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U.S. International Transactions in 1986

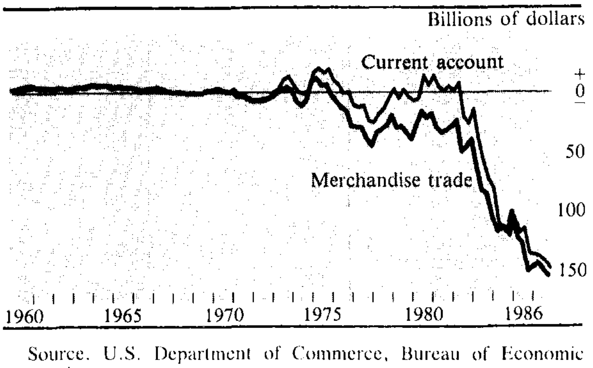
Charles P. Thomas, of the Board's Division of International Finance, prepared this article.

The external deficit of the United States widened to a record level in 1986, despite the further decline in the foreign exchange value of the dollar. For the year as a whole, the merchandise trade deficit reached $148 billion, while the current account deficit, which includes net receipts of investment income and other services in addition to merchandise trade, reached $141 billion (chart 1). The depreciation of the dollar began to have noticeable effects in U.S. export markets, helping the volume of U.S. exports to grow strongly during 1986 in the face of some slowing in the growth of gross national product abroad; but it appears to have restrained the growth of imports only slightly. The slow response of the trade balance to the depreciation is attributable in part to normal lags in the adjustment of trade volume and prices. It also reflects an unusually laggard response of import prices to the depreciation, the uneven rate of depreciation against the currencies of several key regions, and the continued expansion of U.S. consumption in spite of slower income growth.

The current account deficit in 1986 was financed largely by private purchases of U.S. securities, continuing the trend that began in 1984. However, official inflows increased markedly, after having been negligible in 1985, as foreign official agencies bought U.S. dollar assets in response to upward pressure on their currencies against the dollar.

The lower value of the dollar and the possibility of more balanced fiscal and monetary policies worldwide lend credence to a slightly improved outlook for the U.S. trade deficit. However, the continuation of large current account deficits implies further erosion of the U.S. net foreign asset position and points to deterioration in the service account in the future.

1. U.S. trade and current accounts



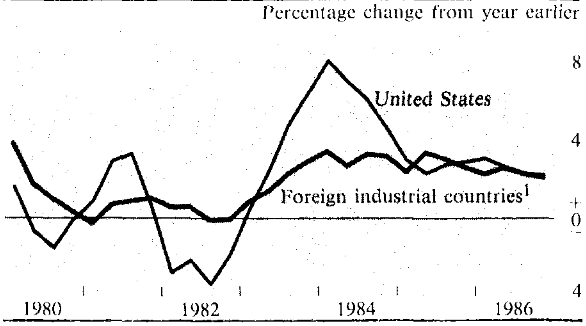
Source. U.S. Department of Commerce, Bureau of Economic Analysis.

Major Influences on U.S. International Transactions

U.S. international transactions were dominated in 1986 by the continued decline of the dollar and the persistent effects of its prolonged appreciation between 1980 and 1985. Changes in economic activity at home and abroad affected the U.S. external balances in 1986 relatively little, as growth rates in the United States and the rest of the world converged (chart 2). Domestic demand grew somewhat more at home than abroad on average in 1986 and contributed to the sustained strength in imports.

Changes in U.S. international price competitiveness, measured by the ratio of foreign prices in dollar terms to U.S. prices, explain much of the movement in the U.S. trade position in recent years, as illustrated in chart 3. When foreign prices rise faster than U.S. prices or when the dollar depreciates, U.S. price competitiveness improves. Movements in real net exports have tended to track shifts in price competitiveness with a lag of one to two years. The depreciation of the dollar that began in 1971 was followed by a sharp increase in net exports in the years 1973 through 1975. Similarly, the deprecia-

2. Growth of real GNP



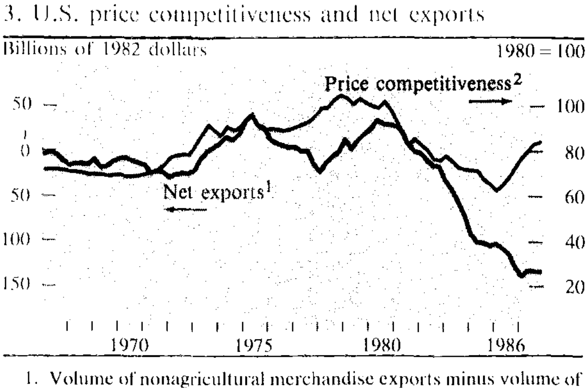
1. The GNP of foreign industrial countries is the weighted average GNP for the Group of Ten countries besides the United States and Switzerland. Weights are proportional to each country's share in world exports plus imports during 1972–76.

tion during 1977–78 fostered another sharp increase in net exports beginning in 1978. In both cases rapid increases in exports accounted for most of the gain in net exports. In 1986, the dollar depreciated 10 percent in nominal terms against the currencies of 18 major trading countries, while U.S. consumer price inflation was 6 percentage points lower than the average price inflation in the same 18 countries. These changes in exchange rates and prices improved U.S. price competitiveness during the year, returning the index of relative consumer prices to about its 1981 level. Movements in U.S. price competitiveness based on relative wholesale prices tell about the same story, qualitatively.

The improvement in U.S. price competitiveness over the past two years has not been uniform across countries. Between 1980 and the first quarter of 1985, the dollar adjusted for changes in relative consumer prices appreciated 6 percent against the Canadian dollar and 25 percent against the currencies of eight major U.S. trading partners among the developing countries; against the currencies of the other major industrial countries it appreciated roughly 65 percent (chart 4). (This price-adjusted, or real, exchange rate is simply the inverse of the measure of price competitiveness depicted in chart 3.) Since early 1985, the price-adjusted dollar has declined sharply against the currencies of the industrial countries other than Canada, but it has continued to rise against those of the developing countries on average. At the end of 1986, the value of the price-adjusted dollar was 5 percent above its 1980 level relative to the currencies of the industrial countries and 34 percent above the 1980 level relative to those of the developing countries.

Much of the change in the dollar's value over the past six years has reflected differences in real, or inflation-adjusted, interest rates across countries. Over most of the period of floating exchange rates since early 1973, the price-adjusted value of the dollar against the currencies of the other Group of Ten countries and the difference between U.S. long-term real interest rates and an average of comparable rates for those countries have moved roughly together (chart 5). The two series diverged beginning in early 1984, as the dollar continued to rise sharply despite a decline in the relative real return on dollar assets. Since early 1985, however, the relationship appears to have been reestablished. The sustained

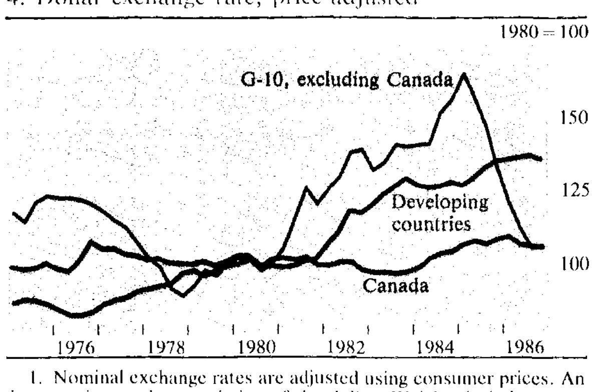
3. U.S. price competitiveness and net exports



1. Volume of nonagricultural merchandise exports minus volume of non-oil merchandise imports.

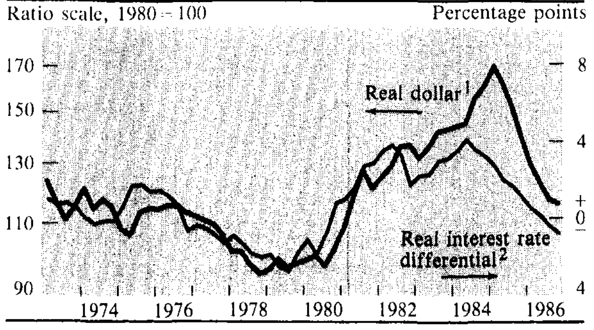
2. Ratio of consumer prices in 10 industrial countries and 8 developing countries (in dollars) to U.S. consumer prices. Weights are multilateral trade shares for the years 1978–83.

4. Dollar exchange rate, price-adjusted[1]



1. Nominal exchange rates are adjusted using consumer prices. An increase is a real appreciation of the dollar. Weights in indexes are based on bilateral non-oil import trade shares for the years 1978–83.

5. Real dollar exchange rate and real long-term interest rate differential



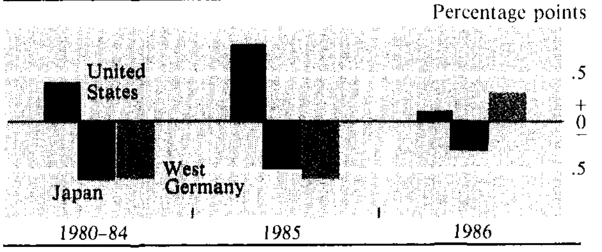
1. The nominal exchange rate for the other G-10 countries plus Switzerland adjusted for movements in consumer prices. Weights are based on 1972–76 multilateral trade.
2. Difference between yields on long-term government bonds of the United States and the foreign G-10 countries minus 12-quarter centered moving averages of changes in the average of the countries' consumer price indexes weighted by trade shares.

decline in U.S. long-term real interest rates relative to those of the other G-10 countries has evidently been a significant factor behind the dollar's plunge over the past two years.

Recent movements in real interest differentials in turn can be explained in part by divergent macroeconomic policies in the United States and other industrial countries. Between 1980 and 1985, U.S. fiscal policy, as measured by changes in the structural deficit, was quite expansionary, while foreign fiscal policy, by the same measure, was contractionary (chart 6). These fiscal policies, combined with monetary restraint in the United States and abroad, helped to elevate U.S. real interest rates relative to foreign real rates in the early 1980s. In 1985 and 1986, lower inflation expectations, prospects for a reduction in the U.S. fiscal stimulus, and a somewhat more accommodating monetary policy brought marked declines in U.S. nominal (and real) interest rates that were not matched abroad (see chart 7).

Differentials in interest rates cannot fully explain recent swings in the dollar, as is evident in chart 5. Other factors that have influenced the demand for dollar assets, and therefore the dollar's exchange rate, include (1) the general liberalization of exchange controls, especially in Japan and the United Kingdom, (2) innovations in capital markets that have reduced the costs and risks associated with owning assets denominated in foreign currency, and (3) shifts in the political and economic climates in specific countries. For

6. Fiscal stimulus in the United States, Japan, and West Germany[1]



1. The fiscal stimulus is defined as the change from year to year in the ratio of the structural budget deficit to GNP. Data for 1980–84 are annual averages.

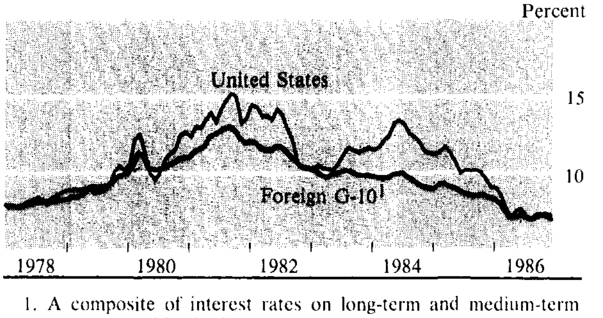
SOURCE: Organisation for Economic Co-operation and Development. *Economic Outlook*, vol. 36 (December 1984) and vol. 40 (December 1986).

the currencies of most developing countries still other factors determine the exchange rate. To varying degrees, these countries manage their exchange rates either by fixing an official rate and imposing controls on convertibility or by intervening in foreign exchange markets. While the dollar was rising against the currencies of the industrial countries, the developing countries, many of which faced severe external financing problems, devalued their currencies or allowed them to depreciate further against the dollar. Since 1985, their currencies as a group have continued to depreciate against the dollar.

MERCHANDISE TRADE

The U.S. merchandise trade deficit grew to $148 billion in 1986, compared with a deficit of $124 billion in 1985. Imports rose $31 billion, and

7. Nominal long-term interest rates in the United States and the foreign G-10



1. A composite of interest rates on long-term and medium-term government securities in the G-10 plus Switzerland.

1. U.S. merchandise trade[1]
Billions of dollars

Item	1982	1983	1984	1985	1986
Merchandise exports	211.2	201.8	219.9	214.4	221.8
Agricultural	37.2	37.1	384.4	29.6	26.9
Nonagricultural	174.0	164.7	181.5	184.8	194.8
Merchandise imports	247.6	268.9	332.4	338.9	369.5
Oil	61.3	55.0	57.3	50.5	33.9
Non-oil	186.4	213.9	275.1	288.3	335.6
Trade balance	**−36.4**	**−67.1**	**−112.5**	**−124.4**	**−147.7**

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

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, balance of payments accounts.

exports advanced $7 billion (table 1). The higher value of exports in 1986 reflected a strong increase in the volume of nonagricultural exports, which rose 14 percent from the fourth quarter of 1985 to the fourth quarter of 1986 after having been flat throughout 1985. This recovery of exports came despite the slowing of economic growth in the rest of the world, and contrasts with the performance of exports in 1985. As table 2 shows, the volume of exports of industrial supplies other than fuels rose 18 percent overall; the gains were especially large in chemicals, paper, lumber, and gold. Business machines contributed most to the increase in capital goods, but gains in broadcasting and telephonic equipment, scientific equipment, and machine tools were also strong. Exports of consumer goods rose 15 percent during the year.

The improvement in the competitiveness of U.S. goods that resulted from the dollar's depreciation was responsible for the increase in the volume of nonagricultural exports in 1986. In the past, it has taken over a year for half of the effect of relative price movements to appear in export volumes and over two years for the full effect to be felt. Much of the growth in volume in 1986, therefore, reflects lagged adjustments to price changes in 1985.

The expansion in U.S. exports varied widely among regions. Most of the increase in nonagricultural exports in 1986 went to Western Europe and Japan, where the dollar's value has fallen most (table 3). Exports to Latin America, other developing countries, and Canada essentially did not change year over year. As a consequence, those areas accounted for a somewhat smaller share of U.S. exports than in previous years.

The rise in the value of nonagricultural exports was partly offset by a decline in the value of agricultural exports, which shrank $3 billion in 1986, almost entirely because of falling prices.

2. Volume of nonagricultural exports[1]

Type of export	Share, 1986:4p	Percent change	
		1984:4–1985:4	1985:4–1986:4p
Nonagricultural exports	100	.9	13.6
Industrial supplies	28	−1.2	11.0
Fuels	5	22.2	−11.0
Other	23	−6.9	17.8
Manufactured products	72	1.9	14.7
Capital goods	42	1.4	14.2
Aircraft parts	7	28.1	9.9
Business machinery	16	10.1	26.4
Other	20	−9.7	5.7
Automotive products	9	2.1	−1.4
Consumer goods	7	−5.4	15.3
All other	14	8.0	31.0

1. Components may not add to totals because of rounding.
p Preliminary.
SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, balance of payments accounts.

3. U.S. nonagricultural exports, by region
Billions of dollars, except as noted

Importing area	1985	1986	Change	Share, 1986 (percent)
All areas	**184.8**	**194.8**	**10.0**	**100**
Canada	51.7	52.1	.4	27
Western Europe	48.9	53.3	4.4	27
Japan	16.7	21.2	4.5	11
Asian newly industrialized countries[1]	13.0	14.3	1.3	7
Latin America	26.5	27.2	.7	14
All other	27.9	26.7	−1.2	14

1. Includes Hong Kong, Singapore, Taiwan, and Korea.
SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, balance of payments accounts.

Lower support prices introduced during the year promoted an improvement in the price competitiveness of major U.S. crops and thus enlarged the volume of exports. Although ample foreign supplies have made marketing abroad difficult for many commodities, a drought in Brazil, a major supplier, augmented the demand for U.S. soybean exports.

The dollar's depreciation seems to have affected export volumes significantly in 1986, but its effects on import prices were only beginning to appear. The price of non-oil imports began to rise noticeably in 1986 after nearly five years of decline. Prices for several major import categories, including consumer goods, automotive products, and capital goods other than business machines, turned up briskly (table 4). Even the price of imported industrial supplies turned up in the second half of the year (though it was off for the year as a whole). This general trend suggests that overall import prices have begun to rise faster than the rate of U.S. inflation, so that the price competitiveness of domestic products has improved.

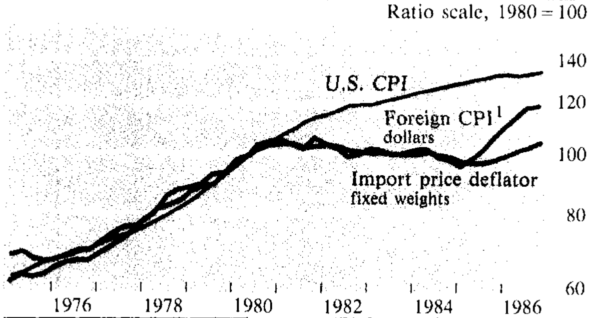
Chart 8 shows the relationships among U.S. consumer prices, the prices of U.S. non-oil imports, and the consumer prices (in dollars) of the major exporters to the United States over the past decade. Between 1976 and 1980, when swings in the real value of the dollar were relatively small, U.S. consumer prices and import prices moved fairly closely together. During the years 1980–85, when the dollar appreciated, import prices followed foreign prices and fell about 3 percent, while U.S. consumer prices

4. Change in the prices of non-oil imports[1]
Percent change

Type of import	1984:4–1985:4	1985:4–1986:4
Non-oil imports	−.9	6.3
Consumer goods	1.1	6.7
Automotive products	5.0	10.1
Capital goods	−1.7	8.6
Business machines	−20.1	−7.2
Other capital goods[2]	1.0	8.4
Industrial supplies	−6.9	−.9
Food	−2.2	8.7

1. As measured by GNP fixed-weight deflators.
2. Estimated by Federal Reserve staff.
SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis.

8. U.S. non-oil import prices



1. The foreign CPI is the weighted average of the CPIs of 18 countries converted into dollars. The weights are 1978–83 non-oil import shares.

rose 32 percent. Between early 1985 and the end of 1986, foreign prices rebounded about 25 percent as the dollar fell, while U.S. import prices rose only 7 percent. About a third of the gap between foreign prices and U.S. import prices since 1985 represents an unusually slow response of import prices to the fall in the dollar.

