
26 Saving rate (percent)	5.8	6.4	6.5	6.6	6.7	6.9	6.0	5.9
GROSS SAVING								
27 **Gross saving**	**406.3**	**477.5**	**414.0**	**428.8**	**441.5**	**422.4**	**363.3**	**412.3**
28 Gross private saving	438.3	504.7	531.4	520.3	529.0	546.1	531.1	544.0
29 Personal saving	106.2	130.2	142.2	139.1	144.3	152.0	133.4	131.9
30 Undistributed corporate profits[1]	38.9	44.4	32.8	32.5	30.7	34.8	34.2	46.1
31 Corporate inventory valuation adjustment	-43.0	-24.6	-9.2	-4.4	-9.4	-10.3	-12.6	-.7
Capital consumption allowances								
32 Corporate	181.2	206.2	225.1	218.9	223.4	227.5	230.6	232.1
33 Noncorporate	112.0	123.9	131.3	129.8	130.5	131.9	132.9	134.0
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (−), national income and product accounts	-33.2	-28.2	-117.4	-90.7	-87.5	-123.7	-167.7	-131.7
36 Federal	-61.4	-60.0	-149.5	-118.4	-119.6	-156.0	-204.2	-173.9
37 State and local	28.2	31.7	32.1	27.7	32.1	32.3	36.4	42.2
38 Capital grants received by the United States, net	1.2	1.1	.0	.0	.0	.0	.0	.0
39 **Gross investment**	**410.1**	**475.6**	**415.7**	**421.3**	**442.3**	**426.0**	**373.1**	**416.2**
40 Gross private domestic	402.4	471.5	420.3	414.8	431.5	443.3	391.5	421.3
41 Net foreign	7.8	4.1	-4.6	6.5	10.8	-17.3	-18.5	-5.1
42 **Statistical discrepancy**	**3.9**	**-1.9**	**1.7**	**-7.5**	**.8**	**3.6**	**9.7**	**3.9**

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1980	1981	1982	1981	1982			
				Q4	Q1	Q2	Q3	Q4
1 Balance on current account	1,520	4,471	-8,093	-927	1,034	2,188	-5,214	-6,103
2 Not seasonally adjusted	....	....	....	1,293	729	2,841	-7,436	-4,227
3 Merchandise trade balance[2]	-25,338	-27,889	-36,331	-9,185	-5,938	-5,762	-12,495	-12,136
4 Merchandise exports	224,237	236,254	211,013	57,593	55,607	55,001	52,334	48,071
5 Merchandise imports	-249,575	-264,143	-247,344	-66,778	-61,545	-60,763	-64,829	-60,207
6 Military transactions, net	-2,472	-1,541	640	-528	167	247	201	24
7 Investment income, net[3]	29,910	33,037	28,720	8,529	6,867	7,694	7,082	7,076
8 Other service transactions, net	6,203	7,471	6,746	2,127	1,986	1,749	1,647	1,364
9 Remittances, pensions, and other transfers	-2,101	-2,104	-2,455	-562	-575	-671	-601	-608
10 U.S. government grants (excluding military)	-4,681	-4,504	-5,413	-1,308	-1,473	-1,069	-1,048	-1,823
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	-5,126	-5,137	-5,766	-987	-904	-1,547	-2,496	-818
12 Change in U.S. official reserve assets (increase, −)	-8,155	-5,175	-4,965	262	-1,089	-1,132	-794	-1,949
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-16	-1,824	-1,371	-134	-400	-241	-434	-297
15 Reserve position in International Monetary Fund	-1,667	-2,491	-2,552	-358	-547	-814	-459	-732
16 Foreign currencies	-6,472	-861	-1,041	754	-142	-77	99	-920
17 Change in U.S. private assets abroad (increase, −)[3]	-72,746	-98,982	-107,535	-46,952	-29,264	-35,166	-22,307	-20,800
18 Bank-reported claims	-46,838	-84,531	-106,711	-42,645	-32,708	-36,923	-20,430	-16,650
19 Nonbank-reported claims	-3,146	-331	4,750	-508	4,112	-304	942	n.a.
20 U.S. purchase of foreign securities, net	-3,524	-5,429	-7,772	-2,843	-531	-441	-3,266	-3,535
21 U.S. direct investments abroad, net[3]	-19,238	-8,691	2,198	-956	-137	2,502	447	-615
22 Change in foreign official assets in the United States (increase, +)	15,442	4,785	3,043	8,119	-3,122	1,998	2,494	1,673
23 U.S. Treasury securities	9,708	4,983	5,716	4,439	-1,344	-2,076	4,825	4,311
24 Other U.S. government obligations	2,187	1,289	-670	-246	-296	258	-76	-556
25 Other U.S. government liabilities[4]	561	-69	-12	275	-182	387	-286	69
26 Other U.S. liabilities reported by U.S. banks	-159	-4,083	-1,713	3,436	-1,516	3,393	-1,981	-1,609
27 Other foreign official assets[5]	3,145	2,665	-278	215	216	36	12	-542
28 Change in foreign private assets in the United States (increase, +)[3]	39,041	73,136	81,451	30,988	28,202	27,621	14,178	11,451
29 U.S. bank-reported liabilities	10,743	41,262	62,869	20,476	25,423	22,552	10,687	4,207
30 U.S. nonbank-reported liabilities	6,530	532	-3,760	-457	-982	-2,304	-474	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	2,645	2,932	6,945	1,238	1,277	2,095	1,316	2,257
32 Foreign purchases of other U.S. securities, net	5,457	7,109	5,973	396	1,319	2,497	220	1,938
33 Foreign direct investments in the United States, net[3]	13,666	21,301	9,424	9,336	1,165	2,781	2,429	3,049
34 Allocation of SDRs	1,152	1,093	0	0	0	0	0	0
35 Discrepancy	28,870	25,809	41,864	9,497	5,142	6,038	14,139	16,546
36 Owing to seasonal adjustments	....	....	....	2,474	-802	672	-1,904	2,035
37 Statistical discrepancy in recorded data before seasonal adjustment	28,870	25,809	41,864	7,023	5,944	5,366	16,043	14,511
MEMO:								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	-8,155	-5,175	-4,965	262	-1,089	-1,132	-794	-1,949
39 Foreign official assets in the United States (increase, +)	14,881	4,854	3,055	7,844	-2,940	1,611	2,780	1,604
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	12,769	13,314	7,176	2,230	4,988	3,079	350	-1,241
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	631	602	514	64	93	125	137	158

1. Seasonal factors are no longer calculated for lines 12 through 41.
2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing; military exports are excluded from merchandise data and are included in line 6.
3. Includes reinvested earnings of incorporated affiliates.
4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S. Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted

Item	1980	1981	1982	1982			1983			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	220,626	233,677	212,193	16,671	15,852	16,347	17,393	16,326	16,752	16,074
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	244,871	261,305	243,952	21,006	18,892	19,154	20,021	19,015	19,525	19,771
3 **Trade balance**	**−24,245**	**−27,628**	**−31,759**	**−4,335**	**−3,041**	**−2,808**	**−2,628**	**−2,689**	**−2,774**	**−3,697**

NOTE. The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside-ship (f.a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustments are: (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE. FT900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1979	1980	1981	1982		1983				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 **Total**	**18,956**	**26,756**	**30,075**	**34,006**	**33,958**	**33,936**	**34,233**	**34,261**	**34,173**	**33,931**
2 Gold stock, including Exchange Stabilization Fund[1]	11,172	11,160	11,151	11,148	11,148	11,144	11,139	11,138	11,132	11,132
3 Special drawing rights[2,3]	2,724	2,610	4,095	4,929	5,250	5,267	5,284	5,229	5,192	5,525
4 Reserve position in International Monetary Fund[2]	1,253	2,852	5,055	7,185	7,348	8,035	8,594	9,293	9,284	9,424
5 Foreign currencies[4,5]	3,807	10,134	9,774	10,744	10,212	9,490	9,216	8,601	8,565	7,850

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at $42.22 per fine troy ounce.
2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus transactions in SDRs.
4. Valued at current market exchange rates.
5. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies in 1979 and 1980.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1979	1980	1981	1982		1983				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Deposits	429	411	505	386	328	366	352	424	322	445
Assets held in custody										
2 U.S. Treasury securities[1]	95,075	102,417	104,680	107,467	112,544	115,872	116,428	114,999	114,880	115,401
3 Earmarked gold[2]	15,169	14,965	14,804	14,711	14,716	14,717	14,752	14,726	14,723	14,727