Historically, about 90 percent of a change in the dollar's value against a broad basket of currencies has been passed through to import prices; the rest has apparently been absorbed as sustained changes in profit margins. This pass-through has taken up to two years on average; about half of it has taken place in the first two or three quarters. The rise in import prices in 1986 was about 5 percentage points less than this average historical relationship suggests, possibly because foreign exporters had a greater willingness to absorb the depreciation into their profit margins in light of relatively sluggish growth in their own home markets.

The unusually slow response of import prices may have several other explanations. For one thing, the dollar's rate of depreciation has varied more among important currencies than in the past, and in many cases products from countries where appreciation has been low compete in the same U.S. markets as products from countries where it has been high. Imports from the "low appreciation" countries set price ceilings in these markets, which gives the currencies of those countries a larger influence on import prices than their import shares suggest. Also, during the prolonged appreciation of 1980–85, importers undertook extensive fixed investments

5. Change in the volume of non-oil imports
Percent

Type of import	Change, 1984:4–1985:4	Change, 1985:4–1986:4p	Share, 1986:4p
Non-oil imports	**8.4**	**10.2**	**100**
Consumer goods	8.5	12.9	22
Automotive products	14.7	5.0	19
Capital goods	10.1	16.3	26
Business machines	16.6	43.0	9
Other capital goods	7.5	4.8	17
Industrial supplies	–.6	12.7	23
Excluding gold	.1	3.4	20
Food	2.3	1.4	6
Other	43.5	–14.6	3

p Preliminary.
SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, balance of payments accounts.

in distribution and marketing networks, which now support higher import volumes; so long as price covers variable costs it is economic to maintain these networks. A similar argument applies to many manufactured imports, whose design content—a fixed cost—has grown faster than their material or direct-labor content.

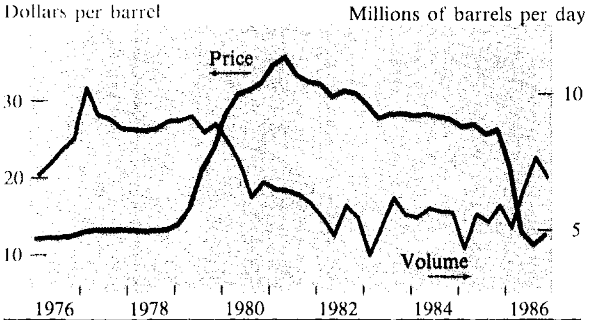
Although prices rose during 1986, the increase in the value of non-oil imports reflected primarily a rise in volume that encompassed most major trade categories (table 5). Increases were particularly pronounced in business machines and consumer goods. The strength of consumer goods imports was due in part to the relative strength of U.S. consumption and in part to the relatively slow adjustment of these import prices overall: 45 percent of U.S. imports of consumer goods comes from developing countries in Asia whose currencies have not appreciated against the dollar in real terms. A somewhat smaller increase was recorded for imports of capital goods other than business machines and many industrial supplies that come from Western Europe and Japan, against whose currencies the dollar has fallen sharply. Even though price increases in those categories were restrained as firms cut profit margins, the increases that were recorded appear to have retarded overall growth in imports, particularly in capital goods.

The value of oil imports fell sharply in 1986. A virtual halving in price between 1985 and 1986, from over $26 per barrel to less than $15 per barrel, was only partly offset by a 25 percent increase in volume. (See chart 9.) The volume of oil imports rose markedly, if irregularly, during much of 1986; the expansion was aimed partly at rebuilding stocks and partly at exploiting the break in oil prices as oil production by the countries in the Organization of Petroleum Exporting Countries increased during the year. The rise in import volume also reflected two other developments: U.S. domestic oil production declined 8 percent during 1986 (0.9 million barrels per day, December to December), largely because many small "stripper" wells were not economically viable at the lower price; and U.S. oil consumption rose 2.5 percent, reversing a decade-long trend of decline. Oil prices rebounded, and the volume of imports fell in the fourth quarter in anticipation of an announcement in December of an OPEC agreement to limit production.

OTHER CURRENT ACCOUNT TRANSACTIONS

Alongside the growing trade deficit, the traditional U.S. surplus on other current account transactions remained very small in 1986. Overall net services receipts were virtually the same as the year before, as divergent movements within these accounts offset one another (table 6). Net direct investment income rose above the 1985 level because of the marked depreciation of the dollar: profits earned in other countries were equivalent to a larger dollar amount, and accounting rules produced reports of large unrealized currency-translation gains. At the same time, net receipts from nondirect (portfolio) investment income declined nearly $10 billion, reflecting the growth of U.S. net indebtedness to foreigners (discussed below). Net receipts on

9. U.S. oil imports



6. U.S. nontrade current account transactions[1]

Billions of dollars, seasonally adjusted annual rate

Account	1982	1983	1984	1985	1986
Total, nontrade current account transactions	**27.3**	**20.5**	**6.1**	**6.8**	**7.1**
Service transactions, net	36.2	30.0	18.2	21.7	22.3
Net investment income	28.7	24.8	18.8	25.2	22.9
Net direct investment income	18.2	14.9	12.3	26.3	32.5
Net portfolio investment income	10.4	9.9	6.5	−1.1	−9.7
Net military	−.3	−.4	−1.8	−2.9	−2.4
Other services, net	7.8	5.5	1.3	−.5	1.8
Unilateral transfers	−8.9	−9.5	−12.2	−15.0	−15.1
Private transfers	−1.2	−1.0	−1.4	−1.6	−1.2
U.S. government grants and pensions	−7.8	−8.5	−10.7	−13.4	−13.9

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

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis.

other services, including travel, transportation, and passenger fares, began to turn up in 1986, in response to the improvement in U.S. price competitiveness associated with the real depreciation of the dollar.

Because of the recent large deficit on the current account, the United States has shifted from being a large net creditor to being a large net debtor on its international investment position (table 7). Although the direction of the change is clear, its precise size is uncertain because of inadequacies in the valuation of certain assets and because of persistent statistical discrepancies in the U.S. international transactions accounts that are probably due in part to unrecorded capital flows. The increase in U.S. net investment income payments on its growing net indebtedness was not so large as might have been expected given the increase in the scale of the debt alone. The decline in U.S. interest rates in 1986 tended to moderate the payments on the growing debt.

Capital Account Transactions

The recorded $141 billion deficit on the current account for 1986 was balanced by recorded net capital inflows of $114 billion and a statistical discrepancy of $27 billion (table 8). In a notable shift from earlier years, when net private capital inflows financed almost all of the current account deficit, official reserve holders accounted for a significant part of the recorded capital inflow in 1986 (almost $32 billion). Much of that sum represented exchange market intervention by the G-10 countries that was aimed at slowing the

7. International investment position of the United States[1]

Billions of dollars

Item	1982	1983	1984	1985	1986[e]
Total, net international investment position	**136.2**	**88.5**	**4.4**	**−107.4**	**−238.0**
Net direct investment	83.1	70.1	48.4	49.7	56.0
Other recorded portfolio investment, net	42.0	7.3	−55.1	−168.2	−305.1
Gold	11.1	11.1	11.1	11.1	11.1
Cumulative unrecorded transactions[2]	−112.5	−123.7	−151.0	−174.0	−184.0
Recorded position plus cumulative unrecorded transactions[3]	23.7	−35.2	−14.6	−281.4	−422.0

1. Components may not add to totals because of rounding. Positive figures denote U.S. investment abroad; negative figures indicate foreign investment in the United States. All data except those for 1986 include estimates for gains or losses on assets denominated in foreign currency due to their revaluation at current exchange rates, as well as estimates for price changes in stocks, bonds, and other assets. Other adjustments to the value of assets relate to changes in coverage, statistical discrepancies, and the like.

2. This item is the statistical discrepancy from the U.S. international transactions account, which is cumulated beginning in 1959 with a base of zero. A positive discrepancy in the international transactions account appears here with a negative sign, on the assumption that it represents a net accumulation of claims by foreigners.

3. This item is equivalent to the cumulative U.S. current account position plus valuation adjustments (see note 1).

e Estimate.

SOURCES. 1981–85, net recorded position—*Survey of Current Business*, vol. 66 (June 1986), p. 28; 1981–85, other data—U.S. Department of Commerce, Bureau of Economic Analysis. All data for 1986 are estimates by Federal Reserve staff based on 1986 flows adjusted for reporting change. Estimates do not include valuation adjustments (see note 1).

8. Capital transactions[1]
Billions of dollars

Type of transaction	1983	1984	1985	1986
Private capital, net	35.7	84.7	102.7	81.8
Securities, net	13.4	32.4	60.4	75.2
Private foreign net purchases				
U.S. Treasuries	8.7	23.1	20.5	9.3
U.S. corporate bonds	5.3	15.4	43.0	53.4
U.S. corporate stocks	6.4	-.9	4.9	17.2
U.S. net purchases of foreign securities	-7.0	-5.1	-8.0	-4.8
Direct investment, net	8.5	19.8	2.1	-6.3
Foreign direct in U.S.	11.9	25.4	17.9	25.6
U.S. direct investment abroad	-3.5	-5.6	-15.8	-31.9
Net inflows reported by U.S. banks	20.4	22.7	39.7	20.1
Other	-6.6	9.8	.5	-7.3
Official capital, net	-.2	-5.6	-8.0	31.7
Statistical discrepancy	11.1	27.3	23.0	27.1
Current account	**-46.6**	**-106.5**	**-117.7**	**-140.6**

1. A minus sign indicates an outflow.

appreciation of their currencies. Several Asian developing countries also added substantially to their official holdings in the United States, while the OPEC countries continued to draw down their assets. Though sizable, the $32 billion inflow understates the role of official reserve holders in financing the U.S. external deficit in 1986. These agencies also increased their holdings of dollar-denominated assets in the Euromarkets. If such transactions were recorded in the U.S. capital accounts the inflows attributed to foreign official reserve holders would rise and those attributed to private foreigners would fall.

Securities transactions once again dominated private capital flows. Attracted by the booming stock market, foreigners purchased net a record $17 billion of U.S. corporate stocks. Foreign purchases of corporate bonds remained strong, as U.S. corporations continued to take advantage of relatively low long-term interest rates to restructure their balance sheets and issued a large volume of bonds in both the domestic and the Eurobond markets. However, the share of Eurobonds in new publicly offered issues by U.S. corporations fell markedly in 1986. Recorded net purchases of U.S. Treasury securities by private foreigners, particularly Japanese residents, declined sharply in 1986, though this decline was more than offset by large increases in purchases of Treasury securities by foreign official institutions.

The available data may not fully reflect the activity of Japanese asset holders. Japanese-based securities dealers have been active in U.S. Treasury auctions, and private Japanese net purchases of U.S. securities in general continued to grow in 1986, according to Japanese balance of payments data. But data from the U.S. Treasury International Capital Report do not show substantial net sales of Treasury securities to Japanese residents and other foreigners in 1986. A partial reconciliation of this apparent divergence may lie in the way Japanese residents diversified their purchases of securities in 1986. U.S. data do record substantial increases in Japanese net purchases of U.S. corporate stocks and bonds and the bonds of U.S. government agencies and corporations, as well as purchases from U.S. residents of foreign stocks and bonds. Nevertheless, a substantial discrepancy remains. Although underreporting in the U.S. data cannot be ruled out, the fact that the statistical discrepancy did not increase much in 1986 suggests that the reporting system is not suddenly missing transactions that it captured in earlier years and that the sharp drop in Japanese private net purchases of U.S. Treasury bonds and notes in 1986, from $17.9 billion to $3.9 billion, correctly indicates the direction of change.

Foreign direct investment in the United States reached record levels in 1986, as numerous large mergers and takeovers consummated before the new tax law became effective swelled the inflow. Direct investment abroad by U.S. residents nearly doubled in 1986, largely because of the accounting effects of the depreciation of the dollar on reinvested earnings.

Net inflows reported by banks were modest in 1986, particularly in comparison with 1985. Growth of liabilities to Latin American institutions other than banks dropped from the high 1984 and 1985 rates, and the steep 1985 decline in bankers acceptances was followed by only a small one in 1986.

Prospects for 1987

The exchange rate adjustment to date lays a foundation for some improvement in the U.S.

trade balance in the period ahead. Export volumes have begun to respond to the improvement in U.S. price competitiveness, and import prices have begun to rise. As contracts expire and domestic suppliers adjust production, the growth of import volume should slow to a rate closer to that of U.S. domestic demand and well below that of real exports. Since this adjustment is driven by price movements, the volume for a time may not fall as fast as prices are rising. During this period the trade balance may deteriorate in nominal terms even while it is improving in real terms.

With respect to the services account, net receipts of noninvestment income are likely to respond positively to improvements in U.S. price competitiveness. However, the investment income component is likely to continue to deteriorate as long as the United States is running a current account deficit and U.S. debt to foreigners is rising. As the United States moves further into deficit on net services, the eventual elimination of the U.S. current account imbalance will require an even larger swing in the trade balance.

Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report, covering the period November 1986 through January 1987, provides information on Treasury and System foreign exchange operations. 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.[1]

After trading fairly steadily throughout November and the first half of December, the dollar moved sharply lower until the end of January. It closed the period down more than 11 percent against the German mark and most other continental currencies, about 7 percent against the Japanese yen and the British pound, and almost 4 percent against the Canadian dollar. Foreign central banks made large dollar purchases during the period. The U.S. authorities intervened on one occasion in late January.

As the period opened, the dollar had moved up from the lowest levels reached against the yen and the mark in the third quarter. Many market participants were beginning to believe that the dollar, after a long decline, was entering a stage of greater near-term stability. There were some indications that the favorable side of depreciation was starting to show through in the U.S. economy. The trade deficit seemed to have stabilized at last, though remaining large at $14 billion a month. Output growth in the third quarter also appeared to have been a little stronger than many market participants had previously expected, suggesting some strengthening of export demand.

Meanwhile, the cumulative effects of the dollar's prolonged depreciation were seen in financial markets to be exerting pressures in other countries for more exchange rate stability. Although Japan's trade surplus remained high in nominal terms, the yen's sharp appreciation was eroding competitive positions, resulting in some production cutbacks for overseas markets and contributing to a rise of unemployment rates. Questions arose as to whether Japanese domestic demand would remain strong enough to sustain the modest rate of economic growth forecast for the current year. In late October, there had been an announcement of a cut of ½ percentage point in the Bank of Japan's discount rate and of an economic policy accord between U.S. Treasury Secretary Baker and Japanese Finance Minister Miyazawa. The monetary policy action, together with the accord's assurances with respect to Japanese and U.S. fiscal policies, was seen as supportive of more favorable prospects for the Japanese economy and for a reduction in the two nation's external imbalances. At the same time, understandings reached in the Baker–Miyazawa agreement—that the exchange rate realignment already accomplished between the two currencies was "now broadly consistent with the present underlying fundamentals" and that the two nations were reaffirming their willingness to cooperate on exchange rate issues—took pressure off the yen in the exchange market. The accord seemed to imply agreement that the yen's appreciation was sufficient, at least for the time being. Many market participants also believed that, henceforth, official intervention—perhaps on a coordinated basis—would be used if necessary to counter a new rise in the yen.

In the case of Germany, the mark's appreciation was seen in the market as increasing pressure on German authorities to take steps to ease currency strains within the European Monetary System (EMS). Since the mid-September Economic Community (EC) meeting in Gleneagles,

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

Scotland, central banks participating in the EMS monetary arrangements had used exchange market intervention to try to protect the EMS from tensions associated, in part, with the decline in the dollar. Although there was little evidence that Germany's internal economy was suffering heavily from the effects of the mark's appreciation, many market participants expected the Bundesbank to buy dollars in the exchange market if the dollar resumed a significant downward movement.

Under these circumstances, market professionals moved in early November to cover short dollar positions assumed earlier. This bidding for dollars helped push up dollar rates to their highs of the three-month period, around DM2.08 against the mark and ¥165 against the yen. The dollar continued for a time to be reasonably well bid, especially against the Japanese yen as institutional investors from Japan bought a broad variety of dollar-denominated assets, including equities and real estate investments. The continuing firmness of the dollar vis-à-vis the yen took on a self-reinforcing character, with the dollar standing well above ¥160. After announcement of the Baker–Miyazawa accord, confidence grew that the dollar would stay around these levels. Consequently, Japanese investors not only bought new dollar-denominated securities, they also repaid loans used to finance previous investments. In early December, when dollar interest rates began to rise largely for seasonal and tax-related reasons, the costs of dollar borrowings increased and Japanese investors unwound their hedges further.

The dollar was not as strong against the European currencies as it was against the yen. After the dollar reached its high against the mark in early November, market professionals began to build up their mark positions, and many European-based investors who had hedged their dollar assets earlier in the year were content to retain their protection against a renewed decline of the dollar. In addition, market participants came to the view that the agreement between Secretary Baker and Minister Miyazawa was not relevant for the dollar–mark exchange rate. In these circumstances, the dollar eased back against the mark in November and early December. It subsequently rose against the mark in mid-December, however, when reports of a trip by Secretary Baker to Europe generated expectations that the German authorities would join in an agreement on exchange rate stability similar to the Baker–Miyazawa accord. By the middle of December, the dollar was trading near DM2.03, down a modest 1½ percent against the mark since the end of October; it was virtually unchanged against the yen at about ¥163.

While the view that the dollar was in a period of stability dominated trading until mid-December, several developments were taking place at the same time that gradually undermined the market's confidence in that view. Many market participants were becoming convinced that U.S. domestic demand was slowing and that any signs of strength would prove temporary, reflecting shifts in the timing of transactions before new tax laws took effect at the start of the year. The prospects for 1987 were increasingly seen as dependent on a turnaround in the U.S. trade position.

At the same time, U.S. congressional elections resulted in a Republican loss of the Senate majority. This outcome was interpreted as complicating the administration's efforts to maintain control of economic policy, most especially to resist pressure for protectionist legislation or calls for a lower dollar. Political uncertainties intensified after revelations that some U.S. officials had participated in controversial arms sales.

1. Federal Reserve reciprocal currency arrangements
Millions of dollars

Institution	Amount of facility, January 30, 1987
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
German Federal Bank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	700
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements	
Dollars against Swiss francs	600
Dollars against other authorized European currencies	1,250
Total	**30,100**

Meanwhile, developments in Germany and Japan indicated that the major industrial countries might be moving away from the economic conditions needed for greater exchange rate stability. In Germany, short-term interest rates rose markedly in November and December. While some of the tightness was attributed to seasonal factors, there was concern in the market that the German central bank might have adopted a more restrictive monetary stance to curb above-target expansion in central bank money. Comments by some German officials seemed to support this view. In Japan, the government adopted a budget late in December for the fiscal year beginning in April 1987 that did not appear to provide the degree of fiscal support to the economy expected after the Baker–Miyazawa accord.

Although the dollar started to soften during the second half of December in response to these developments, market forces did not turn decidedly against the dollar until year-end. On December 31, preliminary U.S. trade statistics were released showing a massive deficit for November of $19.2 billion. Several days later, Secretary Baker and other administration officials commented that special and temporary factors distorted the figures for November and that some of these factors could also influence December trade flows, which might show a similarly large gap.

The preliminary November trade figures were a severe disappointment to the market. They dispelled the belief that a favorable shift in U.S. trade performance had begun and cast an even more pessimistic shadow on the outlook for economic growth in the new year. Moreover, the figures enhanced the position of those arguing that the United States needed to take an aggressive approach to improving its trade position. The debate on trade policy gained new attention with the reopening of the Congress early in January. Against this background, statements attributed to several U.S. officials were interpreted by market participants as being consistent with the view that the United States now welcomed a lower dollar. By the start of the new year, market sentiment toward the dollar had turned clearly bearish, and dollar rates moved sharply lower—to DM1.92 and ¥158, down more than 5 percent and 3 percent since mid-December against the mark and the yen respectively.

In early January, the selling of dollars against the mark subsided temporarily as the market focused its attention on a rapidly changing situation within the EMS. As the mark was rising against the dollar and emerging at its top intervention limit within the EMS arrangement, some other EMS currencies were being weakened by concerns about underlying competitiveness and the sustainability of balance of payments positions. Earlier, market participants had widely assumed that no adjustment of EMS parities would take place before national elections in Germany in late January. But as pressures within the EMS intensified and intervention to preserve existing parities ballooned, the prospect of an earlier realignment developed. During the first weekend in January, press commentary suggested that the German authorities would accept an immediate realignment rather than face several weeks of massive intervention that might undermine the Bundesbank's efforts to maintain control over monetary growth. The next week the EMS currencies were caught up in a speculative whirlwind as residents of EMS countries other than Germany sought to hedge their mark commitments. The EMS exchange rate structure was maintained by intervention until the January 10 weekend when a realignment was agreed upon. After the realignment, reflows out of marks into other EMS currencies were slow to materialize.

Once the EMS realignment was over, traders perceived the Bundesbank as unlikely to intervene in dollars to prevent movements in dollar exchange rates from aggravating EMS strains. Thus, the dollar came under sharp selling pressure when trading resumed after the realignment,

2. Drawings and repayments by foreign central banks under regular reciprocal currency arrangements[1]

Millions of dollars, drawings or repayments (–)

Central bank drawing on the Federal Reserve System	Outstanding, November 1, 1986	November	December	January	Outstanding, January 30, 1987
Bank of Mexico	143.4	–66.8	–39.6 61.8	–37.4	61.4

1. Data are on a value-date basis.

3. Drawings and repayments by foreign central banks under special swap arrangements with the U.S. Treasury[1]

Millions of dollars, drawings or repayments (−)

Central bank drawing on the U.S. Treasury	Amount of Facility	Outstanding, November 1, 1986	November	December	January	Outstanding, January 30, 1987
Bank of Mexico	273.0	144.0	−67.0	−39.8 62.0	−37.6	61.6
Central Bank of Nigeria	37.0	22.2	−7.4	−14.8	*	*

1. Data are on a value-date basis.
*No facility

pressure that was to continue for most of the rest of the month.

Selling of dollars against yen also built up rapidly. With the dollar below ¥160 against the yen, market participants questioned whether the Baker–Miyazawa accord would indeed assure exchange market stability. Finance Minister Miyazawa and Bank of Japan Governor Sumita were reported to have made it known, to reassure the markets, that the Japanese central bank would intervene to prevent the dollar from depreciating further, almost regardless of cost. At the same time, market participants commented that there were no similar statements by U.S. officials. On January 13, after the dollar broke through ¥158, Japanese exporters rushed to sell dollars, and Japanese investment houses and pension funds flooded the market with forward sales to hedge their dollar exposures. The dollar declined more than 1 percent against the yen that day in heavy trading. The Japanese press reported that the Bank of Japan had bought huge amounts of dollars. Traders interpreted the report as indicating that the pressure on the dollar was so strong that official intervention without the participation of the U.S. authorities would fail.

Against this background, a news report on January 14, citing an unidentified U.S. official as stating that the U.S. administration wanted the dollar to decline further, unleashed new selling of dollars against both the mark and the yen. The dollar fell more than 3 percent against both currencies in a few hours of extremely nervous trading.

The dollar's decline continued throughout most of January as strong selling pressure mounted on three additional occasions. Each occurred in response to various statements, attributed to administration officials, which market participants believed reflected a continuing lack of official concern about the dollar's decline. The dollar hit a post-World-War-II low of ¥149.98 against the yen on January 19, and a seven-year low of DM1.7675 against the mark on January 28.

On January 21, a consultation between Secretary Baker and Finance Minister Miyazawa resulted in a joint statement that, among other things, reaffirmed their willingness to cooperate on exchange rate issues. When the dollar moved down on the morning of January 28, after the President's State of the Union Message, U.S. authorities intervened in yen in a manner consistent with the joint statement. Operating in coordination with the Japanese monetary authorities, the Foreign Exchange Trading Desk purchased $50 million against the sale of yen, financed equally by the Federal Reserve and the U.S. Treasury.

During the final days of the month, pressures against the dollar subsided. Reports of the U.S.–Japanese intervention operation and talk of an upcoming meeting of financial authorities of the major industrial countries encouraged expecta-

4. Net profits or losses (−) on U.S. Treasury and Federal Reserve current foreign exchange operations

Millions of dollars

Period[1]	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
November 1, 1986–January 30, 1987	8.0	6.6
Valuation profits and losses on outstanding assets and liabilities as of January 30, 1987	−2,322.8	−1,975.0

1. Data are on a value-date basis.

tions for broader cooperation on exchange rate and economic policy matters. Also, release of preliminary U.S. trade data for December, showing a much smaller deficit of $10.7 billion, and a substantial downward adjustment in the revised data for November revived the view that the U.S. trade deficit had stabilized.

Moreover, doubts had developed about the future course of U.S. interest rates. The swift decline in dollar exchange rates raised questions in the market as to whether the Federal Reserve would let short-term rates ease. Market participants also noted that U.S. market interest rates had not completely fallen back to the levels prevailing before year-end. Interest rates in other countries were, by contrast, below late-November levels, especially in Germany after the Bundesbank announced on January 22 cuts of ½ percentage point in its discount and Lombard rates to 3 percent and 5 percent respectively, effective January 23, in conjunction with other monetary policy measures.

Thus, the dollar firmed from its lows against both the mark and the yen to close the period at DM1.8320 against the mark and ¥153.70 against the yen. As measured by the Federal Reserve Board's trade-weighted index, it had declined 9 percent since the beginning of the three-month period.

SHORT-TERM FINANCING FACILITIES

At the beginning of the three-month period, Mexico and Nigeria had drawings outstanding on short-term financing facilities of the U.S. monetary authorities.

Mexico. As noted in the last quarterly report, $850 million of a $1.1 billion multilateral near-term contingency support facility for Mexico's international reserves was made available jointly by the U.S. monetary authorities, the Bank for International Settlements (acting for certain central banks), and the central banks of Argentina, Brazil, Colombia, and Uruguay on August 29. On that date, the Central Bank of Mexico drew $211 million from the U.S. Treasury through the Exchange Stabilization Fund (ESF) and $210.2 million from the Federal Reserve through its regular swap facility with the Bank of Mexico. As of November 1, $144 million was outstanding from the drawings on the ESF and $143.4 million was outstanding from the drawings on the Federal Reserve. The Central Bank of Mexico repaid its August 29 drawings from the ESF and the Federal Reserve in three installments starting on November 26, and liquidated them by January 5.

On December 8, after Mexico received disbursements under loans from the International Bank for Reconstruction and Development, the Central Bank of Mexico became eligible to draw the remaining $250 million under the mutilateral facility. On this date, Mexico drew $62 million from the ESF and $61.8 million from the Federal Reserve. On January 5, the Central Bank of Mexico repaid the ESF and the Federal Reserve each $0.4 million in connection with its other repayments, leaving $61.6 million outstanding on its December drawing from the ESF and $61.4 million outstanding on its drawing from the Federal Reserve at the end of the period. After the period closed, Mexico fully liquidated these outstanding commitments.

Nigeria. At the beginning of the period, Nigeria had a swap drawing of $22.2 million outstanding from a short-term facility of $37 million provided by the ESF. This facility was part of a short-term credit facility of $250 million organized under the leadership of the Bank of England. The Central Bank of Nigeria repaid $7.4 million on November 28 and the remaining $14.8 million on December 10.

ESF PROFITS

In the period from November 1 through January 30, the Federal Reserve and the ESF realized profits of $58 million and $6.6 million respectively. As of January 30, cumulative bookkeeping or valuation gains on outstanding foreign currency balances were $2,322.8 million for the Federal Reserve and $1,975 million for the Treasury's ESF. These valuation gains represent the increase in the dollar value of outstanding currency assets valued at end-of-period exchange rates, compared with the rates prevailing at the time the foreign currencies were acquired.

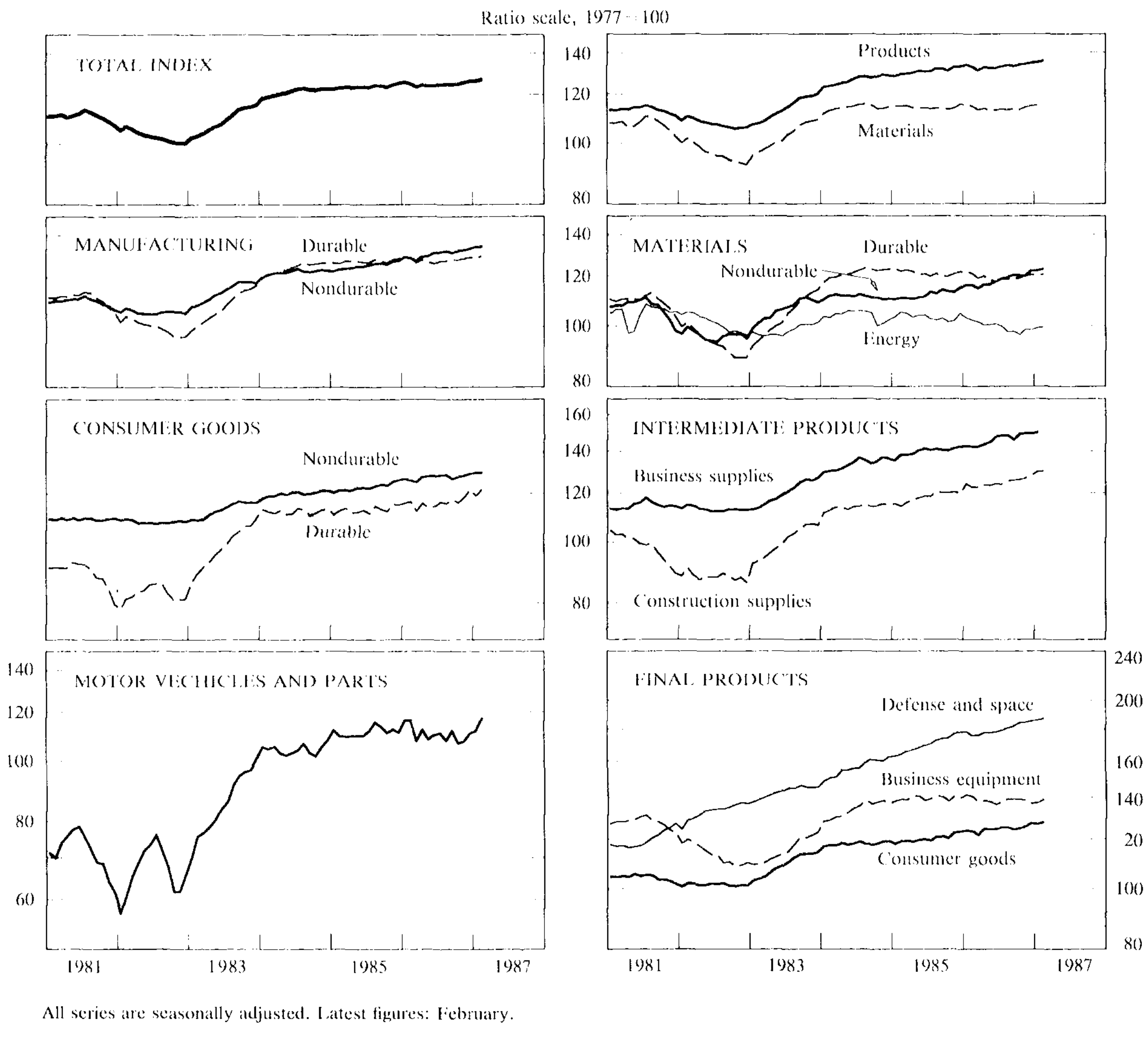
The Federal Reserve and the ESF invest foreign currency balances acquired in the market as a result of their foreign operations in a variety of instruments that yield market-related rates of return and that have a high degree of quality and liquidity. Under the authority provided by the Monetary Control Act of 1980, as of January 30, the Federal Reserve held $3,103.6 million equivalent in securities issued by foreign governments. As of the same date, the Treasury held the equivalent of $4,265.5 million in such securities. □

Industrial Production

Released for publication March 13

Industrial production increased an estimated 0.5 percent in February. The level of output was revised up for December and down for January, resulting in a larger increase (0.5 percent) in December and a lower gain (0.1 percent) in January than was estimated a month earlier. The February gain was dominated by a sharp increase in motor vehicle production, which boosted output of both consumer goods and business equipment. In most other sectors, small increases in production occurred during the month. At 127.3 percent of the 1977 average, the total index for February was 1.7 percent higher than it was a year earlier.

In market groups, production of durable consumer goods advanced 2.3 percent during Febru-



All series are seasonally adjusted. Latest figures: February.

Group	1977 = 100, 1987 Jan.	1977 = 100, 1987 Feb.	Percentage change from preceding month, 1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.	1987 Feb.	Percentage change, Feb. 1986 to Feb. 1987
	Major market groups							
Total industrial production	**126.8**	**127.3**	**.3**	**.6**	**.5**	**.1**	**.5**	**1.7**
Products, total	135.2	136.0	.6	.4	.4	.1	.6	2.3
Final products	133.6	134.5	.4	.4	.4	−.1	.7	1.3
Consumer goods	126.8	127.5	.4	.8	1.3	−.3	.6	3.5
Durable	119.3	121.7	−1.0	1.8	2.8	−2.0	2.1	4.7
Nondurable	129.6	129.7	.8	.4	.8	.2	.1	3.0
Business equipment	137.5	138.9	−.2	−.4	−1.1	.3	1.0	−1.2
Defense and space	186.5	187.2	1.4	.2	.5	.4	.4	6.2
Intermediate products	140.9	141.2	1.3	.4	.4	.8	.3	5.9
Construction supplies	130.0	130.2	.3	.5	1.0	1.5	.2	6.2
Materials	115.3	115.5	−.2	.9	.7	.1	.2	.6
	Major industry groups							
Manufacturing	131.1	131.8	.3	.3	.6	.1	.5	2.4
Durable	128.8	129.9	.0	.4	.5	−.3	.8	1.0
Nondurable	134.3	134.4	.7	.3	.6	.6	.1	4.4
Mining	98.8	98.8	−.6	1.9	−.2	1.6	.1	−6.0
Utilities	111.3	112.1	.9	1.7	−1.1	1.2	.7	2.2

NOTE. Indexes are seasonally adjusted.

ary owing to the sharp gain in autos. Assemblies of autos were at an annual rate of 8.3 million units, compared with the January rate of 7.5 million units; indications are that assemblies will be lower in March. Output of home goods edged up 0.3 percent in February; despite wide month-to-month swings recently, output of home goods—especially appliances and furniture—has been quite strong over the past half year.

Production of business equipment rose 1 percent in February, as output of autos and trucks for business use increased sharply and some strike rebound occurred in farm equipment. Other components of business equipment remained weak, however, and only the transit equipment group was producing at a level higher than it was a year earlier. Output of defense and space equipment continued to expand in February. Production of construction supplies posted a small rise in February following sharp gains in December and January, and output of supplies for business use also increased. Materials output increased in February for the fourth consecutive month after having declined throughout much of 1986. The recent strength in materials has been concentrated in textiles, paper, and chemicals.

In industry groups, manufacturing output increased 0.5 percent with gains of 0.8 percent in durables and of only 0.1 percent in nondurables. Mining output edged up in February following a sharp rise in January, and utility production increased 0.7 percent during the month.

Statements to Congress

Statement by Martha R. Seger, Member, Board of Governors of the Federal Reserve System, submitted to the Subcommittee on Consumer Affairs and Coinage of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, March 18, 1987.

I appreciate the opportunity to discuss the legislation that has been introduced to require price and term disclosures in credit card applications and solicitations, and to establish a nationwide ceiling on credit card interest rates.

Generally, the Board believes in disclosure and feels that it is important for consumers to have adequate information to shop for credit. In considering specific disclosure legislation, such as that before the subcommittee, the Board is guided by several basic principals. First, early disclosure rules should be structured to provide consumers with essential information, without overloading consumers with less important information or unnecessarily raising creditor costs. Second, the legislation should limit creditors' compliance costs by providing adequate time to comply with any new disclosure rules. Third, any requirements that are adopted should apply evenhandedly to all competitors.

All of the disclosure bills that have been introduced (H.R. 244, H.R. 515, and H.R. 1086) would add an early disclosure requirement to the Truth in Lending Act for open-end credit card plans. Furthermore, all of the bills appear to require disclosure for all types of credit cards, including bank credit cards, travel and entertainment cards, and retail credit cards. Not all of the bills are the same in their scope, however; H.R. 1086 deals only with disclosures in mail solicitations. H.R. 244 and H.R. 515 are broader and would require disclosures in all applications for credit cards as well as credit card solicitations.

The credit card interest rate bills would limit the interest rate charged on any credit card transactions. H.R. 78 would limit the credit card interest rate to 5 percentage points above the Federal Reserve discount rate, and H.R. 1267 would limit the rate to 6 percentage points above the average percentage yield for three-month Treasury bills.