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.
2. Earmarked gold is valued at $42.22 per fine troy ounce.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1979	1980	1981	1982				1983		
				Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Mar.[p]
	All foreign countries									
1 **Total, all currencies**	**364,409**	**401,135**	**462,790**	**471,085**	**463,601**	**468,376**	**468,740**	**462,435**	**457,848**	**465,254**
2 Claims on United States	32,302	28,460	63,743	90,267	89,036	90,844	91,752	89,249	87,567	93,830
3 Parent bank	25,929	20,202	43,267	60,872	61,283	62,476	61,629	59,247	58,470	63,398
4 Other	6,373	8,258	20,476	29,395	27,753	28,368	30,123	30,002	29,097	30,432
5 Claims on foreigners	317,330	354,960	378,899	360,462	354,373	357,104	357,596	353,675	351,015	352,427
6 Other branches of parent bank	79,662	77,019	87,821	93,283	90,030	91,894	91,067	89,470	89,715	89,099
7 Banks	123,420	146,448	150,708	135,454	133,365	133,269	133,300	130,965	129,067	132,279
8 Public borrowers	26,097	28,033	28,197	24,333	23,850	23,340	23,968	24,464	24,585	24,547
9 Nonbank foreigners	88,151	103,460	112,173	107,392	107,128	108,601	109,261	108,776	107,648	106,502
10 Other assets	14,777	17,715	20,148	20,356	20,192	20,428	19,392	19,511	19,266	18,997
11 **Total payable in U.S. dollars**	**267,713**	**291,798**	**350,678**	**369,746**	**361,804**	**363,483**	**361,169**	**355,165**	**350,314**	**356,613**
12 Claims on United States	31,171	27,191	62,142	88,613	87,316	88,971	90,032	87,555	85,941	91,391
13 Parent bank	25,632	19,896	42,721	60,207	60,538	61,662	60,973	58,479	57,767	62,463
14 Other	5,539	7,295	19,421	28,406	26,778	27,309	29,059	29,076	28,174	28,928
15 Claims on foreigners	229,120	255,391	276,882	268,253	261,896	261,701	259,127	255,788	252,752	253,618
16 Other branches of parent bank	61,525	58,541	69,398	77,470	74,032	74,759	73,463	71,174	71,885	70,782
17 Banks	96,261	117,342	122,055	110,591	107,448	106,636	106,001	103,538	100,697	103,609
18 Public borrowers	21,629	23,491	22,877	18,984	18,659	18,187	18,303	18,717	18,891	18,694
19 Nonbank foreigners	49,705	56,017	62,552	61,208	61,757	62,119	61,360	62,359	61,279	60,533
20 Other assets	7,422	9,216	11,654	12,880	12,592	12,811	12,010	11,822	11,621	11,604
	United Kingdom									
21 **Total, all currencies**	**130,873**	**144,717**	**157,229**	**167,189**	**164,582**	**165,687**	**161,067**	**157,464**	**156,577**	**156,022**
22 Claims on United States	11,117	7,509	11,823	27,534	27,829	28,677	27,354	27,175	26,423	26,259
23 Parent bank	9,338	5,275	7,885	22,970	23,717	24,278	23,017	22,539	21,962	21,912
24 Other	1,779	2,234	3,938	4,564	4,112	4,399	4,337	4,636	4,461	4,347
25 Claims on foreigners	115,123	131,142	138,888	132,746	129,913	130,666	127,734	124,354	124,214	123,993
26 Other branches of parent bank	34,291	34,760	41,367	40,385	37,013	38,319	37,000	34,959	35,437	36,171
27 Banks	51,343	58,741	56,315	52,203	52,568	51,414	50,767	49,497	48,580	48,976
28 Public borrowers	4,919	6,688	7,490	6,086	6,157	6,170	6,240	6,421	6,592	6,337
29 Nonbank foreigners	24,570	30,953	33,716	34,072	34,175	34,763	33,727	33,477	33,605	32,509
30 Other assets	4,633	6,066	6,518	6,909	6,840	6,344	5,979	5,935	5,940	5,770
31 **Total payable in U.S. dollars**	**94,287**	**99,699**	**115,188**	**131,129**	**127,517**	**128,863**	**123,740**	**120,233**	**119,273**	**118,891**
32 Claims on United States	10,746	7,116	11,246	26,919	27,255	28,093	26,761	26,581	25,829	25,597
33 Parent bank	9,297	5,229	7,721	22,758	23,478	24,035	22,756	22,250	21,700	21,626
34 Other	1,449	1,887	3,525	4,161	3,777	4,058	4,005	4,331	4,129	3,971
35 Claims on foreigners	81,294	89,723	99,850	99,008	95,269	95,870	92,228	89,137	88,973	88,797
36 Other branches of parent bank	28,928	28,268	35,439	35,703	32,243	33,154	31,648	29,380	29,918	30,589
37 Banks	36,760	42,073	40,703	39,786	39,077	38,310	36,717	35,616	34,499	34,442
38 Public borrowers	3,319	4,911	5,595	4,214	4,251	4,281	4,329	4,600	4,789	4,413
39 Nonbank foreigners	12,287	14,471	18,113	19,305	19,698	20,125	19,534	19,541	19,767	19,353
40 Other assets	2,247	2,860	4,092	5,202	4,993	4,900	4,751	4,515	4,471	4,497
	Bahamas and Caymans									
41 **Total, all currencies**	**108,977**	**123,837**	**149,051**	**140,614**	**139,438**	**140,939**	**144,843**	**142,718**	**138,676**	**145,663**
42 Claims on United States	19,124	17,751	46,546	55,467	55,713	57,076	59,387	56,855	56,205	62,686
43 Parent bank	15,196	12,631	31,643	32,155	32,927	34,022	34,653	32,511	32,819	38,021
44 Other	3,928	5,120	14,903	23,312	22,786	23,054	24,734	24,344	23,386	24,665
45 Claims on foreigners	86,718	101,926	98,002	81,054	79,539	79,185	81,157	81,773	78,494	79,040
46 Other branches of parent bank	9,689	13,342	12,951	17,772	17,955	18,066	18,720	20,118	19,730	17,512
47 Banks	43,189	54,861	55,096	41,333	40,439	41,025	42,406	40,732	39,068	42,288
48 Public borrowers	12,905	12,577	10,010	6,999	6,743	6,310	6,413	6,434	6,494	6,540
49 Nonbank foreigners	20,935	21,146	19,945	14,950	14,402	13,784	13,618	14,489	13,202	12,700
50 Other assets	3,135	4,160	4,503	4,093	4,186	4,678	4,299	4,089	3,977	3,937
51 **Total payable in U.S. dollars**	**102,368**	**117,654**	**143,686**	**136,077**	**134,607**	**135,648**	**139,292**	**136,881**	**132,830**	**139,549**

3.14 Continued

Liability account	1979	1980	1981	1982				1983		
				Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Mar.[p]
	All foreign countries									
52 **Total, all currencies**	**364,409**	**401,135**	**462,790**	**471,085**	**463,601**	**468,376**	**468,740**	**462,435**	**457,848**	**465,254**
53 To United States	66,689	91,079	137,712	172,994	169,312	171,762	178,449	178,434	176,071	185,154
54 Parent bank	24,533	39,286	56,289	69,592	64,102	66,254	75,118	79,950	77,301	81,209
55 Other banks in United States	13,968	14,473	19,197	33,763	32,607	31,764	33,353	32,784	32,643	33,930
56 Nonbanks	28,188	37,275	62,226	69,639	72,603	73,744	69,978	65,700	66,127	70,015
57 To foreigners	283,510	295,411	305,630	277,886	274,222	276,287	270,494	265,591	263,523	262,320
58 Other branches of parent bank	77,640	75,773	86,396	91,189	91,658	91,270	90,079	89,293	90,384	91,349
59 Banks	122,922	132,116	124,906	99,966	98,259	98,209	96,677	92,857	90,218	91,786
60 Official institutions	35,668	32,473	25,997	20,527	19,440	21,095	19,614	20,250	19,742	17,812
61 Nonbank foreigners	47,280	55,049	68,331	66,204	64,865	65,713	64,124	63,491	63,179	61,373
62 Other liabilities	14,210	14,690	19,448	20,205	20,067	20,327	19,797	18,410	18,254	17,780
63 **Total payable in U.S. dollars**	**273,857**	**303,281**	**364,390**	**385,440**	**377,121**	**379,142**	**378,457**	**370,618**	**367,352**	**374,620**
64 To United States	64,530	88,157	134,645	170,098	166,377	168,291	174,966	174,813	172,402	181,666
65 Parent bank	23,403	37,528	54,437	67,678	62,191	63,963	72,796	77,682	74,972	78,908
66 Other banks in United States	13,771	14,203	18,883	33,508	32,362	31,428	32,988	32,260	32,216	33,490
67 Nonbanks	27,356	36,426	61,325	68,912	71,824	72,900	69,182	64,871	65,214	69,268
68 To foreigners	201,514	206,883	217,602	203,989	199,297	198,938	192,271	185,667	185,570	183,553
69 Other branches of parent bank	60,551	58,172	69,299	75,935	76,237	74,621	72,848	71,442	72,753	73,495
70 Banks	80,691	87,497	79,594	62,535	59,782	58,829	57,355	52,258	51,267	52,217
71 Official institutions	29,048	24,697	20,288	16,607	15,253	16,774	15,055	15,940	15,381	13,536
72 Nonbank foreigners	31,224	36,517	48,421	48,912	48,025	48,714	47,013	46,027	46,169	44,305
73 Other liabilities	7,813	8,241	12,143	11,353	11,447	11,913	11,220	10,138	9,380	9,401
	United Kingdom									
74 **Total, all currencies**	**130,873**	**144,717**	**157,229**	**167,189**	**164,582**	**165,687**	**161,067**	**157,464**	**156,577**	**156,022**
75 To United States	20,986	21,785	38,022	53,919	53,777	54,003	53,954	52,650	51,927	55,309
76 Parent bank	3,104	4,225	5,444	11,336	10,568	10,597	13,091	14,287	14,080	14,616
77 Other banks in United States	7,693	5,716	7,502	13,280	12,567	12,374	12,205	12,343	12,198	13,172
78 Nonbanks	10,189	11,844	25,076	29,303	30,642	31,032	28,658	26,020	25,649	27,521
79 To foreigners	104,032	117,438	112,255	104,967	102,611	103,927	99,567	97,827	97,515	93,835
80 Other branches of parent bank	12,567	15,384	16,545	19,123	18,399	19,372	18,361	19,343	21,008	19,653
81 Banks	47,620	56,262	51,336	45,526	45,601	44,266	44,020	41,073	39,892	40,867
82 Official institutions	24,202	21,412	16,517	12,348	11,379	12,940	11,504	12,377	12,025	10,252
83 Nonbank foreigners	19,643	24,380	27,857	27,970	27,232	27,349	25,682	25,034	24,590	23,063
84 Other liabilities	5,855	5,494	6,952	8,303	8,194	7,757	7,546	6,987	7,135	6,878
85 **Total payable in U.S. dollars**	**95,449**	**103,440**	**120,277**	**137,268**	**133,591**	**135,188**	**130,261**	**126,286**	**126,007**	**126,088**
86 To United States	20,552	21,080	37,332	53,262	53,146	53,056	53,029	51,808	50,977	54,520
87 Parent bank	3,054	4,078	5,350	11,223	10,442	10,306	12,814	14,105	13,859	14,476
88 Other banks in United States	7,651	5,626	7,249	13,142	12,472	12,188	12,026	12,128	12,041	12,987
89 Nonbanks	9,847	11,376	24,733	28,897	30,232	30,562	28,189	25,575	25,077	27,057
90 To foreigners	72,397	79,636	79,034	80,025	76,519	77,982	73,477	71,000	71,994	68,309
91 Other branches of parent bank	8,446	10,474	12,048	15,548	14,614	15,310	14,300	15,081	16,709	14,918
92 Banks	29,424	35,388	32,298	31,187	30,404	29,092	28,810	25,177	25,563	26,395
93 Official institutions	20,192	17,024	13,612	11,012	9,806	11,198	9,668	10,657	10,121	8,419
94 Nonbank foreigners	14,335	16,750	21,076	22,278	21,695	22,382	20,699	20,085	19,601	18,577
95 Other liabilities	2,500	2,724	3,911	3,981	3,926	4,150	3,755	3,478	3,036	3,259
	Bahamas and Caymans									
96 **Total, all currencies**	**108,977**	**123,837**	**149,051**	**140,614**	**139,438**	**140,939**	**144,843**	**142,718**	**138,676**	**145,663**
97 To United States	37,719	59,666	85,704	99,500	96,810	98,475	104,139	104,572	102,466	107,576
98 Parent bank	15,267	28,181	39,396	44,370	40,225	41,900	46,811	50,622	47,587	51,636
99 Other banks in United States	5,204	7,379	10,474	17,927	17,481	16,805	18,461	17,554	17,321	17,300
100 Nonbanks	17,248	24,106	35,834	37,203	39,104	39,770	38,867	36,396	37,558	38,640
101 To foreigners	68,598	61,218	60,012	38,401	39,793	39,603	38,249	35,900	33,859	35,878
102 Other branches of parent bank	20,875	17,040	20,641	15,126	17,421	17,566	15,796	14,688	13,809	16,055
103 Banks	33,631	29,895	23,202	10,910	10,297	10,413	10,166	9,279	8,451	9,027
104 Official institutions	4,866	4,361	3,498	2,091	2,137	1,846	1,967	1,849	1,720	1,678
105 Nonbank foreigners	9,226	9,922	12,671	10,274	9,938	9,778	10,320	10,084	9,879	9,118
106 Other liabilities	2,660	2,953	3,335	2,713	2,835	2,861	2,455	2,246	2,351	2,209
107 **Total payable in U.S. dollars**	**103,460**	**119,657**	**145,227**	**137,717**	**136,574**	**137,828**	**141,595**	**139,305**	**135,323**	**142,465**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1980	1981[r]	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.[p]	1983 Apr.[p]
1 **Total**[1]	**164,578**	**170,109**	**171,406**	**168,025**	**172,780**	**175,163**	**172,915**	**173,119**	**173,414**
By type									
2 Liabilities reported by banks in the United States[2]	30,381	26,928	27,056	25,338	24,873	23,842	21,422	22,980	22,693
3 U.S. Treasury bills and certificates[3]	56,243	52,389	43,964	42,906	46,658	50,432	49,954	47,917	48,399
U.S. Treasury bonds and notes									
4 Marketable	41,455	53,186	65,619	65,850	67,715	67,735	69,303	70,250	70,558
5 Nonmarketable[4]	14,654	11,791	9,350	8,750	8,750	8,750	7,950	7,950	7,950
6 U.S. securities other than U.S. Treasury securities[5]	21,845	25,815	25,417	25,181	24,784	24,404	24,286	24,022	23,814
By area									
7 Western Europe[1]	81,592	65,891	60,846	59,447	61,501	62,525	62,103	61,734	62,169
8 Canada	1,562	2,403	2,204	2,044	2,070	2,430	2,754	2,942	2,770
9 Latin America and Caribbean	5,688	6,954	7,231	5,900	6,028	7,138	6,100	5,578	6,161
10 Asia	70,784	91,790	95,110	93,960	95,922	95,278	95,677	96,789	95,331
11 Africa	4,123	1,829	1,452	1,371	1,350	1,716	1,327	1,162	1,208
12 Other countries[6]	829	1,242	4,563	5,303	5,909	6,076	4,954	4,914	5,775