Current Law

Currently, the Truth in Lending law requires early disclosures for open-end credit plans and credit cards only when creditors engage in advertising. Solicitations for credit card accounts are thus subject to some Truth in Lending disclosure requirements, since they are considered "advertisements" under the statute and the Board's implementing regulation, Regulation Z. The creditor must give additional information about the credit plan, however, only if certain terms are stated in an advertisement. For example, if the creditor advertises the plan's annual fee, the advertisement must state the annual percentage rate, as well as any other finance charges that may be imposed.

If none of the specified credit terms are stated in the solicitation, the law does not require that price and term information about the plan be given at that time. Consequently, while the act and the Board's regulation do at times require that consumers receive price information with solicitations, the present law does not always require that consumers be given this information before they receive a credit card.

Under the current law, consumers must, however, be given full disclosure of the terms and conditions of the credit card program no later than the time that they receive the card. In addition, the regulation provides that a consumer may not be obligated on a credit program before receiving complete disclosures; this provision would include, for example, the obligation to pay an annual membership fee. Therefore, consumers do have an opportunity to review all of the terms and conditions of a credit card plan before using the card or being obligated to pay an annual fee.

The issue of how much disclosure to require in advertisements led the Congress to revise the Truth in Lending Act in 1980. At that time, the Congress cut back on the disclosures required in open-end credit advertisements in the hope that reducing the disclosure burden would promote more advertising, thereby increasing competition.

Legislative Proposals

The proposed bills go beyond the present law by requiring that the creditor include certain disclosures in applications or solicitations for a credit card plan without regard to whether the creditor mentions a particular term. The proposed legislation expands the current statutory requirements for advertising in other ways as well. Creditors would be required to disclose whether or not any time period exists for credit to be repaid without incurring a finance charge—a disclosure that is not required by the current advertising rules. Under H.R. 1086, creditors would also be required to include a notice in solicitations telling the consumer that the information given is only a summary of certain credit card terms.

To the extent that the proposed disclosure requirements might discourage open-end credit advertisements, this legislation could have the unintended effect of decreasing rather than increasing competition. We are inclined to think, however, that given the limited scope of the increased disclosure requirements in the bills, particularly H.R. 1086, the legislation would not have this effect. Our impression is that many card issuers are already including in their mail solicitations much of the disclosure information proposed in the bills, and, presumably, have not viewed this inclusion as an impediment to advertising.

Requiring disclosure in all applications whether or not the application is part of a mail solicitation—as H.R. 244 and H.R. 515 do—might have the adverse effect of reducing advertising of credit cards. Even this reduction appears unlikely, however, since the bills enable creditors to limit their compliance costs. This limitation is accomplished in H.R. 244 by only requiring creditors to tell consumers how to obtain detailed information on the costs of the credit card plan in nondirect mail solicitations, rather than requiring that all this information be included. The compliance costs are limited in H.R. 515 since, for "take one" applications, creditors may comply with the disclosure requirements by disclosing the prices and terms as of a specified date, and telling consumers that they should contact the card issuer for up-to-date information.

Controlling Costs

Increased disclosure requirements invariably result in some increased costs to the industry. However, additional costs would probably be the least substantial under H.R. 1086, considering that it focuses on the narrow area of mail solicitations. In mail solicitations creditors should be able to include current disclosure information without significant burden, since such solicitations are usually offered for a limited time with stated expiration dates.

The burden could also vary, depending on the creditor. National banks offering their credit cards nationwide, for example, may be able to have uniform credit terms so that a single solicitation or application would apply to all prospective cardholders. Retailers, in contrast, are generally subject to individual state laws, which would make the use of uniform nationwide documents more difficult. In addition, the costs associated with additional disclosure requirements would probably be proportionally greater for small institutions.

The Board believes that one way to help control costs is to provide sufficient time for creditors to implement the changes made by the legislation. The time periods contained in the bills differ; however, we believe that the time period provided in H.R. 1086 would most effectively minimize the transition cost and burden for credit card issuers.

As a final point, the Board believes that the proposed disclosure rules will most benefit consumers interested in bank and travel and entertainment credit cards, since it appears that retailers do not engage in significant mail solicitation efforts. Of course, when consumers are provided with early information about retail credit cards, they should be provided adequate information about the terms and conditions of those plans.

Credit Card Ceilings

The Board has commented several times on bills that would set floating ceilings on credit card rates that would supersede generally less restrictive state-imposed limits. The Board has on those occasions stated its opposition to those bills that were very similar to the current interest rate bill H.R. 78. In doing so, it has endorsed the principle that—as with other types of credit—consumer loans are most fairly and efficiently allocated when there are no regulatory constraints on interest rates. Indeed, the Board has been concerned about the adverse impact that interest rate ceilings can have on the availability of funds in local credit markets and on individuals with limited access to credit.

In response to a congressional request made last year, the Board staff prepared an analysis of the economic effects of proposed ceilings on credit card interest rates. A condensed version of the study, which appeared in the Federal Reserve Bulletin, accompanies this testimony. (See "The Economic Effects of Proposed Ceilings on Credit Card Interest Rates" in the January 1987 issue, pp. 1–13.) The following comments focus on the Board's major concerns with proposed limitations on interest rates.

An effort to establish a federally mandated ceiling on credit card interest rates would likely encounter substantial difficulties. From experience with the imposition of credit controls in 1980 and the sharp, unexpected contraction in consumer spending that accompanied them, we know that regulatory measures can have unpredictable and unwanted consequences. Setting a federal ceiling on credit card rates below those that currently prevail in many states would likely reduce the amount of credit made available, forcing consumers to rely instead on less convenient and possibly more expensive substitutes or to lose access to credit at any rate. Moreover, such a curtailment would be apt to fall most heavily on less affluent borrowers with relatively limited access to other sources of credit. The current ceiling for credit card rates under the proposed bills would be between 10.5 percent and 12 percent, well below the finance rates that have been typical since credit cards emerged in the early 1960s as a major method of consumer financing.

Furthermore, the imposition of stringent rate ceilings might be countered by a tightening of nonrate credit card terms by card issuers, for example, by increasing annual fees, by levying processing charges on each credit card purchase or cash advance, and by stiffening penalties for late payment or for exceeding the authorized credit limit. Some card issuers also might begin applying the reduced finance charges from the date of purchase, when permitted, rather than after the grace period expires, and might seek to increase the discount fees charged to merchants who submit credit card vouchers to them for payment.

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

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

Another question at issue is whether any regulation of credit card interest rates is more appropriately a matter for federal or for state intervention. In contrast to efforts at the federal level to assure the safety and soundness of financial institutions, the establishment of interest rate ceilings on consumer loans has long been a state prerogative, and one that the Board feels should not be preempted. In recent years, virtually every state has reviewed and overhauled its laws regulating consumer interest rates. After having studied the situation in their own jurisdictions, many of these states have opted to raise or remove interest rate ceilings for credit card borrowings. The Board respects the collective judgment of a growing number of states that higher—not lower—ceilings are appropriate to assure that an adequate supply of credit card services is available from lenders located there. Of course, these states retain the authority to lower or restore ceilings if convincing evidence of excessive rates appeared.

In closing, I would like to reemphasize the Board's conviction that financial markets distribute credit most efficiently and productively when interest rates are determined in markets that are as free from artificial restraints as possible. Efforts to constrain credit card rates through federal regulation are likely to have undesirable side effects in the form of reduced credit availability, especially for those consumers that these bills would seek to aid. Moreover, they may encourage less efficient means of offsetting costs of credit card operations. Accordingly, the Board concludes that it would be inappropriate to impose a federal ceiling on credit card rates. □

Statement by Manuel H. Johnson, Jr., Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions, Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, March 24, 1987.

I am pleased to appear before the committee today to discuss with you again the topic of bank-affiliated export trading companies.

In its consideration of the export trading company legislation in 1982, the Congress determined that U.S. export performance was inhibited by the inability of U.S. businesses, especially small- and medium-sized companies, to develop foreign markets for their products because of their lack of expertise in the mechanics of exporting. The Congress therefore sought to promote the establishment of companies that could supply the necessary expertise to assist U.S. companies in increasing exports of their goods and services. In enacting the Bank Export Services Act (BESA), the Congress decided that one method by which export trading companies could be developed was by permitting affiliations with banks through a bank holding company structure.

Now that we have had some experience with the operation of bank-affiliated export trading companies under the legislation, we thought it would be useful to share information on that experience with you in connection with the committee's consideration of further refinements to the concept of an export trading company. While a beginning has been made in the development of export trading companies as promoters of U.S. exports, unfavorable economic conditions have not provided an atmosphere in which export trading companies can flourish.

Since the passage of the legislation in October 1982, the Federal Reserve has acted upon 43 notifications by bank holding companies to establish export trading companies. Sixteen of these notifications have been acted upon by the Reserve Banks under authority delegated to them by the Board in 1983. This number represents more than 50 percent of the notifications processed since the delegation rules were adopted.

The Board recently conducted a survey of nine bank-affiliated export trading companies, selected to provide diversity of size and geographic location of the bank holding company parent. For those export trading companies that were responsive to the survey, the size of the assets ranged from $210,000 to $21 million, with the average being $8.2 million, and gross revenues ranged from $110 thousand to $18 million, with the average also being $8.2 million.

The activities of these export trading companies were also quite diverse. Several companies were engaged almost exclusively in transactions involving the purchase and sale of goods, while the others received their income largely from fee-based services. The services included transportation; marketing and consulting; acting as an agent for a foreign sales corporation; and trade financing services. The survey suggests that bank-affiliated export trading companies are able to offer a broad range of services under the current statute and regulations, and a number appear to be operating profitably.

While results suggest that some bank-affiliated export trading companies are operating successfully, others have experienced some difficulties. Of the 43 bank-affiliated export trading companies of which the Board received notice, 14 are no longer operational. In a few instances, the cessation of activity by export trading companies was related to changes in the ownership of the export trading company, such as through acquisitions and mergers. However, this performance has been largely related to the difficulties that bank holding companies have experienced in operating an export trading company. Besides poor economic conditions in their first years of existence, described below, which resulted in diminished profit potential, these export trading companies have also encountered start-up difficulties resulting from unfamiliarity with the trading business. Other problems encountered are peculiar to the activities of trading companies, regardless of how long they have been operating: for example, a customer breaking the terms of its own trade agreement, or the inability of an export trading company to deliver on a major contract, or inadequate controls over the trading activities.

To the extent that the performance of bank-affiliated export trading companies has been disappointing, there is no evidence that trading companies without bank affiliation have been any more successful. While there is no comprehensive means of tracking the performance of all these trading companies, the General Accounting Office, in the course of preparing its February 1986 "Report to Congress on the Implementation of the Export Trading Company Act of 1982," conducted a survey of 23 trading organizations that had obtained certificates of review from the Department of Commerce. Many of those firms reported that business was disappointing and cited economic factors, particularly the high value of the dollar, as the reason.

Although the experience of bank-affiliated export trading companies to date has fallen short of expectations, this is primarily due to the highly unfavorable economic climate for U.S. exports that has resulted from the overvalued exchange rate for the U.S. dollar, the lack of adequate economic growth in foreign industrial countries, and the need for adjustment in many developing countries. Therefore, the period since 1982 has clearly not been a fair test of the viability of bank-affiliated export trading companies on which far-reaching changes in the law should be based. Besides the macroeconomic conditions faced by export trading companies, other factors contribute to their slow development. It is still a fledgling industry; the oldest of the bank-affiliated export trading companies is not yet four years old. Moreover, a review of several articles concerning bank-affiliated export trading companies in recent years indicates that the affiliation of two such different corporate cultures as banking and trading inevitably creates difficulties in forging a viable and profitable enterprise. Moreover, the publications generally do not attribute the lack of success of export trading companies to the Board's regulations, but rather to the various economic and business factors that I have mentioned.

In efforts to make refinements to the legislation governing the operations of bank-affiliated export trading companies, which we all see as a desirable effort, banking organizations were perceived as providing two essential elements for a successful export trading company—a source of capital and financing and a network of foreign offices able to evaluate foreign markets and provide necessary foreign contacts. The legislation therefore created a very limited exception to the statutory separation of banking and commerce to achieve the goal of improving the export sector of the economy. The BESA was not, as we read it, intended to let bank holding companies perform every type of international activity nor to relax to any great extent the provisions protecting bank safety and soundness. Bank-affiliated export trading companies were intended to assist other companies in the export of their goods and services and not to compete with these companies by becoming themselves producers of services for export. Moreover, the act recognizes that there are activities from which export trading companies should be explicitly excluded, such as securities activities, agriculture, dealing in commodities, and manufacturing. The act contains these and other important safeguards that are intended to maintain the separation of banking and commerce and to avoid compromising significant supervisory goals. These measures were adopted in recognition that one goal of national importance—export promotion—should not be achieved at the expense of another—a safe and sound banking system.

The Board's regulations implementing the BESA are designed to carry out the statute's intent. Because the statute did not focus on promoting trade, but on promoting U.S. exports through *export* trading companies, our regulations are designed to ensure that such companies engage in trade services that promote U.S. exports. As a result, the Board's regulation requires that 50 percent of a bank-affiliated export trading company's business must derive from exporting or facilitating the export of goods and services produced in the United States by persons other than the export trading company and its subsidiaries. Under this test, a bank-affiliated export trading company may provide services to any party, foreign or domestic, that is connected to an international trade transaction, as long as the majority of the company's business is export-related.

Let me, at this point, clear up some confusion over one aspect of the 50 percent revenues test in the Board's regulations. A bank-affiliated export trading company may provide services not only to unaffiliated persons, it can also help to promote the goods and services of *any* of its affiliates; that activity is considered as facilitating a U.S. export under the regulation. For example, an export trading company could market abroad computer software developed by its bank holding company parent; revenues derived from that activity are considered export revenues. Thus, contrary to the perception of some, a bank-affiliated export trading company is authorized to assist its affiliates in exporting services.

As I have mentioned, one of the fundamental premises of the legislation is that bank-affiliated export trading companies will facilitate the export of goods and services of other U.S. companies and will not engage directly in such activities themselves. Accordingly, the Board's regulations, consistent with the purposes of the BESA, prevent a bank holding company, under the guise of an export trading company, from acting only as a service company for foreigners, that is, from engaging in a service activity, which might not be even a trade service, that is provided only to foreign parties. An example would be an insurance company that underwrites and sells property and casualty insurance policies to foreign customers.

This situation, in which a bank holding company becomes the producer of the service to be exported, would be inconsistent with an export trading company's role as a facilitator of exports. The regulations, however, permit formation of a joint venture with an insurance company to facilitate the sale of the insurance company's policies abroad. Therefore, there is a broad scope in the statute and the regulation for a bank-affiliated export trading company to provide services in support of exports.

Some of the legislative proposals have implicitly taken issue with the Board's regulation requiring that 50 percent of an export trading company's business derive from exports or facilitating exports produced by others. This is also the area of current regulation in which the most flexibility is sought by the surveyed bank-affiliated export trading companies, that is, in the application of the 50 percent of revenues test.

These legislative proposals would alter the original intent of the statute in a fundamental way. The original bill was intended to promote exports and build an export-oriented infrastructure of trading companies. Some of the proposed legislation would not seem to further those goals.

First, these proposals would permit an export trading company to count as export revenues any revenues derived from third-country trade. The rationale is that the export trading company itself is providing a service and that the trade activity of the third country does not hurt U.S. trade balances because it does not involve an import. Our view is that such proposals sanction the development of bank-affiliated trading companies that need not facilitate the export of any product produced in the United States at all. These proposals would permit a trading company to set up foreign companies to provide a broad range of services to foreign parties without any benefit either to U.S. jobs or toward developing an export trading industry that can serve companies that actually produce goods and services in the United States. This approach would create a movement in the opposite direction from providing export trade services to those U.S. companies that need assistance in exporting.

Moreover, it is not readily apparent that, as many claim, third-country trade would not harm U.S. trade. If a foreign country is buying computers from Germany, it is not buying them from the United States. Third-country trade therefore can hurt U.S. exports because many third-country transactions are substitutions for U.S. exports.

In addition, by permitting bank holding companies to invest in any company, regardless of its business, as long as it offers its services exclusively to foreign customers, the proposed legislation would put bank holding companies into direct competition with other U.S. companies that are intended to be the primary beneficiaries of the original act, that is, companies that produce in the United States, goods and services which, with the help of an export trading company, could be exported. Such a result seems perverse in two ways. First, it reduces any incentive on the part of bank-affiliated export trading companies to market their trade services to U.S. companies. Under the proposals, if a bank holding company were to identify potential projects or markets abroad, it could establish a trading company to take on the project or service, rather than approach U.S. companies either to form a joint venture to take advantage of the opportunity or to otherwise assist the U.S. company in exporting its service.

Second, the proposals would expand the kinds of activities in which a bank holding company may engage indirectly through an export trading company. There is already a statutory and regulatory framework for the expansion of the operations of bank holding companies and Edge corporations outside the United States that provides considerable flexibility in both activities and investments. For example, in some instances, U.S. banking organizations have been permitted to establish foreign companies that underwrite and sell life insurance. This has been done, however, under statutes that allow the Federal Reserve to consider fully the effect on banks and the banking system, taking into account factors not applicable to the BESA. A radical change in the authority to conduct activities overseas, such as the proposals would provide, should be dealt with straightforwardly as a question of new products and services for banking organizations. The Board strongly supports authorization of some new products and services for bank holding companies but believes that they should be granted in a direct fashion, and not through trade legislation, especially when there would be no benefit to U.S. exports generally.

Although these proposals would shift the emphasis of the original statute from export promotion to promotion of international trade *per se* by permitting bank holding companies to engage in general trading activities without regard to promoting U.S. exports, this is of course a matter for the Congress to decide. The Board's regulations requiring a predominance of exports are, however, fully consistent with the intent of the Congress at the time of passage of the BESA.

With respect to the ability of a bank to finance its affiliated export trading company, the BESA subjects a bank's extension of credit to an affiliated export trading company to the provisions of section 23A of the Federal Reserve Act. As you know, section 23A requires collateralization for any extension of credit by a bank to an affiliate, usually in an amount that exceeds the face amount of the extension of credit. This is entirely appropriate to protect the bank. However, in recognition of the need for a bank-affiliated export trading company to secure funding for its trading in goods, the Board has provided a reasonable exception by waiving the excess collateral requirement for loans by a bank to its affiliated export trading company. The regulations require instead that the bank take a security interest in goods or the proceeds from the sale of goods that are subject to a contract of sale. This measure enables an export trading company to obtain financing for the activity for which financing is most needed, but the exception does not subject the bank to undue risk.