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1979	1980	1981	1982 June	1982 Sept.	1982 Dec.	1983 Mar.[p]
1 Banks' own liabilities	1,918	3,748	3,523	4,513	4,575	4,751	5,072
2 Banks' own claims	2,419	4,206	4,980	5,895	6,337	7,689	8,101
3 Deposits	994	2,507	3,398	3,565	3,429	4,241	3,725
4 Other claims	1,425	1,699	1,582	2,329	2,908	3,448	4,376
5 Claims of banks' domestic customers[1]	580	962	971	921	506	676	637

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1979	1980	1981▲	1982			1983			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
1 **All foreigners**	**187,521**	**205,297**	**244,043**	**300,811**	**302,776**	**305,320**	**304,779**	**304,653r**	**316,117**	**308,936**
2 Banks' own liabilities	117,196	124,791	163,738	221,055	226,068	225,379	219,361	219,666r	234,317	226,019
3 Demand deposits	23,303	23,462	19,628	17,059	17,148	16,017	16,089	17,423	16,495	15,695
4 Time deposits[1]	13,623	15,076	28,992	62,172	62,718	67,072	64,347	65,273	68,491	67,303
5 Other[2]	16,453	17,583	17,617	22,930	24,414	23,791	22,918	20,295	24,566	21,882
6 Own foreign offices[3]	63,817	68,670	97,500	118,894	121,788	118,499	116,006	116,676r	124,765	121,139
7 Banks' custody liabilities[4]	70,325	80,506	80,305	79,756	76,708	79,941	85,419	84,987	81,800	82,917
8 U.S. Treasury bills and certificates[5]	48,573	57,595	55,316	53,374	52,138	55,614	62,137	61,904	58,747	60,087
9 Other negotiable and readily transferable instruments[6]	19,396	20,079	19,019	22,668	20,965	20,625	19,352	19,205	18,831	18,799
10 Other	2,356	2,832	5,970	3,715	3,605	3,702	3,930	3,877	4,222	4,031
11 **Nonmonetary international and regional organizations[7]**	**2,356**	**2,344**	**2,721**	**6,036**	**6,465**	**4,597**	**6,611**	**5,969**	**3,949**	**5,917**
12 Banks' own liabilities	714	444	638	2,337	3,387	1,584	1,787	1,695	1,304	2,542
13 Demand deposits	260	146	262	261	257	106	284	195	221	252
14 Time deposits[1]	151	85	58	431	969	1,339	1,333	1,367	917	2,031
15 Other[2]	303	212	318	1,645	2,161	139	170	134	166	259
16 Banks' custody liabilities[4]	1,643	1,900	2,083	3,699	3,078	3,013	4,824	4,275	2,645	3,375
17 U.S. Treasury bills and certificates	102	254	541	2,160	1,774	1,621	3,603	3,153	1,501	2,230
18 Other negotiable and readily transferable instruments[6]	1,538	1,646	1,542	1,539	1,304	1,392	1,221	1,122	1,144	1,145
19 Other	2	0	0	0	0	0	0	0	0	0
20 **Official institutions[8]**	**78,206**	**86,624**	**79,318**	**71,021**	**68,244**	**71,531**	**74,274**	**71,377**	**70,897**	**71,092**
21 Banks' own liabilities	18,292	17,826	17,094	16,989	16,638	16,526	16,411	14,620	16,443	16,060
22 Demand deposits	4,671	3,771	2,564	2,138	2,074	1,981	2,168	2,063	2,287	2,322
23 Time deposits[1]	3,050	3,612	4,230	6,132	5,539	5,489	4,907	5,481	5,331	6,031
24 Other[2]	10,571	10,443	10,300	8,720	9,025	9,057	9,336	7,076	8,825	7,706
25 Banks' custody liabilities[4]	59,914	68,798	62,224	54,031	51,607	55,006	57,864	56,756	54,454	55,032
26 U.S. Treasury bills and certificates[5]	47,666	56,243	52,389	43,964	42,906	46,658	50,432	49,954	47,917	48,399
27 Other negotiable and readily transferable instruments[6]	12,196	12,501	9,787	10,033	8,672	8,319	7,396	6,769	6,512	6,618
28 Other	52	54	47	34	28	28	35	33	25	15
29 **Banks[9]**	**88,316**	**96,415**	**136,030**	**182,766**	**185,679**	**185,097**	**178,460**	**180,891r**	**192,698**	**183,610**
30 Banks' own liabilities	83,299	90,456	124,312	166,268	169,412	168,679	161,637	162,878r	174,321	165,157
31 Unaffiliated foreign banks	19,482	21,786	26,812	47,374	47,624	50,179	45,631	46,202	49,556	44,019
32 Demand deposits	13,285	14,188	11,614	9,882	9,724	8,733	8,186	9,627	8,264	7,691
33 Time deposits[1]	1,667	1,703	8,735	26,026	26,035	28,267	25,556	25,297	27,613	24,233
34 Other[2]	4,530	5,895	6,462	11,466	11,865	13,179	11,889	11,278	13,679	12,095
35 Own foreign offices[3]	63,817	68,670	97,500	118,894	121,788	118,499	116,006	116,676r	124,765	121,139
36 Banks' custody liabilities[4]	5,017	5,959	11,718	16,498	16,267	16,419	16,822	18,012	18,377	18,453
37 U.S. Treasury bills and certificates	422	623	1,687	5,634	5,792	5,809	6,292	6,791	7,122	7,475
38 Other negotiable and readily transferable instruments[6]	2,415	2,748	4,421	8,061	7,782	7,844	7,698	8,345	8,266	8,041
39 Other	2,179	2,588	5,611	2,803	2,693	2,766	2,833	2,876	2,990	2,937
40 **Other foreigners**	**18,642**	**19,914**	**25,974**	**40,989**	**42,388**	**44,095**	**45,434**	**46,416**	**48,573**	**48,316**
41 Banks' own liabilities	14,891	16,065	21,694	35,461	36,631	38,591	39,526	40,473	42,249	42,260
42 Demand deposits	5,087	5,356	5,189	4,778	5,093	5,197	5,452	5,539	5,724	5,430
43 Time deposits	8,755	9,676	15,969	29,583	30,175	31,977	32,551	33,128	34,630	35,009
44 Other[2]	1,048	1,033	537	1,100	1,363	1,416	1,524	1,807	1,896	1,821
45 Banks' custody liabilities[4]	3,751	3,849	4,279	5,528	5,756	5,504	5,908	5,943	6,323	6,056
46 U.S. Treasury bills and certificates	382	474	699	1,615	1,666	1,525	1,810	2,006	2,207	1,983
47 Other negotiable and readily transferable instruments[6]	3,247	3,185	3,268	3,035	3,207	3,070	3,037	2,970	2,909	2,995
48 Other	123	190	312	878	884	908	1,062	968	1,207	1,078
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,984	10,745	10,747	15,029	14,408	14,296	13,367	11,611	11,383	11,603

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments, and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

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

3.17 Continued

Area and country	1979	1980	1981▲	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.p
1 **Total**	**187,521**	**205,297**	**244,043**	**300,811**	**302,776**	**305,320**	**304,779**	**304,653r**	**316,117**	**308,936**
2 **Foreign countries**	**185,164**	**202,953**	**241,321**	**294,776**	**296,311**	**300,723**	**298,168**	**298,683r**	**312,168**	**303,018**
3 Europe	90,952	90,897	91,309	116,015	117,242	117,695	118,764	116,019	116,456	111,279
4 Austria	413	523	596	508	441	512	467	513	604	576
5 Belgium-Luxembourg	2,375	4,019	4,117	2,782	2,499	2,517	2,270	2,295	2,726	2,800
6 Denmark	1,092	497	333	166	221	509	996	1,197	765	849
7 Finland	398	455	296	478	572	748	473	369	408	437
8 France	10,433	12,125	8,486	7,358	7,065	8,169	8,462	7,723	6,780	7,098
9 Germany	12,935	9,973	7,665	5,360	6,093	5,375	5,807	6,227	6,458	3,441
10 Greece	635	670	463	516	496	537	589	595	597	671
11 Italy	7,782	7,572	7,290	5,541	4,779	5,674	4,938	4,514	4,312	5,024
12 Netherlands	2,337	2,441	2,823	3,102	3,100	3,362	3,770	3,196	3,704	3,966
13 Norway	1,267	1,344	1,457	2,026	2,197	1,567	1,476	1,407	1,061	1,566
14 Portugal	557	374	354	356	453	388	398	370	363	346
15 Spain	1,259	1,500	916	1,315	1,301	1,405	1,316	1,524	1,640	1,484
16 Sweden	2,005	1,737	1,545	1,997	1,615	1,380	1,315	1,645	1,379	1,212
17 Switzerland	17,954	16,689	18,720	27,619	27,994	28,999	28,996	30,263r	30,433	29,468
18 Turkey	120	242	518	317	255	296	190	251	254	231
19 United Kingdom	24,700	22,680	28,287	49,009	50,274	48,169	50,339	47,202	47,703	45,007
20 Yugoslavia	266	681	375	390	470	499	470	452	491	504
21 Other Western Europe[1]	4,070	6,939	6,526	6,524	6,889	6,965	6,033	5,898r	6,365	6,137
22 U.S.S.R.	52	68	49	111	45	50	47	41	40	44
23 Other Eastern Europe[2]	302	370	493	541	486	573	412	335	374	416
24 Canada	7,379	10,031	10,250	12,163	11,719	12,217	10,990	13,618	15,159	14,695
25 Latin America and Caribbean	49,686	53,170	85,159	108,687	110,140	112,916	110,576	111,105r	119,895	118,013
26 Argentina	1,582	2,132	2,445	3,482	3,432	3,577	4,833	4,891	4,684	4,603
27 Bahamas	15,255	16,381	34,856	43,123	44,125	44,026	42,911	45,029r	48,832	49,379
28 Bermuda	430	670	765	1,507	1,596	1,572	1,989	1,903	2,124	2,137
29 Brazil	1,005	1,216	1,568	2,020	1,986	2,010	1,916	2,010	1,948	2,477
30 British West Indies	11,138	12,766	17,794	23,068	24,276	26,372	24,630	23,963	27,520	23,882
31 Chile	468	460	664	1,447	1,444	1,626	1,341	1,280	1,084	1,196
32 Colombia	2,617	3,077	2,993	2,407	2,426	2,593	2,384	2,336	1,887	1,825
33 Cuba	13	6	9	7	8	9	10	10	9	12
34 Ecuador	425	371	434	556	519	453	472	499	575	534
35 Guatemala	414	367	479	636	639	670	682	669	675	666
36 Jamaica	76	97	87	118	108	126	115	103	134	107
37 Mexico	4,185	4,547	7,170	8,031	8,047	7,967	7,930	7,380	8,118	8,353
38 Netherlands Antilles	499	413	3,182	3,677	3,518	3,597	3,762	3,474	3,416	3,426
39 Panama	4,483	4,718	4,857	4,770	4,798	4,738	4,923	4,983	5,617	5,428
40 Peru	383	403	694	1,031	959	1,147	1,052	903	927	1,158
41 Uruguay	202	254	367	844	651	759	726	817	818	852
42 Venezuela	4,192	3,170	4,245	8,796	8,315	8,382	7,649	7,671	8,146	8,585
43 Other Latin America and Caribbean	2,318	2,123	2,548	3,166	3,293	3,291	3,251	3,185	3,381	3,394
44 Asia	33,005	42,420	50,005	49,803	48,565	48,679	48,193	49,614r	52,524	50,202
China										
45 Mainland	49	49	158	216	214	203	220	196	208	187
46 Taiwan	1,393	1,662	2,082	2,568	2,769	2,716	3,139	3,515	3,535	3,600
47 Hong Kong	1,672	2,548	3,950	4,957	4,847	4,465	4,542	4,988	5,725	5,119
48 India	527	416	385	439	507	433	514	962	521	669
49 Indonesia	504	730	640	757	534	849	1,156	614	855	1,028
50 Israel	707	883	592	612	705	606	608	515	985	1,775
51 Japan	8,907	16,281	20,750	16,830	15,680	16,098	15,836	16,613	17,022	16,038
52 Korea	993	1,528	2,013	1,927	1,776	1,692	1,473	1,458	1,418	1,175
53 Philippines	795	919	874	736	768	770	680	787	718	712
54 Thailand	277	464	534	365	349	629	482	529	488	528
55 Middle-East oil-exporting countries[3]	15,300	14,453	13,174	14,053	14,396	13,433	12,332	11,672	13,155	11,755
56 Other Asia	1,879	2,487	4,854	6,344	6,020	6,784	7,210	7,764r	7,893	7,616
57 Africa	3,239	5,187	3,180	3,369	3,192	3,070	3,331	3,087	2,910	2,829
58 Egypt	475	485	360	242	373	398	500	416	533	466
59 Morocco	33	33	32	54	66	75	51	51	57	48
60 South Africa	184	288	420	279	564	277	276	317	281	299
61 Zaire	110	57	26	23	22	23	25	31	33	28
62 Oil-exporting countries[4]	1,635	3,540	1,395	1,669	1,250	1,280	1,603	1,333	975	1,071
63 Other Africa	804	783	946	1,103	918	1,016	877	939	1,031	916
64 Other countries	904	1,247	1,419	4,738	5,452	6,146	6,314	5,241	5,224	6,001
65 Australia	684	950	1,223	4,530	5,224	5,904	6,080	5,052	4,933	5,805
66 All other	220	297	196	207	228	243	235	190	291	195
67 Nonmonetary international and regional organizations	2,356	2,344	2,721	6,036	6,465	4,597	6,611	5,969	3,949	5,917
68 International	1,238	1,157	1,661	5,141	5,522	3,705	5,769	5,186	3,182	5,194
69 Latin American regional	806	890	710	573	533	517	527	487	478	494
70 Other regional[5]	313	296	350	322	410	375	316	296	289	229

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."
▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1979	1980	1981▲	1982			1983			
				Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[p]
1 **Total**	**133,943**	**172,592**	**251,082**	**334,783**	**336,551**	**353,733**	**357,333**	**358,695**	**372,551**	**360,138**
2 **Foreign countries**	**133,906**	**172,514**	**251,026**	**334,728**	**336,494**	**353,665**	**357,260**	**358,618**	**372,482**	**360,046**
3 Europe	28,388	32,108	49,067	78,358	79,190	84,005	83,503	84,289	88,028	83,347
4 Austria	284	236	121	173	197	216	232	226	255	307
5 Belgium-Luxembourg	1,339	1,621	2,851	4,965	5,395	5,115	4,730	5,363	5,700	5,348
6 Denmark	147	127	187	396	406	554	609	648	1,134	1,124
7 Finland	202	460	546	813	904	990	984	957	961	844
8 France	3,322	2,958	4,124	6,219	6,627	6,863	7,204	7,367	7,216	7,222
9 Germany	1,179	948	938	1,522	1,756	1,860	1,407	1,740	1,810	1,271
10 Greece	154	256	333	335	373	452	576	632	652	628
11 Italy	1,631	3,364	5,240	7,346	7,708	7,498	7,544	7,005	7,125	7,373
12 Netherlands	514	575	682	1,285	1,122	1,428	1,470	1,356	1,629	1,247
13 Norway	276	227	384	544	650	572	625	587	544	628
14 Portugal	330	331	529	1,018	924	943	843	834	820	797
15 Spain	1,051	993	2,100	3,558	3,643	3,730	3,699	3,223	3,120	3,004
16 Sweden	542	783	1,205	2,799	2,804	3,030	3,113	2,693	2,414	2,289
17 Switzerland	1,165	1,446	2,213	1,636	1,516	1,639	1,568	1,496	1,668	2,362
18 Turkey	149	145	424	603	598	560	527	567	595	608
19 United Kingdom	13,795	14,917	23,654	41,661	40,868	44,754	44,703	45,916	48,671	44,533
20 Yugoslavia	611	853	1,224	1,248	1,261	1,418	1,382	1,399	1,393	1,432
21 Other Western Europe[1]	175	179	209	266	380	378	310	319	322	232
22 U.S.S.R	268	281	377	242	227	263	233	250	310	392
23 Other Eastern Europe[2]	1,254	1,410	1,725	1,728	1,832	1,741	1,745	1,709	1,690	1,706
24 Canada	4,143	4,810	9,164	12,982	12,500	14,216	14,865	15,583	16,477	15,069
25 Latin America and Caribbean	67,993	92,992	138,138	180,564	180,902	187,379	192,024	192,002	198,501	195,728
26 Argentina	4,389	5,689	7,522	11,019	10,816	10,960	11,231	11,431	11,264	11,223
27 Bahamas	18,918	29,419	43,446	51,848	52,207	56,300	58,003	56,654	59,354	57,200
28 Bermuda	496	218	346	602	957	603	582	536	506	385
29 Brazil	7,713	10,496	16,914	22,999	22,978	23,204	23,036	23,377	23,555	23,712
30 British West Indies	9,818	15,663	21,930	28,270	27,370	29,162	32,790	33,376	35,212	34,958
31 Chile	1,441	1,951	3,690	5,276	5,091	5,560	5,229	5,302	5,209	5,130
32 Colombia	1,614	1,752	2,018	2,838	2,895	3,185	3,221	3,159	3,167	3,148
33 Cuba	4	3	3	3	3	3	11	2	2	0
34 Ecuador	1,025	1,190	1,531	2,057	2,101	2,053	2,038	2,054	2,054	2,084
35 Guatemala[3]	134	137	124	111	140	124	129	119	84	77
36 Jamaica[3]	47	36	62	151	218	181	206	197	216	196
37 Mexico	9,099	12,595	22,409	29,422	29,558	29,449	29,422	30,234	31,251	31,709
38 Netherlands Antilles	248	821	1,076	685	731	814	815	906	970	1,037
39 Panama	6,041	4,974	6,779	10,286	10,516	10,133	10,040	9,296	9,797	8,951
40 Peru	652	890	1,218	2,244	2,252	2,332	2,299	2,273	2,301	2,329
41 Uruguay	105	137	157	572	609	681	687	684	707	859
42 Venezuela	4,657	5,438	7,069	9,925	10,250	10,682	10,225	10,283	10,615	10,537
43 Other Latin America and Caribbean	1,593	1,583	1,844	2,257	2,211	1,953	2,057	2,117	2,236	2,193
44 Asia	30,730	39,078	49,780	55,723	56,671	60,629	59,032	58,966	61,476	57,738
China										
45 Mainland	35	195	107	139	194	210	198	195	195	238
46 Taiwan	1,821	2,469	2,461	2,020	2,255	2,285	2,223	1,975	1,860	1,786
47 Hong Kong	1,804	2,247	4,126	5,976	6,201	7,705	7,081	7,112	7,656	7,482
48 India	92	142	123	254	258	222	230	200	160	163
49 Indonesia	131	245	351	315	314	342	370	429	505	535
50 Israel	990	1,172	1,562	1,748	1,895	2,043	1,835	1,732	1,744	2,035
51 Japan	16,911	21,361	26,762	26,722	25,952	27,199	26,741	26,845	28,545	24,943
52 Korea	3,793	5,697	7,324	7,790	8,536	9,389	9,052	9,183	9,170	8,891
53 Philippines	737	989	1,817	2,560	2,467	2,555	2,444	2,599	2,628	2,627
54 Thailand	933	876	564	442	501	643	649	651	625	737
55 Middle East oil-exporting countries[4]	1,548	1,432	1,575	2,848	3,176	3,087	3,428	3,403	3,829	3,926
56 Other Asia	1,934	2,252	3,009	4,910	4,923	4,948	4,781	4,643	4,557	4,374
57 Africa	1,797	2,377	3,503	5,017	5,274	5,350	5,608	5,504	5,483	5,689
58 Egypt	114	151	238	365	349	322	310	277	309	291
59 Morocco	103	223	284	367	384	347	342	359	375	382
60 South Africa	445	370	1,011	1,744	1,832	2,013	2,061	2,193	2,185	2,119
61 Zaire	144	94	112	61	58	57	57	54	52	104
62 Oil-exporting countries[5]	391	805	657	764	903	803	914	841	844	750
63 Other	600	734	1,201	1,717	1,747	1,807	1,924	1,781	1,717	2,041
64 Other countries	855	1,150	1,376	2,083	1,957	2,086	2,228	2,274	2,519	2,475
65 Australia	673	859	1,203	1,713	1,528	1,713	1,714	1,696	1,953	1,889
66 All other	182	290	172	370	429	373	514	578	566	586
67 Nonmonetary international and regional organizations[6]	36	78	56	56	57	68	73	77	69	92

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

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

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1979	1980	1981▲	1982			1983			
				Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[p]
1 **Total**	**154,030**	**198,698**	**287,051**	....	....	**393,642**	....	....	**410,602**	....
2 Banks' own claims on foreigners	133,943	172,592	251,082	334,783	336,551	353,733	357,333	358,695	372,551	360,138
3 Foreign public borrowers	15,937	20,882	31,302	42,429	42,296	44,601	44,360	45,423	46,938	47,512
4 Own foreign offices[1]	47,428	65,084	96,647	117,329	118,060	127,275	133,589	134,460	143,684	135,425
5 Unaffiliated foreign banks	40,927	50,168	74,134	114,464	115,123	119,327	116,434	117,731	121,008	116,633
6 Deposits	6,274	8,254	23,012	42,165	41,227	43,012	42,160	44,133	48,626	44,257
7 Other	34,654	41,914	51,123	72,299	73,896	76,315	74,274	73,598	72,382	72,376
8 All other foreigners	29,650	36,459	48,999	60,561	61,073	62,530	62,950	61,081	60,921	60,568
9 Claims of banks' domestic customers[2]	20,088	26,106	35,968	....	....	39,909	....	....	38,051	....
10 Deposits	955	885	1,378	....	....	2,226	....	....	1,939	....
11 Negotiable and readily transferable instruments[3]	13,100	15,574	26,352	....	....	30,627	....	....	29,230	....
12 Outstanding collections and other claims	6,032	9,648	8,238	....	....	7,056	....	....	6,882	....
13 MEMO: Customer liability on acceptances	18,021	22,714	29,517	....	....	38,391	....	....	35,311	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	22,333	24,468	39,862	45,717	46,884	40,967	38,263	38,608	37,614	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