This liberalization of the collateral requirements of section 23A is the type of carefully crafted exception to the provisions of section 23A that we believe is most appropriate in this context. It is tailored to the needs of an export trading company but ensures that the assets of the bank will not be jeopardized.

The Board also expects a bank-affiliated export trading company to be capitalized adequately to support its operations. There is no regulatory requirement, however, for a certain capital level. Each case is evaluated based on its own facts.

Some of the proposed amendments to the BESA that relate to section 23A and to capital requirements raise substantial supervisory concerns. The proposals would expand the ability of a bank-affiliated export trading company to take on the equity risk of foreign subsidiaries, clearly increasing the risk to which the export trading company is subject. At the same time, the proposals would reduce the safeguards for the affiliated bank, by exempting all transactions from the collateral requirements of section 23A and by permitting an export trading company to be less than adequately capitalized.

These changes would seem to be especially inappropriate at this time when there is a consensus that bank affiliates should be subject to market discipline. An affiliate should not be able to use a bank's resources—and the federal guarantee for those resources—except to the extent permitted by the provisions of section 23A. As the Board has consistently stated, if a bank-affiliated export trading company is creditworthy, it can obtain credit in the market even from a nonaffiliate. If an export trading company is not creditworthy, an affiliated bank should not be placed at risk by being able to lend without collateral. Moreover, a total elimination of the collateral requirements of section 23A is directly contrary to the approach taken in other recent legislative proposals, which would actually strengthen the protection available to the bank.

As I have previously stated, the Board has been willing to be flexible in its approach to section 23A as it applies to loans to bank-affiliated export trading companies but only when the bank will not be adversely affected. We cannot support any proposal that would permit a nonbank affiliate to drain the resources of the bank in pursuit of its business.

With respect to capitalization, some of the legislative proposals would permit an export trading company to operate with a capital-to-assets ratio of 4 percent. That ratio would be low for most trading companies; such ratios are typically at least 25 percent for trading companies that are not affiliated with banks. The proposed ratio is even lower than the capital required of a bank. We see no justification for reducing the Board's ability to require that a bank holding company subsidiary be adequately capitalized in relation to its business. Having said this, it should be noted that when the proposed activities of a bank-affiliated export trading company have risk characteristics similar to those of a bank, the Board has determined that the export trading company may maintain a capital ratio equivalent to that required of a bank.

Such a proposal permitting a low capital-to-assets ratio would also be contrary to prudent supervisory policies as reflected in recent efforts, including those of the Congress in passing the International Lending Supervision Act of 1983, to increase capital of banking organizations involved in international activities. Moreover, it would remove bank-affiliated export trading companies from the market restrictions imposed on other companies not affiliated with banks, thereby encouraging increased risk-taking with its concomitant risk to the banking organization. A bank can be harmed not only by direct interaction with an affiliate but also by a weakening of the bank holding company's ability to serve as a source of strength to its subsidiary banks.

Besides the supervisory questions raised by these proposals on section 23A and capital adequacy, the proposals raise a serious issue of competitive equity. These proposals place bank-affiliated export trading companies in a favored position over all other competitors by removing them from the effects of market discipline. A bank-affiliated export trading company would have a ready source of financing, even if the company is not creditworthy, and could undertake a higher volume of activities because of its low capitalization. This situation would be entirely inconsistent with the concept of a level playing field.

In light of these factors, the Board must oppose any proposals that would increase the risk to the bank from the operation of the affiliated export trading company. Such export trading companies should be permitted to operate with sufficient flexibility to allow them to succeed but within appropriate constraints on their ability to harm their affiliated banks. We believe that the current statutory and regulatory framework achieves these goals. The recent past did not provide circumstances for the best test of the current framework. Changing economic conditions should make it easier for these export trading companies to operate more successfully in the next few years.

While we believe that the foregoing is a realistic assessment of both the current law and the proposals that have been introduced into the Congress, the Federal Reserve is, as always, willing to work with the Congress in developing necessary legislative reforms. We urge you, however, to keep in mind that some of the proposals raise serious supervisory concerns. Others are aimed at changing the purposes of bank-affiliated export trading companies from an export orientation to encouraging trade outside the United States or even U.S. imports. In the final analysis, of course, the goals for any new legislation are established by the Congress, and the Board always endeavors to adopt implementing regulations that reflect those goals. □

Vice Chairman Johnson presented identical testimony before the subcommittee on International Finance and Monetary Policy of the Senate Committee on Banking, Housing, and Urban Affairs, March 25, 1987.

Announcements

Redeposit Service Approved

The Federal Reserve Board approved on March 30, 1987, a proposal to allow Federal Reserve Banks to offer a redeposit service for low-dollar checks that have been returned unpaid.

Beginning in July 1984, the Reserve Banks conducted several pilot programs to test the feasibility of reclearing low-dollar return items. The dollar cutoffs used to select the recleared checks eligible for the test programs ranged from $100 to $900. Based on encouraging results from the pilot programs and requests from the banking industry, in November 1986 the Board issued for public comment a proposal to adopt this program Systemwide on an optional basis.

The Reserve Banks may now offer this service to financial institutions that send checks to the Bank for collection (sender). In addition, the Reserve Banks may add other features to the basic service. For example, the sender may (1) select its own dollar cutoff for eligible returns, (2) specify eligible returns by account number rather than by having a blanket redeposit policy, or (3) designate the redeposit service for local area checks only.

If Reserve Banks opt to provide this service, they will use a two-part fee structure. The fee structure will include a fixed daily fee for reclearing items up to a specified volume and a per-item fee for any additional volume.

The Board's action also allows the Director of the Board's Division of Federal Reserve Bank Operations to approve additional service features under delegated authority.

Reductions in the Fee Structure for Book-Entry Securities

The Federal Reserve Board has approved the following reductions in portions of the fee structure for the federal agency book-entry securities service, effective May 1:

- Originating an on-line securities transfer is reduced from $3.00 to $2.25. (This also replaces the graduated on-line origination fee of $1.00–$5.00 that was effective only at the Federal Reserve Bank of New York.)
- Originating or receiving an off-line securities transfer is reduced from $10.00 to $7.00.
- The per-issue-per-account maintenance fee is reduced from $.50 per issue to $.45.

Revisions to Money Stock Data

Measures of the money stock were revised in February of this year to include changes in annual benchmarks and seasonal factors. Data in tables 1.10 and 1.21 in the statistical appendix to the Bulletin reflected these changes beginning with the issue for April 1987.

Deposits were benchmarked to recent call reports and incorporated revisions to the data. Changes in seasonal factors were based on the X-11-ARIMA procedure used in recent years. Unlike past years, however, seasonally adjusted M1 is now constructed by summing travelers checks, currency, demand deposits, and other checkable deposits (OCDs), each seasonally adjusted separately. Owing to data limitations, seasonally adjusted OCDs previously had been derived indirectly as the difference between seasonally adjusted transactions deposits (demand deposits plus OCDs) and seasonally adjusted demand deposits. M2 continues to be calculated by seasonally adjusting its non-M1 component as a whole, and M3 by adjusting its non-M2 component as a whole.

More detail on the revisions is available in the H.6 release, "Money Stock, Liquid Assets and Debt Measures" for February 12, 1987. Historical data are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1. Monthly seasonal factors used to construct M1, M2 and M3, January 1986–March 1988

Year and month	Currency	Nonbank travelers checks	Demand deposits	Other checkable deposits	Nontransactions components in M2	Nontransactions components in M3 only
1986—January	.9924	.9275	1.0197	1.0105	1.0016	1.0001
February	.9875	.9356	.9714	.9896	1.0012	1.0017
March	.9909	.9433	.9747	.9981	1.0025	1.0039
April	.9952	.9490	1.0063	1.0270	1.0009	.9986
May	.9997	.9685	.9831	.9895	.9988	1.0016
June	1.0040	1.0466	1.0042	1.0004	.9994	.9954
July	1.0088	1.1381	1.0080	.9954	1.0014	.9905
August	1.0049	1.1366	.9940	.9915	.9996	.9972
September	.9989	1.0723	.9970	.9943	.9973	1.0026
October	.9984	1.0057	.9986	.9916	.9995	1.0001
November	1.0048	.9521	1.0078	1.0007	.9996	1.0030
December	1.0147	.9276	1.0361	1.0117	.9987	1.0025
1987—January	.9923	.9261	1.0193	1.0114	1.0017	1.0008
February	.9876	.9341	.9707	.9894	1.0010	1.0032
March	.9909	.9423	.9741	.9973	1.0021	1.0048
April	.9951	.9482	1.0060	1.0266	1.0007	.9992
May	.9996	.9676	.9832	.9890	.9986	1.0018
June	1.0039	1.0464	1.0047	1.0003	.9993	.9955
July	1.0088	1.1395	1.0083	.9954	1.0015	.9900
August	1.0051	1.1389	.9946	.9921	.9999	.9966
September	.9990	1.0730	.9973	.9947	.9975	1.0026
October	.9985	1.0058	.9981	.9915	.9995	.9996
November	1.0048	.9515	1.0078	1.0008	.9996	1.0025
December	1.0148	.9270	1.0363	1.0120	.9988	1.0018
1988—January	.9921	.9255	1.0191	1.0116	1.0016	1.0014
February	.9876	.9333	.9703	.9892	1.0009	1.0042
March	.9909	.9422	.9739	.9967	1.0018	1.0053

2. Monthly seasonal factors for selected components of the monetary aggregates, January 1986–March 1988

Year and month	Commercial bank deposits: Savings	Commercial bank deposits: Small denomination time	Commercial bank deposits: Large denomination time	Thrift institution deposits: Savings	Thrift institution deposits: Small denomination time	Thrift institution deposits: Large denomination time	Experimental (model-based) factors for M1: Currency	Experimental (model-based) factors for M1: Nonbank travelers checks	Experimental (model-based) factors for M1: Demand deposits	Experimental (model-based) factors for M1: Other checkable deposits
1986—January	.9962	.9994	1.0027	1.0003	1.0064	1.0039	.9947	.9275	1.0024	1.0175
February	.9910	.9985	1.0047	.9959	1.0047	1.0067	.9884	.9356	.9732	.9925
March	.9949	.9980	1.0067	1.0007	.9998	1.0000	.9917	.9433	.9778	.9987
April	1.0003	.9941	.9907	1.0018	.9964	.9945	.9962	.9490	1.0121	1.0435
May	1.0027	.9956	.9954	1.0029	.9929	.9984	.9997	.9685	.9834	.9949
June	1.0070	.9986	.9908	1.0050	.9940	.9964	1.0031	1.0466	.9999	1.0015
July	1.0102	1.0011	.9905	1.0072	.9991	.9949	1.0093	1.1381	1.0052	.9995
August	1.0009	1.0040	.9991	.9923	.9986	1.0005	1.0052	1.1366	.9923	.9892
September	.9990	1.0047	1.0048	.9916	.9987	1.0029	.9984	1.0723	.9989	.9941
October	1.0042	1.0033	1.0041	1.0006	1.0029	1.0028	.9997	1.0057	1.0032	.9912
November	1.0006	1.0022	1.0026	1.0032	1.0032	1.0010	1.0067	.9521	1.0100	.9988
December	.9956	.9991	1.0049	.9999	1.0022	.9977	1.0171	.9276	1.0365	1.0103
1987—January	.9965	.9992	1.0040	1.0011	1.0064	1.0024	.9942	.9261	1.0218	1.0166
February	.9902	.9988	1.0072	.9958	1.0051	1.0054	.9883	.9341	.9736	.9925
March	.9935	.9990	1.0079	.9996	1.0005	1.0003	.9913	.9423	.9769	1.0004
April	.9991	.9947	.9912	1.0007	.9967	.9952	.9969	.9482	1.0140	1.0421
May	1.0020	.9959	.9954	1.0025	.9932	1.0000	.9994	.9676	.9829	.9941
June	1.0067	.9989	.9902	1.0048	.9943	.9975	1.0036	1.0464	.9997	1.0032
July	1.0103	1.0013	.9895	1.0072	.9992	.9957	1.0088	1.1395	1.0055	.9983
August	1.0011	1.0038	.9979	.9924	.9984	1.0007	1.0042	1.1389	.9908	.9892
September	.9995	1.0046	1.0040	.9914	.9985	1.0024	.9999	1.0730	1.0000	.9951
October	1.0048	1.0028	1.0040	1.0006	1.0025	1.0026	.9993	1.0058	1.0032	.9903
November	1.0013	1.0016	1.0025	1.0038	1.0027	1.0003	1.0070	.9515	1.0090	.9987
December	.9959	.9987	1.0045	1.0005	1.0021	.9974	1.0172	.9270	1.0361	1.0109
1988—January	.9966	.9992	1.0049	1.0015	1.0064	1.0019	.9939	.9255	1.0215	1.0158
February	.9899	.9992	1.0088	.9958	1.0053	1.0047	.9879	.9333	.9727	.9922
March	.9928	.9997	1.0083	.9989	1.0010	1.0010	.9926	.9422	.9798	1.0029

3. Weekly seasonal factors for selected components of the monetary aggregates, December 1986—March 1988

Week ending		Currency	Demand deposits	Other checkable deposits	Commercial bank deposits: Savings	Commercial bank deposits: Small denomination time	Commercial bank deposits: Large denomination time
1986—December	1	1.0059	1.0146	.9925	.9987	1.0007	1.0033
	8	1.0136	1.0182	1.0277	1.0008	.9998	1.0028
	15	1.0120	1.0173	1.0137	.9978	.9985	1.0042
	22	1.0196	1.0236	1.0058	.9931	.9979	1.0039
	29	1.0183	1.0399	.9966	.9895	.9998	1.0091
1987—January	5	1.0078	1.0987	1.0386	.9972	1.0000	1.0066
	12	1.0011	1.0507	1.0368	1.0005	.9996	1.0035
	19	.9920	1.0240	1.0167	.9973	.9997	1.0016
	26	.9826	.9846	.9840	.9948	.9986	1.0041
February	2	.9808	.9786	.9807	.9914	.9980	1.0054
	9	.9937	.9855	1.0063	.9922	.9993	1.0070
	16	.9930	.9706	.9882	.9904	.9991	1.0069
	23	.9827	.9597	.9797	.9890	.9985	1.0074
March	2	.9821	.9656	.9856	.9885	.9984	1.0083
	9	.9958	.9821	1.0115	.9921	.9993	1.0090
	16	.9923	.9788	.9973	.9935	.9990	1.0068
	23	.9886	.9586	.9869	.9940	.9990	1.0083
	30	.9875	.9650	.9877	.9944	.9992	1.0085
April	6	1.0012	1.0159	1.0381	1.0020	.9966	.9997
	13	1.0007	1.0166	1.0460	1.0021	.9928	.9935
	20	.9955	1.0181	1.0450	.9969	.9954	.9866
	27	.9883	.9841	.9965	.9961	.9941	.9877
May	4	.9955	.9997	1.0071	.9987	.9946	.9880
	11	1.0029	.9891	.9977	1.0015	.9954	.9915
	18	.9974	.9897	.9839	1.0027	.9959	.9946
	25	.9968	.9543	.9713	1.0031	.9965	1.0007
June	1	.9963	.9915	.9856	1.0024	.9969	.9996
	8	1.0116	1.0201	1.0225	1.0074	.9991	.9935
	15	1.0074	1.0154	1.0161	1.0083	.9991	.9903
	22	1.0022	.9874	.9876	1.0049	.9986	.9854
	29	.9990	.9918	.9757	1.0058	.9986	.9905
July	6	1.0198	1.0353	1.0159	1.0123	1.0013	.9881
	13	1.0115	1.0279	1.0122	1.0144	1.0014	.9856
	20	1.0064	1.0072	.9921	1.0117	1.0013	.9886
	27	.9994	.9782	.9734	1.0068	1.0010	.9933
August	3	1.0052	.9902	.9851	1.0042	1.0019	.9933
	10	1.0138	1.0070	1.0080	1.0041	1.0031	.9947
	17	1.0071	1.0071	.9937	1.0019	1.0040	.9965
	24	.9994	.9775	.9792	.9996	1.0043	.9995
	31	.9956	.9814	.9829	.9976	1.0048	1.0030
September	7	1.0108	1.0159	1.0200	1.0005	1.0063	1.0025
	14	1.0040	1.0154	1.0152	1.0007	1.0048	1.0011
	21	.9976	.9836	.9868	.9987	1.0045	1.0032
	28	.9895	.9734	.9635	.9968	1.0031	1.0082
October	5	.9998	1.0161	1.0000	1.0039	1.0036	1.0075
	12	1.0056	1.0027	1.0020	1.0078	1.0041	1.0062
	19	.9981	1.0084	.9956	1.0057	1.0026	1.0024
	26	.9914	.9755	.9744	1.0035	1.0015	1.0026
November	2	.9923	.9953	.9835	1.0021	1.0021	1.0012
	9	1.0078	1.0101	1.0137	1.0038	1.0032	1.0019
	16	1.0048	1.0159	1.0057	1.0027	1.0017	1.0013
	23	1.0007	.9873	.9870	1.0011	1.0008	1.0036
	30	1.0071	1.0141	.9966	.9976	1.0003	1.0036
December	7	1.0145	1.0229	1.0256	.9984	1.0000	1.0018
	14	1.0124	1.0281	1.0165	.9974	.9989	1.0039
	21	1.0179	1.0348	1.0084	.9954	.9978	1.0029
	28	1.0204	1.0446	.9989	.9921	.9977	1.0083

3. Continued

Week ending		Currency	Demand deposits	Other checkable deposits	Commercial bank deposits: Savings	Small denomination time	Large denomination time
1988—January	4	1.0073	1.0949	1.0257	.9974	.9992	1.0071
	11	1.0022	1.0513	1.0463	1.0005	.9992	1.0043
	18	.9923	1.0225	1.0209	.9980	.9998	1.0025
	25	.9834	.9788	.9846	.9953	.9992	1.0049
February	1	.9794	.9707	.9799	.9915	.9984	1.0068
	8	.9925	.9825	1.0053	.9931	.9994	1.0085
	15	.9930	.9691	.9878	.9910	.9994	1.0088
	22	.9827	.9595	.9793	.9897	.9993	1.0087
	29	.9813	.9628	.9817	.9855	.9987	1.0094
March	7	.9967	.9844	1.0119	.9890	.9997	1.0095
	14	.9941	.9834	.9985	.9910	.9997	1.0076
	21	.9906	.9666	.9875	.9925	1.0000	1.0079
	28	.9857	.9590	.9849	.9947	.9998	1.0104
April	4	.9976	1.0121	1.0314	1.0016	.9981	1.0030

Changes in Official Staff Commentaries on Regulations B, E, and Z

The Federal Reserve Board adopted on April 1, 1987, final changes to the official staff commentaries to its Regulations B (Equal Credit Opportunity), E (Electronic Fund Transfers), and Z (Truth in Lending).