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

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1979	1980	1981▲	1982			1983
				June	Sept.	Dec.	Mar.[p]
1 **Total**	**86,181**	**106,748**	**153,879**	**200,596**	**213,223**	**225,853**	**226,429**
By borrower							
2 Maturity of 1 year or less[1]	65,152	82,555	115,849	151,698	161,686	171,852	171,000
3 Foreign public borrowers	7,233	9,974	15,099	19,367	20,057	20,999	21,597
4 All other foreigners	57,919	72,581	100,750	132,331	141,629	150,852	149,404
5 Maturity of over 1 year[1]	21,030	24,193	38,030	48,898	51,537	54,001	55,429
6 Foreign public borrowers	8,371	10,152	15,650	20,057	21,925	22,883	24,553
7 All other foreigners	12,659	14,041	22,380	28,841	29,612	31,118	30,875
By area							
Maturity of 1 year or less[1]							
8 Europe	15,235	18,715	27,914	39,064	44,880	49,232	52,859
9 Canada	1,777	2,723	4,634	6,594	7,039	7,554	6,794
10 Latin America and Caribbean	24,928	32,034	48,489	68,046	71,686	72,922	73,588
11 Asia	21,641	26,686	31,413	33,518	33,297	37,226	32,538
12 Africa	1,077	1,757	2,457	3,259	3,621	3,692	3,862
13 All other[2]	493	640	943	1,217	1,163	1,225	1,359
Maturity of over 1 year[1]							
14 Europe	4,160	5,118	8,094	9,244	10,510	11,559	11,924
15 Canada	1,317	1,448	1,774	2,340	1,955	1,923	1,924
16 Latin America and Caribbean	12,814	15,075	25,089	32,919	34,020	35,121	35,574
17 Asia	1,911	1,865	1,907	2,479	3,088	3,168	3,531
18 Africa	655	507	899	1,295	1,328	1,491	1,480
19 All other[2]	173	179	267	622	635	740	995

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

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

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

Billions of dollars, end of period

Area or country	1979	1980	1981				1982r				1983
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.p
1 **Total**	**303.9**	**352.0**	**372.1**	**382.9**	**399.8**	**414.4**	**417.7**	**432.6**	**434.5**	**436.3**	**433.6**
2 G-10 countries and Switzerland	138.4	162.1	168.5	168.3	172.2	175.2	173.7	175.0	173.6	177.3	178.1
3 Belgium-Luxembourg	11.1	13.0	13.6	13.8	14.1	13.3	13.2	14.1	13.6	13.0	13.5
4 France	11.7	14.1	14.5	14.7	16.0	15.3	15.9	16.4	15.7	16.7	16.5
5 Germany	12.2	12.1	13.3	12.1	12.7	12.9	12.5	12.7	12.2	12.6	12.9
6 Italy	6.4	8.2	7.7	8.4	8.6	9.6	9.0	9.0	9.7	10.3	10.2
7 Netherlands	4.8	4.4	4.6	4.2	3.7	4.0	4.0	4.1	3.8	3.6	4.3
8 Sweden	2.4	2.9	3.2	3.1	3.4	3.7	4.0	4.0	4.7	5.0	4.2
9 Switzerland	4.7	5.0	5.1	5.2	5.1	5.5	5.3	5.1	5.0	5.0	4.6
10 United Kingdom	56.4	67.4	68.5	67.0	68.8	69.9	69.8	68.5	69.0	71.0	72.0
11 Canada	6.3	8.4	8.9	10.8	11.8	10.9	11.6	11.3	10.8	11.0	10.7
12 Japan	22.4	26.5	29.1	28.9	28.0	30.1	28.4	29.8	29.0	29.0	29.2
13 Other developed countries	19.9	21.6	23.5	24.8	26.4	28.4	30.6	32.1	32.6	33.6	33.8
14 Austria	2.0	1.9	1.8	2.1	2.2	1.9	2.1	2.1	2.0	1.9	2.1
15 Denmark	2.2	2.3	2.4	2.3	2.5	2.3	2.5	2.6	2.5	2.4	3.3
16 Finland	1.2	1.4	1.4	1.3	1.4	1.7	1.6	1.6	1.8	2.2	2.1
17 Greece	2.4	2.8	2.7	3.0	2.9	2.8	2.8	2.6	2.5	2.9	2.8
18 Norway	2.3	2.6	2.8	2.8	3.0	3.1	3.2	3.2	3.4	3.3	3.3
19 Portugal	.7	.6	.6	.8	1.0	1.1	1.2	1.5	1.6	1.5	1.4
20 Spain	3.5	4.4	5.5	5.7	5.8	6.7	7.2	7.3	7.7	7.5	7.0
21 Turkey	1.4	1.5	1.5	1.4	1.5	1.4	1.6	1.5	1.5	1.4	1.5
22 Other Western Europe	1.4	1.7	1.8	1.8	1.9	2.1	2.2	2.2	2.1	2.3	2.2
23 South Africa	1.3	1.1	1.5	1.9	2.5	2.8	3.3	3.5	3.6	3.7	3.6
24 Australia	1.3	1.3	1.5	1.7	1.9	2.5	3.0	4.0	4.0	4.4	4.6
25 OPEC countries[2]	22.9	22.7	21.7	22.2	23.5	24.5	25.1	26.1	27.0	27.4	28.4
26 Ecuador	1.7	2.1	2.0	2.0	2.1	2.2	2.3	2.4	2.3	2.2	2.2
27 Venezuela	8.7	9.1	8.3	8.8	9.2	9.7	9.7	9.8	10.1	10.6	10.3
28 Indonesia	1.9	1.8	2.1	2.1	2.5	2.5	2.7	2.8	2.9	3.2	3.5
29 Middle East countries	8.0	6.9	6.7	6.8	7.1	7.5	8.2	8.7	9.0	8.7	9.3
30 African countries	2.6	2.8	2.6	2.6	2.6	2.5	2.2	2.5	2.7	2.8	3.1
31 Non-OPEC developing countries	63.0	77.4	82.2	84.8	90.2	96.2	97.5	103.6	103.9	106.7	107.0
Latin America											
32 Argentina	5.0	7.9	9.5	8.5	9.3	9.4	9.9	9.7	9.2	8.9	9.0
33 Brazil	15.2	16.2	17.0	17.5	17.7	19.1	19.7	21.3	22.4	22.8	22.9
34 Chile	2.5	3.7	4.0	4.8	5.5	5.8	6.0	6.4	6.2	6.3	6.0
35 Colombia	2.2	2.6	2.4	2.5	2.5	2.6	2.3	2.6	2.8	3.0	3.0
36 Mexico	12.0	15.9	17.0	18.2	20.0	21.6	22.9	25.1	24.9	24.4	24.6
37 Peru	1.5	1.8	1.8	1.7	1.8	2.0	1.9	2.5	2.6	2.6	2.4
38 Other Latin America	3.7	3.9	4.7	3.8	4.2	4.1	4.1	4.0	4.3	4.0	4.3
Asia											
China											
39 Mainland	.1	.2	.2	.2	.2	.2	.2	.3	.2	.2	.2
40 Taiwan	3.4	4.2	4.4	4.6	5.1	5.1	5.1	5.0	4.9	5.3	5.1
41 India	.2	.3	.3	.3	.3	.3	.5	.5	.5	.6	.4
42 Israel	1.3	1.5	1.3	1.8	1.5	2.1	1.7	2.2	1.9	2.3	2.0
43 Korea (South)	5.4	7.1	7.7	8.8	8.6	9.4	8.6	8.9	9.3	10.8	10.8
44 Malaysia	1.0	1.1	1.2	1.4	1.4	1.7	1.7	1.9	1.8	2.1	2.5
45 Philippines	4.2	5.1	4.8	5.1	5.6	6.0	5.9	6.3	6.0	6.2	6.6
46 Thailand	1.5	1.6	1.6	1.5	1.4	1.5	1.4	1.3	1.3	1.6	1.6
47 Other Asia	.5	.6	.5	.7	.8	1.0	1.2	1.1	1.3	1.1	1.3
Africa											
48 Egypt	.6	.8	.8	.7	1.0	1.1	1.3	1.3	1.3	1.2	1.1
49 Morocco	.6	.7	.6	.5	.7	.7	.7	.7	.8	.7	.8
50 Zaire	.2	.2	.2	.2	.2	.2	.2	.2	.1	.1	.1
51 Other Africa[3]	1.7	2.1	2.2	2.1	2.2	2.3	2.3	2.3	2.2	2.4	2.3
52 Eastern Europe	7.3	7.4	7.7	7.7	7.7	7.8	7.2	6.7	6.3	6.2	6.1
53 U.S.S.R.	.7	.4	.4	.5	.4	.6	.4	.4	.3	.3	.3
54 Yugoslavia	1.8	2.3	2.4	2.5	2.5	2.5	2.5	2.4	2.2	2.2	2.5
55 Other	4.8	4.6	4.8	4.8	4.7	4.7	4.3	3.9	3.8	3.7	3.3
56 Offshore banking centers	40.4	47.0	53.7	59.3	61.7	63.5	65.3	71.1	71.0	67.5	64.5
57 Bahamas	13.7	13.7	15.5	17.9	21.3	18.9	19.9	23.6	20.8	18.6	16.8
58 Bermuda	.8	.6	.7	.7	.8	.7	.7	.7	.8	.9	1.0
59 Cayman Islands and other British West Indies	9.4	10.6	11.9	12.6	12.1	12.4	12.0	12.2	13.4	13.2	11.5
60 Netherlands Antilles	1.2	2.1	2.3	2.4	2.2	3.2	3.2	3.0	3.3	3.3	3.2
61 Panama[4]	4.3	5.4	6.5	6.9	6.7	7.6	7.1	7.3	8.0	7.5	6.8
62 Lebanon	.2	.2	.2	.2	.2	.2	.2	.2	.1	.1	.1
63 Hong Kong	6.0	8.1	8.4	10.3	10.3	11.8	12.9	14.3	14.9	14.8	14.8
64 Singapore	4.5	5.9	7.3	8.1	8.0	8.7	9.3	9.8	9.8	9.1	10.3
65 Others[5]	.4	.3	.9	.3	.1	.1	.1	.1	.0	.0	.0
66 Miscellaneous and unallocated[6]	11.7	14.0	14.9	15.7	18.2	18.8	18.3	18.2	20.1	17.6	16.2