The major changes to the official staff commentary on Regulation B pertain to notification regarding denial of an incomplete application and data collection requirements for monitoring purposes.

The revisions to the official staff commentary on Regulation E address systems for paying government benefits by means of electronic terminals; coverage of dividend or interest payments on securities; restrictions on payments to third parties from money market deposit accounts; and the practice of including promotional material on automatic-teller-machine or point-of-sale receipts.

The update to the official staff commentary on Regulation Z clarifies provisions affecting disclosures for refinancing transactions and the right of rescission. In addition, the update clarifies the exception from the finance charge for participation or membership fees and the prohibition against offsetting a consumer's credit card indebtedness with funds from a deposit account held with a credit card issuer.

Proposed Action

The Federal Reserve Board has requested comment on a proposal to incorporate credit risks on off-balance-sheet interest rate and exchange rate contracts (including interest rate swaps) into its proposed risk-based capital measure. This proposal has been developed jointly with the Bank of England and is designed to be consistent with treatment of other off-balance-sheet credit exposures in the overall U.S.–U.K. agreement on primary capital and the assessment of capital adequacy, which was announced earlier this year. Comments on this proposal should be received by May 22, 1987.

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period March 1 through March 31, 1987:

Alabama
Falkville . . . . Morgan County Bank
New Hope . . . . Madison County Bank
Florida
North Miami Beach . . . . Equitable Bank
Pensacola . . . . American Bank & Trust
Virginia
Kenbridge . . . . Lunenburg County Bank

Legal Developments

ORDER

In 1976, the Board granted state-chartered depository institutions subject to the New York mortgage disclosure law an exemption from the federal Home Mortgage Disclosure Act based on a determination that the state law and regulations (Supervisory Procedure G107) provided for substantially similar disclosures and adequately provided for enforcement. The Board has learned that Supervisory Procedure G107 has expired and was not renewed by the New York State Banking Department; therefore, effective March 31, 1987, the Board hereby formally terminates the New York exemption, as follows:

> The Board granted an exemption to New York-chartered depository institutions from the federal Home Mortgage Disclosure Act in 1976 based on the existence of substantially similar requirements imposed by state law. The exemption was supplemented by an order in 1977 and renewed in 1982 following changes in the federal act and regulation and corresponding changes in the state law.
>
> Because the New York State Banking Department's Supervisory Procedure G107 has expired, there is no longer a state law basis for the New York exemption. The Board is therefore terminating the New York exemption. New York-chartered depository institutions previously exempted from the federal law shall comply with the federal act and regulation, beginning with the data required by the act and Regulation C for loans originated or purchased in calendar year 1986.

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

Orders Issued Under Section 3 of the Bank Holding Company Act

AmSouth Bancorporation
Birmingham, Alabama

Order Approving Acquisition of a Bank Holding Company

AmSouth Bancorporation, Birmingham, Alabama, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.* ("Act")), has applied for the Board's approval under section 3 of the Act to acquire the successor by merger to First Tuskaloosa Corporation, Tuscaloosa, Alabama ("Company"), and thereby indirectly to acquire The First National Bank of Tuskaloosa, Tuscaloosa, Alabama ("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 (51 *Federal Register* 40,515 (1986)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the largest commercial banking organization in Alabama, controls two subsidiary banks with total deposits of $3.7 billion, representing approximately 18.1 percent of the total deposits in commercial banks in the state.[1] Bank is the sixth largest commercial banking organization in the state, with total deposits of $295.6 million, representing 1.4 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed transaction, Applicant would remain the largest banking organization in Alabama, with total deposits of $4.0 billion, representing 19.5 percent of the total deposits in commercial banks in the state. The Board does not believe consummation of this proposal would have any significant effect on the concentration of banking resources in Alabama.

Both Applicant and Bank compete directly in the Tuscaloosa banking market.[2] Applicant operates two branches in the market and is the smallest of the six commercial banking organizations operating in the market. Applicant controls total deposits of $13.3 million, representing 2.5 percent of the deposits in commercial banks in the market. Bank is the largest commercial banking organization in the market, with total deposits of $277.2 million, representing 52.7 percent of the deposits in commercial banks in the market. Upon consummation of the proposal, Applicant's share of the deposits in commercial banks in the

1. State deposit data are as of December 31, 1985. Market data are as of June 30, 1985.
2. The Tuscaloosa banking market is approximated by Tuscaloosa County, Alabama.

market would increase to 55.2 percent. The Tuscaloosa banking market is considered to be highly concentrated, with the four largest commercial banks controlling 97 percent of the deposits in commercial banks in the market. The Herfindahl–Hirschman Index ("HHI") for the market is 4,046 and would increase by 265 points to 4311 upon consummation of the proposal.[3]

In reviewing the effect of this proposal on existing competition in the Tuscaloosa market, the Board has considered in particular Applicant's small absolute and relative size in the market and the modest increase in market concentration in the context of the market's overall competitive structure. As noted, Applicant is the smallest depository institution in the market, controlling only 2.5 percent of deposits in commercial banking organizations in the market. In this regard, the Board has considered that since Applicant entered the market in 1976, its market share has remained unchanged, despite a substantial increase in the market's deposits. Moreover, four other commercial banking organizations would remain as competitors in the market upon consummation. These include the largest banking organizations in the state, which have the financial and managerial resources to compete effectively in the market.

The Board also notes that Alabama's largest and second largest thrift institutions with large branch networks in numerous Alabama markets, have a significant competitive presence in the Tuscaloosa market. They, together with another thrift institution, control approximately 37 percent of the market's total deposits.[4] These thrift institutions exert a considerable competitive influence in the market as providers of NOW accounts and commercial and consumer loans. In the Board's view, the competition afforded by these thrift institutions is a substantial mitigating factor in this case.[5] Finally, the Board notes that there are a number of credit unions, offices of large national consumer and commercial finance companies, as well as offices of other non-depository providers of financial services in the Tuscaloosa market, that offer a broad range of competitive services.

Based upon the above considerations, the Board concludes that consummation of the proposal is not likely substantially to lessen competition in the Tuscaloosa banking market.

The financial and managerial resources of Applicant, its subsidiary banks, and Bank are consistent with approval. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval, especially in light of Applicant's willingness to increase its efforts to better ascertain and meet the credit needs of the communities it serves. Based on the foregoing and other facts of record, the Board has determined that consummation of the proposed 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. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By order of the Board of Governors, effective March 17, 1987.

Voting for this action: Governors Johnson, Seger, and Heller. Voting against this action: Chariman Volcker and Governor Angell.

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

Dissenting Statement of Chairman Volcker and Governor Angell

We would also approve the proposed acquisition by AmSouth of First Tuskaloosa, but unlike the majority of the Board, we would require AmSouth, as a condition of approval, to divest an office or offices equiva-

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

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

5. If 50 percent of deposits held by thrift institutions in the Tuscaloosa banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 94.4 percent. Applicant would control 2.0 percent of the market's deposits and Bank would control 40.8 percent of the market's deposits. The HHI would increase by 159 points to 2833.

lent to its current position in the market. We would do so because, in our view, given the already highly concentrated nature of the Tuscaloosa banking market, the proposal without a divestiture would unduly reduce the competitive forces at work in the area.

We agree with the majority that the increase in concentration in the market consequent upon the merger is small. The question posed, however, is whether, in a market already so highly concentrated, a merger involving the dominant bank in the market with another viable competitor should be approved without a divestiture designed to maintain existing competitive options. In this case of a highly concentrated market, we believe that an acquisition that will eliminate an effective and forceful competitor from the market and further concentrate the market share of the dominant institution in that market should not go forward.

March 17, 1987

Associated Banc-Corp
Green Bay, Wisconsin

Order Approving Acquisition of a Bank

Associated Banc-Corp, Green Bay, Wisconsin, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Chicago Commerce Bancorporation ("Commerce") and indirectly to acquire Chicago Bank of Commerce, both of Chicago, Illinois.

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

Applicant, the sixth largest commercial banking organization in the state of Wisconsin, controls 10 subsidiary banks with total deposits of $1.03 billion, representing 3.3 percent of total deposits in commercial banking institutions in the state of Wisconsin.[1] Bank is the 124th largest commercial banking organization in the state of Illinois, controlling total deposits of $116.9 million, representing 0.11 percent of total deposits in commercial banking organizations in the state of Illinois. Consummation of this proposal would not have an adverse effect upon concentration of banking resources in Illinois or Wisconsin.

Applicant's proposal is the first acquisition by a Wisconsin bank holding company of an Illinois bank holding company or bank. Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving the application by a bank holding company to acquire control of any bank located outside of the holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication." Applicant's home state is Wisconsin.

The statute laws of Illinois authorize the acquisition of an Illinois bank or bank holding company by a bank holding company located in Wisconsin, if the laws of Wisconsin permit the acquisition of a bank in that state by an Illinois bank holding company.[2] The Illinois statute also requires that the Illinois Commissioner of Banks and Trust Companies ("Commissioner") make a determination that the Wisconsin statute is substantially reciprocal, in that it permits entry by Illinois bank holding companies under conditions that are substantially similar to those imposed for entry by out-of-state banking organizations by Illinois.[3] Wisconsin has enacted a statute that permits the acquisition of a Wisconsin bank by a bank holding company located in Illinois.[4] The Illinois Commissioner has approved this acquisition, stating in his order that the Wisconsin statute satisfies the requirements of Illinois law for reciprocity regarding interstate banking acquisitions in Illinois.

Based on its review of the relevant Illinois and Wisconsin statutes, the Board has concluded that the two statutes are reciprocal and that Illinois has, by statute, expressly authorized a Wisconsin bank holding company, such as Applicant, to acquire an Illinois bank holding company, such as Commerce. Accordingly, the Board is not prohibited by the Douglas Amendment from approving the application.

Applicant does not provide banking services in the Chicago banking market, where Commerce operates, and approval of consummation of this proposed acquisition would have no significant adverse affect on existing competition in any relevant banking market. The Board also examined the effects of this proposal on probable future competition in the relevant geographic markets and has concluded that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market.

1. All banking data are as of December 31, 1987.

2. Ill. Rev. Stat., Ch. 17, par. 2502, *et seq.* (1986).
3. Wis. Stat. § 221.58, *et seq.* (1986).
4. Ill. Rev. Stat., Ch. 17, par. 2510 (1986).

In evaluating this application, the Board has considered the financial and managerial resources of Applicant, its subsidiary banks and Commerce. The Board has stated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company expansion proposals. While Applicant's existing capital ratios are above the minimum levels specified in the Board's Capital Adequacy Guidelines[5] and will remain so after consummation of this proposal, the Board is concerned that consummation of the proposed transaction will result in a decline in Applicant's capital ratios. It appears from the record, however, that Applicant is capable of improving its capital ratios, and Applicant has submitted a capital plan that will restore capital to existing levels within one year.

Based on these facts, the Board concludes that financial and managerial resources and future prospects of Applicant, Commerce and their subsidiary banks are consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval of the proposal.

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

By order of the Board of Governors, effective March 25, 1987.

Voting for this action: Chairman Volcker and Governors Seger, Angell, and Heller. Absent and not voting: Governor Johnson.

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

First Essex Bancorp, Inc.
Lawrence, Massachusetts

Order Approving Formation of a Bank Holding Company

First Essex Bancorp, Inc., Lawrence, Massachusetts, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, to become a bank holding company by acquiring 100 percent of the voting shares of First Essex Savings Bank, Lawrence, Massachusetts ("Bank"), and thereby indirectly to acquire 100 percent of the voting shares of Bank's wholly owned subsidiaries, 1848 Corporation, Inc., Empire Securities, Inc., and Prime Mortgage Co., Inc., which are engaged in certain service activities for Bank. Bank, a state-chartered mutual savings bank, the accounts of which are insured by the Federal Deposit Insurance Corporation ("FDIC"), will convert to a state-chartered stock savings bank insured by the FDIC.

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with section 3(b) of the Act, 51 *Federal Register* 44,946 (1986). 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. § 1841(c)).

The Board previously has determined that a state savings bank is a "bank" under section 2(c) of the Act if it accepts demand deposits, engages in the business of making commercial loans, and is not covered by the exemption created by the Garn–St Germain Depository Institutions Act of 1982 for thrift institutions insured by the Federal Savings and Loan Insurance Corporation ("FSLIC") or operating under a charter by the Federal Home Loan Bank Board.[1] Bank accepts demand deposits and engages in the business of making commercial loans, and its deposits are not insured by the FSLIC. Accordingly, Bank is a "bank" for purposes of the Act, and Applicant's application to become a bank holding company through acquisition of Bank has been considered in light of the requirements of section 3 of Act pertaining to the acquisition of banks.

Applicant is a non-operating corporation with no subsidiaries, formed for the purpose of acquiring Bank. Bank is the 36th largest depository institution among commercial banks and thrift institutions in Massachusetts, with deposits of $360.5 million, representing 0.4 percent of the total deposits in commercial banks and thrift institutions in the state.[2] Bank is the 29th largest depository institution in the metropolitan

5. 12 C.F.R. Part 225, Appendix A.

1. *Excel Bancorp, Inc.*, 72 FEDERAL RESERVE BULLETIN 731 (1986); *First Fidelity Bancorporation*, 72 FEDERAL RESERVE BULLETIN 487 (1986); *BankVermont Corporation*, 70 FEDERAL RESERVE BULLETIN 829 (1984); *The Frankford Corporation*, 70 FEDERAL RESERVE BULLETIN 654 (1984); *The One Bancorp*, 70 FEDERAL RESERVE BULLETIN 359 (1984); *First NH Banks, Inc.*, 69 FEDERAL RESERVE BULLETIN 874 (1983); *Amoskeag Bank Shares, Inc.*, 69 FEDERAL RESERVE BULLETIN 860 (1983).
2. State banking data as of March 31, 1986.

Boston banking market,[3] representing 0.6 percent of the total deposits in commercial banks and thrift institutions in the market.[4] Because this proposal represents the restructuring of Bank's ownership into corporate form, consummation of the proposal would not have any significant effect on existing or probable future competition, nor would it significantly increase the concentration of banking resources in Bank's market or in the state of Massachusetts.

The financial and managerial resources of Applicant and Bank are regarded as satisfactory and consistent with approval. Considerations relating to the convenience and needs of the community to be served are also consistent with approval of the proposal.

Bank engages through a separate department of the bank in the sale and issuance of Savings Bank Life Insurance ("SBLI"). As required by Massachusetts law, the assets, reserves and earnings of Bank's SBLI department are segregated from all other assets and liabilities of the Bank and Bank's deposits and other resources are not at risk by virtue of its participation in SBLI.[5]

In connection with Applicant's proposal, the National Association of Life Underwriters, the National Association of Professional Insurance Agents, the Independent Insurance Agents of America Incorporated, the National Association of Casualty and Surety Agents, and the National Association of Surety Bond Producers ("Protestants") submitted comments protesting this application on the grounds that the SBLI activities conducted by Bank are prohibited under the amendments to section 4 contained in the Garn–St Germain Depository Institutions Act.

In response, Applicant has argued that the nonbanking prohibitions of the BHC Act, including the provisions relating to insurance activities of bank holding companies and their subsidiaries, are not applicable where the activity is conducted, as here, solely within the bank. In order to expedite consideration of the application, however, Applicant has agreed that, within two years of consummation of its acquisition of Bank, Bank will divest or terminate its SBLI activities, unless during such period Applicant receives approval pursuant to an application under section 4(c)(8) of the Act to retain such activities, or the Board otherwise determines, as Applicant contends, that these activities are permissible under the Act when conducted directly by subsidiary banks of bank holding companies.

Accordingly, and without resolving the question as to whether section 4 of the Act governs the SBLI activities conducted directly by savings banks owned by bank holding companies, the Board has determined to accept Applicant's commitment to divest such activities within two years of consummation of the proposal unless during that period Applicant obtains a Board determination that Bank may continue to conduct its SBLI activities under the Act. The Board wishes to emphasize that its action in this case does not constitute a decision by the Board on the merits of the issues raised by Protestants.

In this regard, the Board notes that, even were the Board to conclude, as the Protestants claim, that the insurance prohibitions of the Act apply to the direct activities of Bank, the Board would, in accordance with the express provisions of the Act, allow the Applicant two years to conform to the nonbanking provisions of the Act.[6] The Board believes the two-year period to be particularly appropriate in this case in light of the facts that Bank has conducted this activity safely and soundly pursuant to explicit state authorization for over 50 years and that this proposal involves merely a restructuring of Bank's ownership and will not result in an expansion of the activity or its transfer to another banking organization. In addition, the Board notes that an immediate requirement for cessation of Bank's SBLI activity could cause adverse consequences for other institutions offering SBLI as well as the state-SBLI financial guaranty fund. On this basis, and in view of the special and historical relationship between savings banks and the SBLI program, the Board has determined to grant the two-year divestiture period proffered by Applicant. This action is consistent with the Board's treatment of SBLI activities in the application of *Neworld Bancorp* (Order issued March 13, 1987).

3. The metropolitan Boston banking market is approximated by the Boston Ranally Metropolitan Area, the towns of Ayer, Berlin, Groton, Harvard, Pepperell and those portions of Bellingham, Carber, Lakeville, Middleboro and Plymouth, Massachusetts, not already included in the Boston Ranally Metropolitan Area, less the towns of Brentwood, Chester and Derry, New Hampshire.

4. Market data are as of June 30, 1985.

5. If the claims upon Bank's SBLI department exceed the department's reserves, those claims are paid by the Massachusetts General Insurance Guaranty Fund.

6. Section 4(a)(2) of the Act (12 U.S.C. § 1843(a)(2)) expressly provides that a company has two years from the date it becomes a bank holding company to terminate any impermissible activities.

The Board has also allowed, in certain circumstances, already established bank holding companies a similar two-year period to divest impermissible nonbanking activities acquired in connection with the acquisition of a permissible activity. *Maryland National Corporation*, 73 FEDERAL RESERVE BULLETIN 310 (1987); *Security Pacific Corporation*, 72 FEDERAL RESERVE BULLETIN 800, 802 n.12 (1986); *Citicorp/Quotron*, 72 FEDERAL RESERVE BULLETIN 497, 500 (1986); *Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 960 (1958); *Baltimore Bancorp*, 71 FEDERAL RESERVE BULLETIN 901 (1985); *Citicorp/First Federal Savings & Loan*, 70 FEDERAL RESERVE BULLETIN 149, 155 (1984).