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. In addition to the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1979	1980	1981	1981		1982			
					Sept.	Dec.	Mar.	June	Sept.	Dec.p
1	**Total**	**17,433**	**22,226**	**22,480**	**23,608**	**22,480**	**22,393**	**20,965**	**21,440**	**21,795**
2	Payable in dollars	14,323	18,481	18,758	20,377	18,758	19,623	18,182	18,324	18,696
3	Payable in foreign currencies	3,110	3,745	3,722	3,230	3,722	2,770	2,783	3,116	3,099
	By type									
4	Financial liabilities	7,523	11,330	12,117	13,084	12,117	12,599	10,028	10,707	10,253
5	Payable in dollars	5,223	8,528	9,446	10,688	9,446	10,627	8,066	8,399	8,178
6	Payable in foreign currencies	2,300	2,802	2,671	2,396	2,671	1,972	1,961	2,308	2,075
7	Commercial liabilities	9,910	10,896	10,363	10,524	10,363	9,794	10,937	10,733	11,542
8	Trade payables	4,591	4,993	4,720	4,430	4,720	4,022	5,027	4,527	4,471
9	Advance receipts and other liabilities	5,320	5,903	5,643	6,094	5,643	5,773	5,910	6,206	7,071
10	Payable in dollars	9,100	9,953	9,312	9,689	9,312	8,996	10,115	9,925	10,518
11	Payable in foreign currencies	811	943	1,052	835	1,052	798	822	808	1,024
	By area or country									
	Financial liabilities									
12	Europe	4,665	6,481	6,819	7,968	6,819	7,883	5,947	6,389	6,152
13	Belgium-Luxembourg	338	479	471	507	471	605	518	494	502
14	France	175	327	709	929	709	924	581	672	635
15	Germany	497	582	491	430	491	503	439	446	422
16	Netherlands	829	681	748	664	748	755	517	759	702
17	Switzerland	170	354	715	465	715	707	661	670	653
18	United Kingdom	2,477	3,923	3,559	4,800	3,559	4,282	3,084	3,212	3,061
19	Canada	532	964	958	977	958	914	758	702	685
20	Latin America and Caribbean	1,514	3,136	3,356	3,293	3,356	3,333	2,805	2,969	2,683
21	Bahamas	404	964	1,279	1,019	1,279	1,095	1,003	933	866
22	Bermuda	81	1	7	6	7	6	7	14	23
23	Brazil	18	23	22	20	22	27	24	28	28
24	British West Indies	516	1,452	1,241	1,398	1,241	1,469	1,044	981	992
25	Mexico	121	99	102	107	102	67	83	85	121
26	Venezuela	72	81	98	90	98	97	100	104	114
27	Asia	804	723	957	814	957	455	502	631	718
28	Japan	726	644	792	696	792	293	340	424	527
29	Middle East oil-exporting countries[2]	31	38	75	51	75	63	66	67	70
30	Africa	4	11	3	3	3	2	3	3	4
31	Oil-exporting countries[3]	1	1	0	1	0	0	0	0	0
32	All other[4]	4	15	24	29	24	12	11	13	12
	Commercial liabilities									
33	Europe	3,709	4,402	3,771	3,963	3,771	3,422	3,742	3,861	3,578
34	Belgium-Luxembourg	137	90	71	79	71	50	47	50	50
35	France	467	582	573	575	573	504	700	759	602
36	Germany	545	679	545	590	545	473	457	436	464
37	Netherlands	227	219	221	239	221	232	248	281	340
38	Switzerland	316	499	424	569	424	400	412	358	335
39	United Kingdom	1,080	1,209	880	925	880	824	850	904	802
40	Canada	924	888	897	853	897	884	1,116	1,188	1,482
41	Latin America and Caribbean	1,325	1,300	1,044	1,137	1,044	817	1,418	1,220	1,127
42	Bahamas	69	8	2	3	2	22	20	6	16
43	Bermuda	32	75	67	113	67	71	102	48	89
44	Brazil	203	111	67	61	67	83	62	128	65
45	British West Indies	21	35	2	11	2	27	2	3	32
46	Mexico	257	367	340	392	340	210	727	484	475
47	Venezuela	301	319	276	273	276	194	219	269	157
48	Asia	2,991	3,034	3,285	3,221	3,285	3,404	3,298	3,207	3,966
49	Japan	583	802	1,094	775	1,094	1,090	1,064	1,134	1,028
50	Middle East oil-exporting countries[2]	1,014	890	910	881	910	998	958	821	1,538
51	Africa	728	817	703	757	703	664	732	663	736
52	Oil-exporting countries[3]	384	517	344	355	344	247	340	248	284
53	All other[4]	233	456	664	593	664	604	630	595	653

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1979	1980	1981	1981		1982			
					Sept.	Dec.	Mar.	June	Sept.	Dec.^{p}
1	**Total**	**31,299**	**34,482**	**35,672**	**34,170**	**35,672**	**30,203**	**30,483**	**29,488**	**27,153**
2	Payable in dollars	28,096	31,528	32,071	31,161	32,071	27,564	27,983	26,835	24,545
3	Payable in foreign currencies	3,203	2,955	3,601	3,010	3,601	2,639	2,500	2,653	2,608
	By type									
4	Financial claims	18,398	19,763	20,742	19,171	20,742	17,748	18,360	17,714	16,432
5	Deposits	12,858	14,166	14,688	13,611	14,688	12,730	13,603	12,608	11,918
6	Payable in dollars	11,936	13,381	14,057	12,876	14,057	12,267	13,229	12,194	11,552
7	Payable in foreign currencies	923	785	631	734	631	463	374	413	366
8	Other financial claims	5,540	5,597	6,054	5,561	6,054	5,018	4,757	5,106	4,514
9	Payable in dollars	3,714	3,914	3,600	3,867	3,600	3,362	3,189	3,419	2,833
10	Payable in foreign currencies	1,826	1,683	2,454	1,694	2,454	1,656	1,568	1,687	1,681
11	Commercial claims	12,901	14,720	14,930	14,999	14,930	12,455	12,122	11,774	10,721
12	Trade receivables	12,185	13,960	13,965	14,062	13,965	11,493	11,069	10,709	9,752
13	Advance payments and other claims	716	759	965	937	965	962	1,053	1,065	969
14	Payable in dollars	12,447	14,233	14,414	14,417	14,414	11,935	11,565	11,222	10,160
15	Payable in foreign currencies	454	487	516	582	516	520	557	552	561
	By area or country									
	Financial claims									
16	Europe	6,179	6,069	4,515	4,515	4,515	4,506	4,661	4,728	4,524
17	Belgium-Luxembourg	32	145	43	43	43	16	13	16	10
18	France	177	298	285	285	285	375	313	305	129
19	Germany	409	230	224	224	224	197	148	174	168
20	Netherlands	53	51	50	50	50	79	56	52	30
21	Switzerland	73	54	57	43	57	53	63	60	84
22	United Kingdom	5,099	4,987	3,525	3,525	3,525	3,549	3,795	3,749	3,839
23	Canada	5,003	5,036	6,628	6,040	6,628	4,942	4,365	4,322	4,199
24	Latin America and Caribbean	6,312	7,811	8,615	7,762	8,615	7,432	8,312	7,630	6,783
25	Bahamas	2,773	3,477	3,925	3,284	3,925	3,537	3,845	3,366	3,137
26	Bermuda	30	135	18	15	18	27	42	19	13
27	Brazil	163	96	30	66	30	49	76	76	60
28	British West Indies	2,011	2,755	3,503	3,315	3,503	2,797	3,504	3,171	2,656
29	Mexico	157	208	313	283	313	281	274	268	274
30	Venezuela	143	137	148	143	148	130	134	133	139
31	Asia	601	607	762	501	762	670	800	825	736
32	Japan	199	189	366	113	366	257	327	247	191
33	Middle East oil-exporting countries[2]	16	20	37	29	37	36	33	30	15
34	Africa	258	208	173	169	173	164	156	165	158
35	Oil-exporting countries[3]	49	26	46	41	46	43	41	50	48
36	All other[4]	44	32	48	116	48	34	66	44	31
	Commercial claims									
37	Europe	4,922	5,544	5,359	5,378	5,359	4,381	4,273	4,164	3,658
38	Belgium-Luxembourg	202	233	234	220	234	246	211	178	152
39	France	727	1,129	776	767	776	698	636	646	465
40	Germany	593	599	557	582	557	452	392	427	341
41	Netherlands	298	318	303	308	303	227	297	278	364
42	Switzerland	272	354	427	404	427	354	384	258	328
43	United Kingdom	901	929	969	1,034	969	1,062	905	1,035	765
44	Canada	859	914	967	1,017	967	943	713	666	635
45	Latin America and Caribbean	2,879	3,766	3,479	3,734	3,479	2,925	2,787	2,772	2,376
46	Bahamas	21	21	12	18	12	80	30	19	21
47	Bermuda	197	108	223	241	223	212	225	154	259
48	Brazil	645	861	668	726	668	417	423	481	252
49	British West Indies	16	34	12	13	12	23	10	7	9
50	Mexico	708	1,102	1,022	985	1,022	762	750	869	672
51	Venezuela	343	410	424	456	424	396	383	373	342
52	Asia	3,451	3,522	3,914	3,700	3,914	3,155	3,323	3,086	3,104
53	Japan	1,177	1,052	1,244	1,129	1,244	1,160	1,213	968	1,157
54	Middle East oil-exporting countries[2]	765	825	901	829	901	757	806	775	710
55	Africa	551	653	750	717	750	587	614	638	535
56	Oil-exporting countries[3]	130	153	152	154	152	143	138	148	133
57	All other[4]	240	321	461	453	461	463	413	448	413

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1981	1982	1983 Jan.–Apr.	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.p
					U.S. corporate securities					
STOCKS										
1 Foreign purchases	40,686	41,902	23,460	5,967	5,581	5,839	5,141	5,310	7,083	5,926
2 Foreign sales	34,856	37,948	20,195	5,675	5,245	4,868	4,376	4,349	6,155	5,316
3 **Net purchases, or sales (−)**	**5,830**	**3,954**	**3,265**	**292**	**336**	**971**	**765**	**961**	**928**	**611**
4 **Foreign countries**	**5,803**	**3,869**	**3,156**	**282**	**325**	**946**	**755**	**940**	**902**	**559**
5 Europe	3,662	2,596	3,105	175	69	672	586	890	976	653
6 France	900	−143	136	−30	−8	43	47	52	8	29
7 Germany	−22	333	670	47	26	138	84	137	226	222
8 Netherlands	42	−60	46	−102	−24	25	2	8	41	−5
9 Switzerland	288	−529	815	−118	−208	226	211	223	102	278
10 United Kingdom	2,235	3,129	1,363	435	317	242	183	442	576	162
11 Canada	783	221	420	5	72	154	90	61	147	122
12 Latin America and Caribbean	−30	304	171	142	54	39	−5	83	−23	116
13 Middle East[1]	1,140	368	−417	−98	9	−153	−57	−13	−57	−290
14 Other Asia	287	246	−227	22	112	210	118	−91	−210	−45
15 Africa	7	2	25	0	2	3	6	4	8	8
16 Other countries	−46	131	80	35	7	22	18	6	60	−4
17 **Nonmonetary international and regional organizations**	**27**	**85**	**108**	**10**	**11**	**25**	**10**	**21**	**26**	**52**
BONDS[2]										
18 Foreign purchases	17,304	21,631	8,508	2,778	2,099	2,099	1,933	1,885	2,312	2,378
19 Foreign sales	12,252	20,480	8,620	2,961	2,280	2,457	2,278	1,877	2,448	2,018
20 **Net purchases, or sales (−)**	**5,052**	**1,151**	**−113**	**−183**	**−181**	**−358**	**−345**	**8**	**−136**	**360**
21 **Foreign countries**	**4,991**	**1,179**	**−88**	**−223**	**−190**	**−348**	**−343**	**33**	**−153**	**374**
22 Europe	1,371	1,848	−247	408	−236	−158	−189	−148	−266	356
23 France	11	295	−38	−17	24	146	−21	−2	−22	7
24 Germany	848	2,116	43	187	11	43	−96	−35	127	47
25 Netherlands	70	28	19	−2	−4	−1	16	0	3	1
26 Switzerland	108	161	318	−4	−13	44	29	62	−2	229
27 United Kingdom	196	−903	−404	225	−327	−461	−105	−90	−182	−27
28 Canada	−12	25	28	−152	10	−2	11	15	21	−18
29 Latin America and Caribbean	132	160	33	−15	28	−6	23	11	1	−2
30 Middle East[1]	3,465	−821	−128	−435	−20	−177	−211	86	32	−35
31 Other Asia	44	−23	211	−30	28	−5	23	72	59	57
32 Africa	−1	−19	−6	0	0	0	0	−1	0	−5
33 Other countries	−7	7	20	0	0	−1	0	0	0	21
34 **Nonmonetary international and regional organizations**	**61**	**−28**	**−25**	**41**	**10**	**−10**	**−2**	**−25**	**17**	**−14**
					Foreign securities					
35 Stocks, net purchases, or sales (−)	−247	−1,340	−1,541	−308	−740	−272	−320	−226	−447	−548
36 Foreign purchases	9,339	7,170	4,232	706	772	927	1,032	1,042	1,187	971
37 Foreign sales	9,586	8,511	5,773	1,014	1,512	1,199	1,352	1,268	1,634	1,519
38 Bonds, net purchases, or sales (−)	−5,460	−6,610	−1,459	−1,331	−458	−417	22	−278	−556	−646
39 Foreign purchases	17,553	29,900	11,609	3,058	2,953	2,962	2,881	3,526	2,772	2,430
40 Foreign sales	23,013	36,510	13,068	4,389	3,411	3,379	2,859	3,804	3,328	3,076
41 **Net purchases, or sales (−), of stocks and bonds**	**−5,707**	**−7,950**	**−3,000**	**−1,639**	**−1,199**	**−689**	**−298**	**−504**	**−1,003**	**−1,194**
42 **Foreign countries**	**−4,694**	**−6,778**	**−3,031**	**−1,247**	**−1,168**	**−736**	**−272**	**−817**	**−714**	**−1,227**
43 Europe	−728	−2,436	−2,284	−517	−572	−555	−307	−687	−604	−686
44 Canada	−3,697	−2,364	−894	−181	−7	−29	−20	−449	13	−438
45 Latin America and Caribbean	69	246	666	−268	−62	29	258	345	−24	87
46 Asia	−367	−1,851	−597	−283	−536	−195	−192	−37	−146	−221
47 Africa	−55	−9	58	0	4	4	−9	21	30	16
48 Other countries	84	−364	20	3	5	10	−2	−10	16	16
49 **Nonmonetary international and regional organizations**	**−1,012**	**−1,172**	**31**	**−392**	**−31**	**47**	**−26**	**312**	**−289**	**33**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

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

Millions of dollars

Country or area	1981	1982	1983 Jan.–Apr.	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.p
	Holdings (end of period)[1]									
1 **Estimated total**[2]	**70,249**	**85,169**	....	**83,860**	**84,667**	**85,169**	**85,458**	**86,057**	**88,675**	**87,511**
2 Foreign countries[2]	64,565	80,586	....	79,166	79,447	80,586	80,854	82,098	83,046	84,025
3 Europe[2]	24,012	29,274	....	29,071	29,447	29,274	29,855	31,039	32,364	33,496
4 Belgium-Luxembourg	543	447	....	834	448	447	716	−87	−332	−107
5 Germany[2]	11,861	14,841	....	14,493	14,704	14,841	15,151	16,650	17,560	17,791
6 Netherlands	1,991	2,754	....	2,356	2,473	2,754	2,839	3,011	3,194	3,228
7 Sweden	643	667	....	655	687	667	668	681	656	656
8 Switzerland[2]	846	1,540	....	1,266	1,532	1,540	1,013	1,039	1,044	1,063
9 United Kingdom	6,709	6,549	....	7,237	7,099	6,549	6,721	6,941	7,478	7,736
10 Other Western Europe	1,419	2,476	....	2,230	2,505	2,476	2,748	2,804	2,764	3,130
11 Eastern Europe	0	0	....	0	0	0	0	0	0	0
12 Canada	514	602	....	482	552	602	649	639	724	696
13 Latin America and Caribbean	736	1,076	....	1,086	1,231	1,076	1,067	1,050	951	932
14 Venezuela	286	188	....	204	172	188	190	74	77	72
15 Other Latin America and Caribbean	319	656	....	657	759	656	720	792	690	676
16 Netherlands Antilles	131	232	....	225	300	232	156	185	184	184
17 Asia	38,671	49,502	....	48,288	48,079	49,502	49,146	49,256	48,897	48,782
18 Japan	10,780	11,578	....	11,396	11,314	11,578	11,655	11,707	11,736	11,850
19 Africa	631	77	....	178	77	77	77	80	80	80
20 All other	2	55	....	61	62	55	60	34	31	39
21 Nonmonetary international and regional organizations	5,684	4,583	....	4,694	5,220	4,583	4,604	3,959	5,629	3,486
22 International	5,638	4,186	....	4,417	4,939	4,186	4,165	3,405	4,966	2,969
23 Latin American regional	1	6	....	−4	−4	6	6	6	6	6
	Transactions (net purchases, or sales (−) during period)									
24 **Total**[2]	**12,700**	**14,920**	**2,342**	**1,703**	**808**	**502**	**289**	**599**	**2,618**	**−1,163**
25 Foreign countries[2]	11,604	16,021	3,439	792	281	1,139	268	1,245	948	979
26 Official institutions	11,730	14,529	2,843	641	231	1,866	20	1,567	947	308
27 Other foreign[2]	−127	1,487	596	151	50	−727	248	−323	1	670
28 Nonmonetary international and regional organizations	1,096	−1,096	−1,096	910	527	−637	21	−645	1,670	−2,142
MEMO: Oil-exporting countries										
29 Middle East[3]	11,156	7,534	−917	209	−320	303	121	−233	−691	−115
30 Africa[4]	−289	−552	0	0	−100	0	0	0	0	0

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on May 31, 1983 Percent	Rate on May 31, 1983 Month effective	Country	Rate on May 31, 1983 Percent	Rate on May 31, 1983 Month effective	Country	Rate on May 31, 1983 Percent	Rate on May 31, 1983 Month effective
Austria	3.75	Mar. 1983	France[1]	12.5	Feb. 1983	Norway	9.0	Nov. 1979
Belgium	9.5	May 1983	Germany, Fed. Rep. of	4.0	Mar. 1983	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	17.0	Apr. 1983	United Kingdom[2]	....	....
Canada	9.38	May 1983	Japan	5.5	Dec. 1981	Venezuela	13.0	Sept. 1982
Denmark	7.5	Apr. 1983	Netherlands	4.5	May 1983			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.

NOTE. *Rates shown are mainly those at which the central bank either discounts* or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1980	1981	1982	1982		1983				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Eurodollars	14.00	16.79	12.24	9.77	9.47	8.97	9.14	9.25	9.23	8.96
2 United Kingdom	16.59	13.86	12.21	9.30	10.55	11.04	11.29	10.92	10.21	10.18
3 Canada	13.12	18.84	14.38	11.08	10.56	9.87	9.69	9.36	9.39	9.30
4 Germany	9.45	12.05	8.81	7.24	6.54	5.78	5.79	5.40	5.16	5.27
5 Switzerland	5.79	9.15	5.04	3.76	3.71	2.78	2.95	3.64	4.20	4.48
6 Netherlands	10.60	11.52	8.26	6.36	5.66	4.97	4.82	4.34	5.19	5.65
7 France	12.18	15.28	14.61	12.98	12.70	12.55	12.88	12.64	12.12	12.51
8 Italy	17.50	19.98	19.99	19.05	19.20	18.95	19.04	19.19	18.20	17.75
9 Belgium	14.06	15.28	14.10	12.50	12.25	12.25	12.25	13.32	11.05	10.04
10 Japan	11.45	7.58	6.84	6.98	6.96	6.47	6.64	6.78	6.69	6.64

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

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1980	1981	1982	1982	1983				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Argentina/peso	n.a.	n.a.	20985.00	43883.91	48916.66	50239.47	62386.95	66868.56	71100.94
2 Australia/dollar[1]	114.00	114.95	101.65	96.82	98.26	96.62	88.39	86.76	87.85
3 Austria/schilling	12.945	15.948	17.060	16.994	16.783	17.076	16.940	17.176	17.368
4 Belgium/franc	29.237	37.194	45.780	47.493	46.888	47.739	47.519	48.577	49.239
5 Brazil/cruzeiro	n.a.	92.374	179.22	244.63	262.30	309.01	401.30	434.77	465.65
6 Canada/dollar	1.1693	1.1990	1.2344	1.2385	1.2287	1.2277	1.2263	1.2325	1.2292
7 Chile/peso	n.a.	n.a.	51.118	72.630	74.257	76.863	76.378	76.028	75.405
8 China, P.R./yuan	n.a.	1.7031	1.8978	1.9445	1.9238	1.9653	1.9834	1.9938	1.9895
9 Colombia/peso	n.a.	n.a.	64.071	69.526	70.762	71.751	73.179	74.751	76.153
10 Denmark/krone	5.6345	7.1350	8.3443	8.5275	8.4171	8.5811	8.6223	8.6663	8.8003
11 Finland/markka	3.7206	4.3128	4.8086	5.3425	5.3120	5.3907	5.4266	5.4342	5.4361
12 France/franc	4.2250	5.4396	6.5793	6.8548	6.7725	6.8855	7.0204	7.3148	7.4163
13 Germany/deutsche mark	1.8175	2.2631	2.428	2.4193	2.3893	2.4280	2.4110	2.4397	2.4665
14 Greece/drachma	n.a.	n.a.	66.872	70.788	80.761	83.621	83.897	84.037	84.105
15 Hong Kong/dollar	n.a.	5.5678	6.0697	6.5417	6.5252	6.6060	6.6536	6.7868	6.9667
16 India/rupee	7.8866	8.6807	9.4846	9.6926	9.7938	9.9184	9.9652	9.9824	9.9895
17 Indonesia/rupiah	n.a.	n.a.	660.43	687.95	694.62	700.01	714.72	970.81	968.83
18 Iran/rial	n.a.	79.324	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
19 Ireland/pound[1]	205.77	161.32	142.05	137.69	139.16	136.81	134.79	129.53	128.11
20 Israel/shekel	n.a.	n.a.	24.407	32.966	34.863	36.986	38.867	40.951	43.427
21 Italy/lira	856.20	1138.60	1354.00	1398.74	1374.71	1399.78	1429.72	1451.88	1467.76
22 Japan/yen	226.63	220.63	249.06	241.94	232.73	236.12	238.25	237.75	234.76
23 Malaysia/ringgit	2.1767	2.3048	2.3395	2.3529	2.2822	2.2757	2.2898	2.3063	2.3009
24 Mexico/peso	22.968	24.547	72.990	147.35	150.75	157.81	161.78	153.77	150.27
25 Netherlands/guilder	1.9875	2.4998	2.6719	2.6698	2.6310	2.6779	2.6834	2.7486	2.7737
26 New Zealand/dollar[1]	97.34	86.848	75.101	72.569	72.921	71.895	66.642	65.726	66.246
27 Norway/krone	4.9381	5.7430	6.4567	7.0346	7.0447	7.1171	7.1852	7.1460	7.1154
28 Peru/sol	n.a.	n.a.	694.59	942.47	1019.54	1087.43	1160.19	1284.37	1390.60
29 Philippines/peso	n.a.	7.8113	8.5324	9.0546	9.2632	9.4488	9.5896	9.8449	10.015
30 Portugal/escudo	50.082	61.739	80.101	92.685	94.548	93.771	95.867	99.055	99.521
31 Singapore/dollar	n.a.	2.1053	2.1406	2.1522	2.0768	2.0758	2.0854	2.1010	2.0920
32 South Africa/rand[1]	128.54	114.77	92.297	92.03	93.82	91.04	91.64	91.42	92.31
33 South Korea/won	n.a.	n.a.	731.93	746.36	749.80	752.19	757.94	765.29	767.96
34 Spain/peseta	71.758	92.396	110.09	126.125	126.844	129.886	133.498	135.99	137.76
35 Sri Lanka/rupee	16.167	18.967	20.756	21.166	21.378	22.355	22.982	22.971	22.970
36 Sweden/krona	4.2309	5.0659	6.2838	7.3555	7.3227	7.4385	7.4882	7.4941	7.4978
37 Switzerland/franc	1.6772	1.9674	2.0327	2.0588	1.9679	2.0180	2.0663	2.0587	2.0572
38 Thailand/baht	n.a.	21.731	23.014	23.000	23.000	22.999	22.991	22.990	22.988
39 United Kingdom/pound[1]	232.58	202.43	174.80	161.60	157.56	153.29	149.00	153.61	157.22
40 Venezuela/bolivar	n.a.	4.2781	4.2981	4.2971	4.2973	4.3101	7.9500	9.0429	10.233
MEMO: United States/dollar[2]	87.39	102.94	116.57	119.22	117.73	119.70	120.71	121.82	122.05

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

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

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

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

General Information

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

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

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

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

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WELCOME TO THE FEDERAL RESERVE, DECEMBER 1982.