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

By order of the Board of Governors, effective March 27, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Angell, and Heller. Absent and not voting: Governor Seger.

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

Imperial Bancorp
Inglewood, California

Order Approving Acquisition of a Bank

Imperial Bancorp, Inglewood, California, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) (the "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 National Bank of Arizona, Scottsdale, Arizona ("Bank").

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

Applicant is the 12th largest commercial banking organization in California, with approximately $1.3 billion in domestic deposits, representing less than one percent of the total deposits in commercial banks in California.[1] Bank, with domestic deposits of approximately $24.2 million, is among the smaller commercial banking organizations in Arizona, controlling less than one percent of the total deposits in commercial banks in Arizona.

1. Banking data are as of March 30, 1986.

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving any application by a bank holding company to acquire control of any bank located outside of the holding company's home state,[2] unless such acquisition is "specifically authorized by the statute laws of the state in which [the] bank is located, by language to that effect and not merely by implication." The Board has previously determined that the statute laws of Arizona authorize an out-of-state financial institution to acquire any Arizona financial institution that has applied to operate in Arizona before May 31, 1984, subject to approval by the State Banking Superintendent.[3] The Arizona State Banking Superintendent has approved Applicant's proposal to acquire Bank in a formal Decision & Notice dated December 19, 1986. Based on the foregoing, the Board has determined that the proposed acquisition is specifically authorized by the statute laws of Arizona and that Board approval of the proposal is not barred by the Douglas Amendment.

Applicant does not operate a bank or non-banking subsidiary in any market in which Bank operates. Based on all the facts of record, consummation of the proposed transaction would not result in any significant adverse effects on existing or potential competition or increase the concentration of banking resources in any relevant area.

The financial and managerial resources and future prospects of Applicant and Bank are regarded as consistent with approval, particularly in light of improvements at both Applicant and Bank and certain commitments made by Applicant.

With respect to managerial resources, the Board has considered certain violations by Applicant and Bank of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations thereunder.[4] The Board notes that Applicant and Bank have established comprehensive policies and procedures to ensure compliance with the CFTRA. Applicant now has in place a centralized customer exemption list and a written operating procedures manual which specifically addresses the areas of past violations, and Examiners from the Federal Reserve Bank of San Francisco have determined that management is exercising appropriate supervision over Applicant's compliance with the CFTRA in line with the manual. Bank now has in

2. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.
3. Ariz. Rev. Stat. § 6–321 *et seq.*; *see Marshall & Ilsley Corporation*, 72 FEDERAL RESERVE BULLETIN 720 (1986).
4. 31 U.S.C. § 5311 *et seq.*; 31 C.F.R. § 103.

place a currency transaction report review procedure as well as an exemption list review procedure. Examiners from the Office of the Comptroller of the Currency have reviewed the sufficiency of the compliance procedures adopted by Bank and their efficacy in correcting the deficiencies. The Board has consulted with appropriate enforcement agencies, and has considered Applicant's and Bank's past record of compliance with law. For the foregoing reasons, and based upon a review of all of the facts of record, the Board concludes that the managerial resources of Applicant and Bank are consistent with approval. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

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

By order of the Board of Governors, effective March 2, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Seger, and Angell. Absent and not voting: Governor Heller.

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

Neworld Bancorp, Inc.
Boston, Massachusetts

Order Approving Formation of a Bank Holding Company and Acquisition of Nonbanking Activities

Neworld Bancorp, Inc., Boston, Massachusetts, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(1)), to become a bank holding company by acquiring Neworld Bank for Savings, Boston, Massachusetts ("Bank"), and thereby indirectly to acquire 100 percent of the voting shares of Bank's wholly owned subsidiaries, Chasaba Corp., Church Corp., Inc., and BRSB Realty Co., Inc. Bank is a state-chartered stock savings bank, the accounts of which are insured by the Federal Deposit Insurance Corporation.

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)).

The Board previously has determined that a state savings bank is a "bank" under section 2(c) of the Act if it accepts demand deposits, engages in the business of making commercial loans, and is not covered by the exemption created by the Garn–St. Germain Depository Institutions Act of 1982 for thrift institutions insured by the Federal Savings and Loan Insurance Corporation ("FSLIC") or operating under a charter by the Federal Home Loan Bank Board.[1] Bank accepts demand deposits and engages in the business of making commercial loans, and its deposits are not insured by the FSLIC. Accordingly, Bank is a "bank" for purposes of the Act, and Applicant's application to become a bank holding company through acquisition of Bank has been considered in light of the requirements of section 3 of Act pertaining to the acquisition of banks.

Applicant is a non-operating corporation with no subsidiaries, formed for the purpose of acquiring Bank. Bank is the 13th largest depository institution among commercial banks and thrift institutions in Massachusetts, with deposits of approximately $1.0 billion controlling 1.1 percent of the total deposits in commercial banks and thrift institutions in the state.[2] Bank is the 12th largest depository institution in the metropolitan Boston banking market,[3] controlling 1.3 percent of the total deposits in commercial banks and thrift institutions in the market.[4] Bank also operates in the Cape Cod banking market,[5] where it is the third largest depository institution, controlling 11.9 percent of the total deposits in commercial banks and thrift institutions in that market. Because this proposal involves the restructuring of Bank's ownership into

1. *Excel Bancorp, Inc.*, 72 FEDERAL RESERVE BULLETIN 731 (1986); *First Fidelity Bancorporation*, 72 FEDERAL RESERVE BULLETIN 487 (1986); *BankVermont Corporation*, 70 FEDERAL RESERVE BULLETIN 829 (1984); *The Frankford Corporation*, 70 FEDERAL RESERVE BULLETIN 654 (1984); *The One Bancorp*, 70 FEDERAL RESERVE BULLETIN 359 (1984); *First NH Banks, Inc.*, 69 FEDERAL RESERVE BULLETIN 874 (1983); *Amoskeag Bank Shares, Inc.*, 69 FEDERAL RESERVE BULLETIN 860 (1983).

2. Banking data are as of September 30, 1986.

3. The metropolitan Boston banking market is approximated by the Boston Ranally Metropolitan Area, the towns of Ayer, Berlin, Groton, Harvard, Pepperell and Shirley, Massachusetts, and those portions of Bellingham, Carber, Lakeville, Middleboro and Plymouth, Massachusetts, not already included in the Boston Ranally Metropolitan Area, less the towns of Brentwood, Chester and Derry, New Hampshire.

4. Market data are as of June 30, 1985.

5. The Cape Cod banking market consists entirely of Barnstable County, Massachusetts.

corporate form, consummation of the proposal would not have any significant effect on existing or probable future competition, nor would it significantly increase the concentration of banking resources in Bank's markets or in the state of Massachusetts.

Bank engages through wholly owned subsidiaries in certain real estate investment and development activities and real estate brokerage activities authorized for Bank pursuant to state law. The Board has requested comment regarding the permissible scope and extent of real estate investment and development activities of bank holding companies and their subsidiaries and the scope of section 225.22(d)(2) of Regulation Y, which authorizes state banks owned by bank holding companies to establish wholly owned subsidiaries to engage in activities the state bank is authorized to conduct directly under state law.[6] Pending completion of these rulemakings, the Board has, in a limited number of instances, permitted state-chartered savings banks to continue to engage through subsidiaries in real estate investment and development activities, provided that the savings banks limit the level and scope of these activities and maintain adequate capital to support the activities.[7] Applicant has provided commitments that so limit Bank's real estate activities, and has committed to conform these activities to such real estate regulation as the Board may adopt. Accordingly, subject to these commitments, the Board has determined that Bank's real estate investment and development activities do not preclude approval of this application.

Bank also engages, through a separate department, in the sale and issuance of Savings Bank Life Insurance ("SBLI"). As required by Massachusetts law, the assets, reserves and earnings of Bank's SBLI department are held solely for the benefit of policyholders. These holdings are segregated from all other assets and liabilities of Bank and Bank's deposits and other resources are not at risk by virtue of its participation in SBLI.[8]

In connection with Applicant's proposal, the American Council of Life Insurance, the American Insurance Association, the National Association of Independent Insurers, the Alliance of American Insurers, the National Association of Life Underwriters, the National Association of Professional Insurance Agents, the Independent Insurance Agents of America Incorporated, the National Association of Casualty and Surety Agents, and the National Association of Surety Bond Producers submitted comments protesting this application on the grounds that the SBLI activities conducted by Bank are prohibited under the amendments to section 4 contained in the Garn-St Germain Depository Institutions Act.

In response, Applicant has argued that the nonbanking prohibitions of the Act, including the provisions relating to insurance activities of bank holding companies and their subsidiaries, are not applicable where the activity is conducted, as here, solely within the bank. In order to expedite consideration of the application, however, Applicant has agreed that, within two years of consummation of its acquisition of Bank, Bank will divest or terminate its SBLI activities, unless during such period Applicant receives approval pursuant to an application under section 4(c)(8) of the Act to retain such activities, or the Board otherwise determines, as Applicant contends, that these activities are permissible under the Act when conducted directly by subsidiary banks of bank holding companies.

Accordingly, and without resolving the question as to whether section 4 of the Act governs the SBLI activities conducted directly by savings banks owned by bank holding companies, the Board has determined to accept Applicant's commitment to divest or terminate such activities within two years of consummation of the proposal unless during that period Applicant obtains a Board determination that Bank may continue to conduct its SBLI activities under the Act. The Board wishes to emphasize that its action in this case does not constitute a decision by the Board on the merits of the issues raised by Protestants.

In this regard, the Board notes that, even were the Board to conclude, as the Protestants claim, that the insurance prohibitions of the Act apply to the direct activities of Bank, the Board would, in accordance with the express provisions of the Act, allow the Applicant two years to conform to the nonbanking provisions of the Act.[9] The Board believes the two year period to be particularly appropriate in this case in light of the facts that Bank has conducted this

6. 52 *Federal Register* 543 (1987); 49 *Federal Register* 794 (1984).

7. *See, e.g., Suffield Financial Corporation*, 73 FEDERAL RESERVE BULLETIN 58 (1987); *Excel Bancorp, Inc.*, 72 FEDERAL RESERVE BULLETIN 731 (1986); *First Fidelity Bancorporation*, 72 FEDERAL RESERVE BULLETIN 487 (1986).

8. If the claims upon Bank's SBLI department exceed the department's reserves, those claims are paid by the Massachusetts General Insurance Guaranty Fund.

9. Section 4(a)(2) of the Act (12 U.S.C. 1843(a)(2)) expressly provides that a company has two years from the date it becomes a bank holding company to terminate any impermissible activities.

The Board has also allowed, in certain circumstances, already established bank holding companies a similar two-year period to divest impermissible nonbanking activities acquired in connection with the acquisition of a permissible activity. *See, e.g., Maryland National Corporation*, 73 FEDERAL RESERVE BULLETIN 310 (1987); *Security Pacific Corporation*, 72 FEDERAL RESERVE BULLETIN 800, 802 n.12 (1986); *Citicorp/Quotron*, 72 FEDERAL RESERVE BULLETIN, 497, 500 (1986); *Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 960 (1985); *Baltimore Bancorp*, 71 FEDERAL RESERVE BULLETIN 901 (1985); *Citicorp/First Federal Savings & Loan*, 70 FEDERAL RESERVE BULLETIN 149, 155 (1984).

activity safely and soundly pursuant to explicit state authorization for over 40 years and that this proposal involves merely a restructuring of Bank's ownership and will not result in an expansion of the activity or its transfer to another banking organization. In addition, the Board notes that an immediate requirement for cessation of Bank's SBLI activity could cause adverse consequences for other institutions offering SBLI as well as the state-SBLI financial guaranty fund. On this basis, and in view of the special and historical relationship between savings banks and the SBLI program, the Board has determined to grant the two-year divestiture period proffered by Applicant.

In its evaluation of Applicant's managerial resources, the Board has considered certain violations by Bank of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations thereunder.[10] These violations were reported to be technical in nature and comparatively limited in scope. Subsequent examination of Bank showed that it has adopted compliance procedures sufficient to address CFTRA violations. The Board also has consulted with appropriate enforcement agencies, and has considered Bank's record of compliance with the law. For the foregoing reasons, and based upon a review of all facts of record, the Board finds the managerial resources of Applicant and Bank to be consistent with approval.

The financial resources and future prospects of Applicant and Bank are regarded as satisfactory and consistent with approval. Considerations relating to the convenience and needs of the community to be served are also consistent with approval of Applicant's proposal.

Based on the foregoing and other facts of record, including the commitments made by Applicant, the Board has determined that the application under section 3 of the Act should be and hereby is approved. The acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than 90 days 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 Boston, pursuant to delegated authority.

By order of the Board of Governors, effective March 13, 1987.

Voting for this action: Vice Chairman Johnson and Governors Seger, Angell, and Heller. Absent and not voting: Chairman Volcker.

JAMES MCAFEE
Associate Secretary of the Board

[SEAL]

10. 31 U.S.C. § 5311 *et seq.*, 12 C.F.R. § 103 *et seq.*

Saban S.A.
Panama City, Republic of Panama

Republic New York Corporation
New York, New York

Order Approving Acquisition of a Bank

Saban S.A., Panama City, Republic of Panama, and Republic New York Corporation, New York, New York (collectively, "Applicant"), both bank holding companies within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) (the "Act"), have applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of New WSB Savings Bank, New York, New York, a stock savings bank in organization that will be the successor by merger to The Williamsburgh Savings Bank, Brooklyn, New York ("Bank").

Notice of the application, affording an opportunity for interested persons to submit comments, has been published (52 *Federal Register* 6218 (1987)). 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)).

The Board previously has determined that a state savings bank is a "bank" under section 2(c) of the Act if it accepts demand deposits, engages in the business of making commercial loans, and either is not covered by the exemption created by the Garn–St Germain Depository Institutions Act of 1982 for thrift institutions insured by the Federal Savings and Loan Insurance Corporation ("FSLIC") or is operating under a charter by the Federal Home Loan Bank Board.[1] Bank will accept deposits and engage in the business of making commercial loans, and its deposits will not be insured by the FSLIC. Accordingly, Bank will be a "bank" for purposes of the Act. The application therefore has been considered in light of the requirements of section 3 of the Act pertaining to the acquisition of banks.

Applicant is the 14th largest commercial banking organization in New York, with deposits of approximately $3.9 billion, controlling 1.5 percent of the total deposits in commercial banking organizations in the state.[2] Bank is the 15th largest commercial banking

1. *Excel Bancorp, Inc.*, 72 FEDERAL RESERVE BULLETIN 731 (1986); *First Fidelity Bancorporation*, 72 FEDERAL RESERVE BULLETIN 487 (1986); *BankVermont Corporation*, 70 FEDERAL RESERVE BULLETIN 829 (1984); *The Frankford Corporation*, 70 FEDERAL RESERVE BULLETIN 654 (1984); *The One Bancorp*, 70 FEDERAL RESERVE BULLETIN 359 (1984); *First NH Banks, Inc.*, 69 FEDERAL RESERVE BULLETIN 874 (1983); *Amoskeag Bank Shares, Inc.*, 69 FEDERAL RESERVE BULLETIN 860 (1983).

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

organization in New York, with approximately $2.3 billion in deposits, controlling 1.1 percent of the total deposits in commercial banking organizations in New York. Upon consummation of this proposal, Applicant would become the 10th largest commercial banking organization in New York. Consummation of this proposal would not have a significant effect on the concentration of banking resources in New York.

Both Applicant and Bank operate in the Metropolitan New York-New Jersey market.[3] Applicant is the 15th largest of 163 commercial banking organizations in the market, with 1.4 percent of the total deposits in commercial banking organizations in the market. Bank is the 16th largest commercial banking organization in the market, with 1.1 percent of the total deposits in commercial banking organizations in the market. Upon consummation of the transaction, Applicant will become the 10th largest commercial banking organization in the market with 2.5 percent of the total deposits in commercial banking organizations in the market. The market is unconcentrated, with a Herfindahl-Hirschman Index ("HHI") of 687, and the proposed acquisition will increase the HHI by 4 points. Accordingly, the Board concludes that the acquisition would have no significant adverse effect on existing competition in the market.[4]

Bank currently engages through wholly owned subsidiaries in certain real estate investment activities authorized by state law. Applicant has committed that, upon consummation, Bank will not engage, directly or indirectly, in any real estate investment or development activities impermissible under the Act, except to complete existing projects. Bank will complete and dispose of those projects within two years of consummation of the proposal.

Bank engages, through a separate department, in the sale and issuance of Savings Bank Life Insurance ("SBLI"). As required by New York law, the assets, reserves and earnings of Bank's SBLI department are held solely for the benefit of policyholders. These holdings are segregated from all other assets, liabilities, obligations, and expenses of Bank.[5] Bank also engages in certain insurance activities through a subsidiary. The subsidiary acts as an agent in selling various types of insurance, almost exclusively life insurance and annuity contracts.

In connection with Applicant's proposal, the Independent Insurance Agents of America, Inc., the National Association of Casualty and Surety Agents, the National Association of Surety Bond Producers, the National Association of Life Underwriters, and the National Association of Professional Insurance Agents submitted comments protesting this application on the grounds that the insurance activities conducted by Bank are prohibited under the amendments to section 4 of the Act, contained in the Garn–St Germain Depository Institutions Act of 1982.[6]

In response to the protests and in order to expedite consideration of the application, Applicant has agreed that, within two years of consummation of its acquisition of Bank, Bank will divest or terminate its SBLI activities, unless during such period Applicant receives approval pursuant to an application under section 4(c)(8) of the Act to retain such activities, or the Board otherwise determines that these activities are permissible under the Act when conducted directly by subsidiary banks of bank holding companies.

Accordingly, and without resolving whether section 4 of the Act governs the SBLI activities conducted directly by savings banks owned by bank holding companies, the Board has determined to accept Applicant's commitment to divest or terminate such activities within two years of consummation of the proposal unless during that period Applicant obtains a Board determination that Bank may continue to conduct its SBLI activities under the Act. The Board wishes to emphasize that its action in this case does not constitute a decision by the Board on the merits of the issues raised by Protestants.

In this regard, the Board notes that, even if the Board were to conclude, as the Protestants claim, that the insurance prohibitions of the Act apply to the

3. The Metropolitan New York-New Jersey market is approximated by all of New York City and Long Island, New York; Putnam, Westchester, Rockland and Orange Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union and Warren Counties in New Jersey; and portions of Fairfield County in Connecticut.