PROCESSING BANK HOLDING COMPANY AND MERGER APPLICATIONS

SUSTAINABLE RECOVERY: SETTING THE STAGE, November 1982.

REMARKS BY CHAIRMAN PAUL A. VOLCKER, AT ANNUAL HUMAN RELATIONS AWARD DINNER, December 1982.

REMARKS BY CHAIRMAN PAUL A. VOLCKER, AT DEDICATION CEREMONIES: FEDERAL RESERVE BANK OF SAN FRANCISCO, March 1983.

RESTORING STABILITY. REMARKS BY CHAIRMAN PAUL A. VOLCKER, April 1983.

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Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

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COSTS, SCALE ECONOMIES, COMPETITION, AND PRODUCT MIX IN THE U.S. PAYMENTS MECHANISM, by David B. Humphrey. Apr. 1982. 18 pp.

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BANK CAPITAL TRENDS AND FINANCING, by Samuel H. Talley. Feb. 1983. 19 pp.

FINANCIAL TRANSACTIONS WITHIN BANK HOLDING COMPANIES, by John T. Rose and Samuel H. Talley, May 1983. 11 pp.

REPRINTS

Most of the articles reprinted do not exceed 12 pages.

Perspectives on Personal Saving. 8/80.
Federal Reserve and the Payments System: Upgrading Electronic Capabilities for the 1980s. 2/81.
Survey of Finance Companies, 1980. 5/81.
Bank Lending in Developing Countries. 9/81.
The Commercial Paper Market since the Mid-Seventies. 6/82.
Applying the Theory of Probable Future Competition. 9/82.
International Banking Facilities. 10/82.
U.S. International Transactions in 1982. 4/83.

Anticipated Schedule of Release Dates for Periodic Releases—Board of Governors of the Federal Reserve System[1]

Weekly Releases	*Approximate release days*	*Date or period to which data refer*
Aggregate Reserves of Depository Institutions and Monetary Base. H.3 (502) [1.22]	Monday	Week ended previous Wednesday
Actions of the Board; Applications and Reports. H.2 (501)	Friday	Week ended previous Saturday
Assets and Liabilities of Domestically Chartered and Foreign Related Banking Institutions. H.8 (510) [1.25]	Wednesday	Wednesday, 2 weeks earlier
Changes in State Member Banks. K.3 (615)	Tuesday	Week ended previous Saturday
Factors Affecting Reserves of Depository Institutions and Condition Statement of Federal Reserve Banks. H.4.1 (503) [1.11]	Friday	Week ended previous Wednesday
Foreign Exchange Rates. H.10 (512) [3.28]	Monday	Week ended previous Friday
Money Stock Measures and Liquid Assets. H.6 (508) [1.21]	Friday	Week ended Wednesday of previous week
Selected Borrowings in Immediately Available Funds of Large Member Banks. H.5 (507) [1.13]	Thursday	Week ended Thursday of previous week
Selected Interest Rates. H.15 (519) [1.35]	Monday	Week ended previous Saturday
Weekly Consolidated Condition Report of Large Commercial Banks and Domestic Subsidiaries. H.4.2 (504) [1.26, 1.27, 1.28, 1.29, 1.291]	Friday	Wednesday, 1 week earlier
Weekly Report of Assets and Liabilities of International Banking Facilities. H.14 (518)	Monday	Wednesday, 2 weeks earlier
Weekly Summary of Reserves and Interest Rates. H.9 (511)	Friday	Week ended previous Wednesday; and week ended Wednesday of previous week

Monthly Releases		
Capacity Utilization: Manufacturing and Materials. G.3 (402) [2.11]	Mid month	Previous month
Changes in Status of Banks and Branches. G.4.5 (404)	1st of month	Previous month
Consumer Installment Credit. G.19 (421) [1.56, 1.57]	14th working day of month	2nd month previous
Debits and Deposit Turnover at Commercial Banks. G.6 (406) [1.20]	12th of month	Previous month
Finance Companies. G.20 (422) [1.52, 1.53]	5th working day of month	2nd month previous
Foreign Exchange Rates. G.5 (405) [3.28]	1st of month	Previous month

1. Release dates are those anticipated or usually met. However, please note that for some releases there is normally a certain variability because of reporting or processing procedures. Moreover, for all series unusual circumstances may, from time to time, result in a release date being later than anticipated.

The Bulletin table that reports these data is designated in brackets.

Monthly Releases—Continued	*Approximate release days*	*Date or period to which data refer*
Industrial Production. G.12.3 (414) [2.13]	Mid month	Previous month
Loan Commitments at Selected Large Commercial Banks. G.21 (423)	5th of month	2nd month previous
Loans and Securities at all Commercial Banks. G.7 (407) [1.23]	20th of month	Previous month
Major Nondeposit Funds of Commercial Banks. G.10 (411) [1.24]	20th of month	Previous month
Maturity Distribution of Outstanding Negotiable Time Certificates of Deposit. G.9 (410)	24th of month	Last Wednesday of previous month
Research Library—Recent Acquisitions. G.15 (417)	1st of month	Previous month
Selected Interest Rates. G.13 (415) [1.35]	3rd working day of month	Previous month
Summary of Equity Security Transactions. G.16 (418)	Last week of month	Release date

Quarterly Releases

Agricultural Finance Databook. E.15 (125)	End of March, June, September, and December	January, April, July, and October
Flow of Funds: Seasonally adjusted and unadjusted. Z.1 (780) [1.58, 1.59]	23rd ~~15th~~ of February, May, August, and November	Previous quarter
Geographical Distribution of Assets and Liabilities of Major Foreign Branches of U.S. Banks. E.11 (121)	15th of March, June September, and December	Previous quarter
Survey of Terms of Bank Lending. E.2 (111) [1.34]	15th of March, June September, and December	February, May, August and November

Semiannual Releases

Domestic Offices, Commercial Bank Assets and Liabilities Consolidated Report of Condition. E.3.4 (113) [1.26, 1.27, 1.28]	May and November	End of previous December and June
Check Collection Services—Federal Reserve System. E.9 (119)	February and July	Previous 6 months
Country Exposure Lending Survey. E.16 (126)	May and November	End of previous December and June
List of OTC Margin Stocks. E.7 (117)	February, June and October	Release date

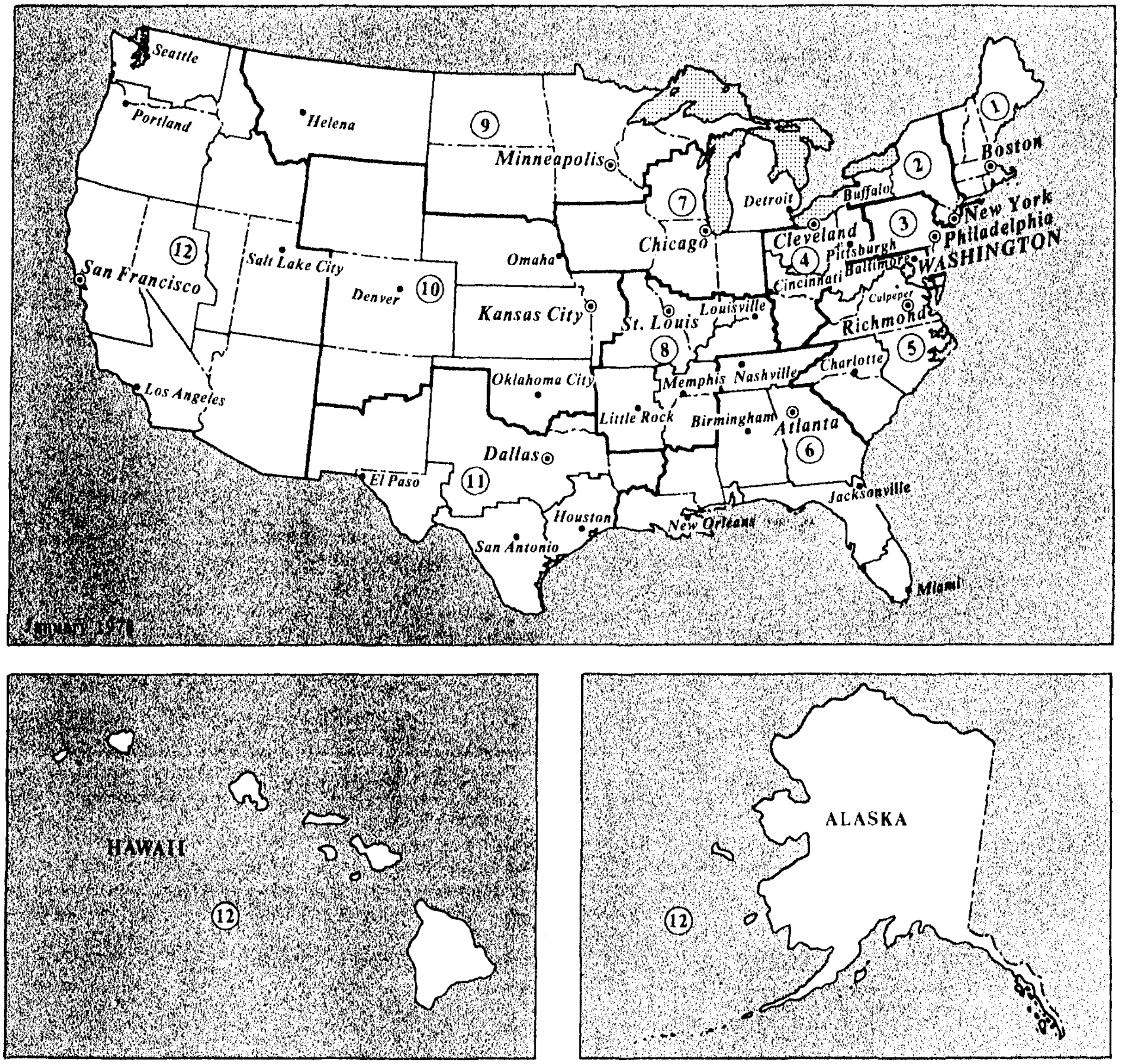
Annual Releases	*Approximate release days*	*Date or period to which data refer*
Aggregate Summaries of Annual Surveys of Security Credit Extension. C.2 (101)	February	End of previous June
Bank Holding Companies and Subsidiary Banks (Domestic and Foreign). C.6 (105)	March	Previous year
Bank Holding Companies and Subsidiary Banks (Domestic only). C.5 (104)	March	Previous year

Index to Statistical Tables

References are to pages A3 through A68 although the prefix "A" is omitted in this index

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