4. If deposits held by thrift institutions in the Metropolitan New York-New Jersey market were included in the calculation of market concentration, Applicant would be the 26th largest of 403 depository institutions in the market with .9 percent of the total deposits in depository institutions in the market. Bank would be the 29th largest depository institution in the market with .7 percent of the total deposits in depository institutions in the market. Upon consummation of the transaction, Applicant would become the 13th largest depository institution in the market with 1.6 percent of the total deposits in depository institutions in the market. The market would be unconcentrated, with a Herfindahl–Hirschman Index ("HHI") of 287, and the proposed acquisition would increase the HHI by 1 point.

5. If the claims upon Bank's SBLI department exceed the department's reserves, those claims are paid by the New York State SBLI Fund.

6. The National Association of Life Underwriters and the National Association of Professional Insurance Agents have also requested that the Board order a factual hearing to determine whether the application complies with section 4(c)(8) of the Act. Although section 3(b) of the Act does not require a formal hearing in this instance, the Board may, in any case, order an informal or formal hearing. In light of the commitments made by Applicant and other facts of record, the Board has determined that a hearing would serve no useful purpose. Accordingly, the request for a hearing is denied.

direct activities of Bank, the Board would, under the circumstances of this case, allow the Applicant two years to conform to the nonbanking provisions of the Act.[7] The Board believes the two-year period to be particularly appropriate in this case in light of the facts that this acquisition will result in the recapitalization of Bank and that Bank has conducted this activity safely and soundly pursuant to explicit state authorization for over 40 years. In addition, the Board notes that an immediate requirement for cessation of Bank's SBLI activity could cause adverse consequences for other institutions offering SBLI as well as the state-SBLI financial guaranty fund. On this basis, and in view of the special and historical relationship between savings banks and the SBLI program, the Board has determined to grant the two-year divestiture period proffered by Applicant.

With regard to the Bank's remaining insurance activities, Applicant has agreed that, within two years of consummation of the acquisition, Bank will divest or terminate the insurance activities of its subsidiary, unless during such period Applicant receives approval pursuant to an application under section 4(c)(8) of the Act to retain such activities. During this two-year period or unless authorization is granted pursuant to the Act for broader activities, Bank will limit the insurance activities of its subsidiary to renewal of existing policies.[8]

In evaluating this application, the Board has considered the financial and managerial resources of Applicant and the effect on those resources of the proposed acquisition. In this regard, the Board has previously stated that it expects organizations experiencing substantial growth internally and by acquisition, such as Applicant, to maintain a strong capital position substantially above the minimum levels specified in the Capital Adequacy Guidelines, without significant reliance on intangibles, particularly goodwill.[9] Although the proposed transaction will result in the creation of a substantial amount of intangible assets, Applicant's tangible primary capital ratio is and will remain well above the minimum level specified in the Guidelines. In this connection, the Board notes that, earlier this year, Applicant raised primary capital in anticipation of the acquisition in an amount that would offset the decline in its tangible primary capital that otherwise would occur in connection with the acquisition. With respect to Bank's financial resources, Applicant will inject a significant amount of capital into Bank and maintain Bank's tangible primary capital ratio above the Board's minimum Guidelines. Accordingly, the Board concludes that the financial and managerial resources and future prospects of Applicant are satisfactory and consistent with approval.

Considerations relating to the convenience and needs of the communities to be served also are consistent with approval, particularly in light of the fact that the acquisition will result in the recapitalization of Bank and enable it to continue to provide services to the public.

Based on the foregoing and other facts of record, including the commitments made by Applicant, the Board has determined that the application under section 3 of the Act should be and hereby is approved. The acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than 90 days after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective March 30, 1987.

Voting for this action: Vice Chairman Johnson and Governors Seger, Angell, and Heller. Absent and not voting: Chairman Volcker.

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

7. Section 4(a)(2) of the Act (12 U.S.C. § 1843(a)(2)) expressly provides that a company has two years from the date it becomes a bank holding company to terminate any impermissible activities. Although Applicant is an established bank holding company, the Board has also allowed, in certain circumstances, already established bank holding companies a similar two-year period to divest impermissible nonbanking activities acquired in connection with the acquisition of a permissible activity. *See, e.g., Maryland National Corporation*, 73 FEDERAL RESERVE BULLETIN (1987); *Security Pacific Corporation*, 72 FEDERAL RESERVE BULLETIN 800, 802 n.12 (1986); *Citicorp/Quotron*, 72 FEDERAL RESERVE BULLETIN 497, 500 (1986); *Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 960 (1985); *Baltimore Bancorp*, 71 FEDERAL RESERVE BULLETIN 901 (1985); *Citicorp/First Federal Savings & Loan*, 70 FEDERAL RESERVE BULLETIN 149, 155 (1984).

8. *See Standard Chartered PLC*, 73 FEDERAL RESERVE BULLETIN 167 (1987).

9. *Citicorp*, 72 FEDERAL RESERVE BULLETIN 724; Capital Adequacy Guidelines, 50 *Federal Register* 16,057, 16,066–67 (April 24, 1985), 71 Federal Reserve Bulletin 445 (1985); *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743, 746 (1984).

Orders Isued Under Section 4 of the Bank Holding Company Act

BankAmerica Corporation
San Francisco, California

Bankers Trust New York Corporation
New York, New York

The Chase Manhattan Corporation
New York, New York

Chemical New York Corporation
New York, New York

Citicorp
New York, New York

Continental Illinois Corporation
Chicago, Illinois

First Chicago Corporation
Chicago, Illinois

First Interstate Bancorp
Los Angeles, California

The Hong Kong and Shanghai Banking Corporation, Hong Kong; Kellett N.V., Curacao, Netherlands Antilles; HSBC Holdings B.V., Amsterdam, The Netherlands; and Marine Midland Banks, Inc., Buffalo, New York

Irving Bank Corporation
New York, New York

Manufacturers Hanover Corporation
New York, New York

Midland Bank plc
London, England

J. P. Morgan & Co. Incorporated
New York, New York

Westpac Banking Corporation
Sydney, Australia

Order Approving Applications to Acquire Shares of a U.S. Government Securities Broker Through a Joint Venture

Applicants, bank holding companies within the meaning of the Bank Holding Company Act ("Act"), have each applied for the Board's approval under section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.23 of the Board's Regulation Y, 12 C.F.R. § 225.23, to acquire voting shares of Liberty Brokerage, Inc., New York, New York ("Liberty").[1] Liberty is a broker in securities of the U.S. Government and Federal agencies for certain dealers in these securities ("interdealer broker"). Liberty currently brokers only U.S. Treasury notes and bonds, including zero coupon bonds, but intends to commence brokering Treasury bills and other U.S. Government and Federal agency securities as soon as practicable.

The Board has previously determined that the proposed activity is closely related to banking and thus permissible for bank holding companies. *The Bank of New York Company, Inc.*, 72 FEDERAL RESERVE BULLETIN 336 (1986); 12 C.F.R. § 225.25(b)(15)-(16).

Notice of the applications, affording interested persons an opportunity to submit comments, has been duly published. 51 *Federal Register* 28,624 (1986). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

As an interdealer broker, Liberty arranges for the purchase and sale of securities of the U.S. Government and Federal agencies on behalf of primary dealers and some aspiring dealers.[2] It disseminates price quotations on closed-circuit display screens located in a dealer's trading room, making possible the practice

1. The applicant bank holding companies will acquire the following percentages of Liberty's outstanding Class A or Class B voting shares. None of the Applicants will control more than 5.05 percent of Liberty's total equity.

Citicorp	Class B	14.29%
Bank America Corporation	Class B	14.29
J. P. Morgan & Co. Incorporated	Class B	14.29
Bankers Trust New York Corporation	Class A	7.81
The Chase Manhattan Corporation	Class A	7.81
Chemical New York Corporation	Class A	7.81
Continental Illinois Corporation	Class A	1.56
First Chicago Corporation	Class A	1.56
First Interstate Bancorp	Class A	1.56
The Hong Kong and Shanghai Banking Corporation, etc.	Class A	4.69
Irving Bank Corporation	Class A	1.56
Manufacturers Hanover Corporation	Class A	4.69
Midland Bank plc	Class A	1.56
Westpac Banking Corporation	Class A	1.56

Liberty's remaining voting shares will be held by 16 investment banking companies, with no single company controlling more than 5.05 percent of Liberty's equity or more than 14.29 percent or 7.81 percent of Liberty's Class B or Class A shares, respectively. Through 1988, the seven Class B shareholders may elect a majority of Liberty's directors. Beginning in 1989, the Class A shareholders will be entitled to elect a majority of the directors. (Citicorp, J. P. Morgan, BankAmerica, Salomon Brothers, Inc., Goldman Sachs & Company, The First Boston Corporation and Merrill Lynch and Company each will hold equal amounts of Class B shares.) While the Class A and Class B stock have different voting rights, they represent equal shares of the equity and earnings of Liberty.

As Applicants would collectively control Liberty for purposes of the Act and would acquire shares of Liberty not as a passive investment, each Applicant must obtain the Board's approval. *See* 12 C.F.R. § 225.137.

2. A government securities dealer becomes designated as a primary dealer by meeting certain trading, financial and organizational requirements established by the Federal Reserve Bank of New York ("FRBNY"). The FRBNY conducts its open market trading in securities only with primary dealers. Aspiring dealers are dealers who seek primary dealer status.

of "blind brokering" among the primary dealers, in which the interdealer broker tells neither the buyer nor the seller the identity of the counterparty to the trade. Blind brokering allows a dealer to accumulate or dispose of its position without disclosing its strategy to the other dealers. Typically, interdealer brokers have only primary and aspiring dealers as customers. Most interdealer brokers have refused to make their quotes available to anyone other than primary dealers or aspiring dealers, and Liberty will adopt that policy of restricted dealing.

Applicants state that, in 1985, a group of primary dealers decided to enter the U.S. Government securities brokerage business because of a belief that commission rates charged by existing interdealer brokers were excessive, given the greatly expanded volume of business and the perceived level of risk. Accordingly, in September 1985, Salomon Brothers purchased Liberty and in March 1986 offered its shares to all then-designated primary dealers. Sixteen securities firms and the Applicant banking organizations accepted the offer. The securities firms purchased the shares on April 21, 1986.

In order to preserve the anonymity of counterparties trading through Liberty, Liberty's day-to-day operations will be conducted separately from those of its shareholders, and neither the shareholders nor the directors of Liberty will have access to information on specific trades by its customers. In addition, no employee, officer or director of any of Liberty's shareholders may simultaneously be employed as an officer or employee of Liberty.

Liberty will continue to offer its services to all primary dealers and aspiring dealers, regardless of whether such customers are shareholders of Liberty. Liberty's shareholders are free to utilize the services of any other broker; there is no requirement that any stockholder direct any business to Liberty. Any dividends paid by Liberty to shareholders will be based solely on the number of shares held by the shareholder and not on the extent to which the shareholder has utilized Liberty's services.

The Applicants state that the primary dealers' requirement that an interdealer broker not disclose the dealer's identity in a particular trade also underlies the proposed widespread distribution of Liberty's shares among 30 primary dealers. The Applicants state that, if ownership of Liberty were to be limited to one or a limited subset of the primary dealers, the non-shareholding dealers might refrain from doing business with Liberty out of concern that the shareholding dealers could gain a competitive advantage from information about the trades of the non-shareholding dealers. Accordingly, in order to establish the customer confidence believed necessary for Liberty's success, the initial investment group decided that Liberty should be owned by a sufficiently large number of both banking organizations and securities firms to assure its independence.

The Board has considered the applications in light of the Board's prior rulings regarding joint ventures between banking and nonbanking organizations. In these cases, the Board has approved joint venture arrangements where the facts and circumstances, including the framework under which the joint venture would operate, indicated that the joint venture would not lead to a matrix of relationships between co-venturers that could break down the legally mandated separation of banking and commerce, create the possibility of conflicts of interests and concentration of resources the Act was designed to prevent, or impair or give the appearance of impairing the ability of a banking organization to function effectively as an independent and impartial provider of credit.[3]

In view of the ownership and operational structure proposed for Liberty, the Board concludes that Applicants' proposed joint venture arrangement is consistent with the principles of the Board's prior rulings and does not raise the type of concerns identified in those cases. In reaching this conclusion, the Board has considered the dispersion of Liberty's ownership among a large number of major commercial and investment banking concerns with each shareholder having a relatively small ownership interest, the minimum relative size of each joint venturer's investment, the narrowly defined nature of Liberty's proposed activities, its small size relative to that of its shareholders, and the fact that the proposal will not alter the existing separation between the banking and investment banking shareholders.

In its evaluation of the applications under the closely related and proper incident to banking standard of section 4(c)(8) of the Act, the Board must consider whether the benefits expected from the proposal such as increased competition or gains in convenience are likely to outweigh possible adverse effects such as undue concentration of resources, decreased or unfair competition, conflicts of interest or unsound banking practices.

Applicants believe that Liberty will promote the efficiency of the interdealer broker market through investment in advanced data processing and telecom-

3. *E.g.*, *Independent Bankers Financial Corporation*, 71 FEDERAL RESERVE BULLETIN 651, 653 (1985) and 72 FEDERAL RESERVE BULLETIN 664 (1986); *Amsterdam-Rotterdam Bank, N.V.*, 70 FEDERAL RESERVE BULLETIN 835, 836 (1984); *The Maybaco Company and Equitable Bancorporation*, 69 FEDERAL RESERVE BULLETIN 375 (1983); *Deutsche Bank AG*, 67 FEDERAL RESERVE BULLETIN 449 (1981).

munications equipment. In particular, Applicants believe that through the substantial capitalization proposed for Liberty, it will be able to develop an efficient settlement clearing system, which will lower costs and improve service.[4] In addition, they believe that Liberty's entry into the concentrated interdealer broker market has promoted a substantial decline (by 25 to 50 percent) in commission rates, which had remained stable for the past 10 years despite rapid market growth (from $.1 billion to $36.2 billion in average daily transaction volume), greater liquidity in the market, and the likelihood of scale economies. Based on the record, the Board believes the proposal would be likely to result in public benefits in the form of improved efficiency.

The market for brokering U.S. Government and Federal agency securities on behalf of primary dealers is nationwide. Liberty is one of eight firms currently acting as an interdealer broker. It does not currently control a substantial portion of the market. Because none of the Applicants provide such services, the proposed acquisition would not eliminate any existing competition.

With respect to elimination of potential competition, the Board notes that the Applicants are each primary dealers and/or clearing agents for Government securities transactions, a role that might conceivably facilitate *de novo* entry into the interdealer broker market. In the Board's view, however, this proposal is not likely to have any significant effect upon potential competition as it is unlikely that a primary dealer would be able to engage successfully in the proposed interdealer brokerage activities alone, because other primary dealers would be concerned that their identity and trading positions would be revealed by the broker to its parent. The Board also notes that numerous other large financial institutions have the resources to enter the market.

In addition, on the basis of the record currently before it, the Board does not believe that ownership of Liberty by a large number of dealers would be likely to substantially lessen competition in the interdealer broker market. For the reasons explained below, it does not appear likely that Liberty would become the sole interdealer broker.

The record indicates that certain technological and operational characteristics of the interdealer broker market suggest that Liberty's shareholders would not place orders with only Liberty. Currently, as explained above, primary dealers do not concentrate their trades in any single broker in order to prevent disclosure of their trading strategy to brokerage personnel. With only one broker, brokerage personnel would be privy to comprehensive trading information regarding each customer, information that would likely be sought by other dealers. Dealers that are shareholders of Liberty would also have some incentive to maintain relationships with other brokers in the case of mechanical or computer breakdowns at Liberty. In addition, for technological reasons a broker effecting a transaction in a particular security for one dealer is unable at the same time to effect trades in that security for other dealers. Thus, those other dealers must use another broker to effect a trade in that security at that time. Moreover, the brokers customarily provide the last trader with the opportunity to accept the next trade, resulting in a delay for other dealers, particularly where the dealer is selling a substantial position in a series of transactions.

The Board also notes that selection of the particular broker for a trade is customarily left to the individual traders for each dealer, with management of the dealer requiring only that trades not be concentrated in a single broker. Since the trader's compensation is performance driven, the trader has a strong incentive, in most circumstances, to seek out the best price and execution, regardless of the commission fee differences. The applications do not indicate that the practice will be changed, and to ensure continuation of this practice, the Board's approval of the applications is expressly conditioned on Applicants' not directing their traders to utilize only Liberty's services, or to provide them compensation or other financial incentives to do so.

Moreover, the offering circular and stockholder agreement for Liberty both state that the shareholders will benefit from their investment in Liberty only to the extent of the equity investment and dividends thereon, and that a shareholder will not benefit on the basis of trading volume transacted through Liberty, including volume discounts. The Board's approval of this proposal is conditioned on the continuation of this provision of the shareholder agreement.

In assessing other competitive issues raised by the proposed joint venture, the Board has considered that the Antitrust Division of the U.S. Department of Justice, on September 25, 1986, advised primary dealers and interdealer brokers that it is conducting an investigation into possible restraints of trade involving Liberty and access to the services of Government securities brokers and to Government securities market information.[5] In light of this announced investiga-

4. The Board's evaluation of this application did not involve a review of any specific settlement clearing system that may be proposed by Liberty or whether such a system would be consistent with the Board's risk reduction policies.

5. Letters, dated September 25, 1986.

tion, the Board has asked the Justice Department whether it has concluded that consummation of the proposal would result in or further a violation of the antitrust laws. The Justice Department has advised the Board that the formation of Liberty and its acquisition by the joint venture, viewed from a structural perspective, *i.e.*, independently of other practices, would not violate the antitrust laws, and that the Board need not delay action on the application for approval of the acquisition pending the outcome of the Department's investigation.

Accordingly, and in the absence of evidence on the present record before the Board that consummation would result in a violation of the antitrust laws, the Board has determined not to defer decision on the application pending completion of the Department's investigation and to act on the application on the basis of the record presently before the Board. The Board's action will not have, and is not designed to have, any preclusive effect on the Department's investigation. Should the Department subsequently determine that antitrust violations have occurred with respect to the trading of U.S. Government securities, the Board will review the matter and reserves the right to take appropriate action, including requiring divestiture of the shares of Liberty, should the Board's review of the matter indicate that Applicants' acquisition of Liberty will in fact result in or further a restraint of trade in violation of the antitrust laws.

With respect to the joint venture's likely effect on possible anticompetitive practices between Liberty's owners and other primary dealers, the Board notes that Liberty will offer its services to all primary and aspiring dealers on equal terms, as do most other brokers. In this regard, to ensure that the acquisition of Liberty does not result in unfair competition, the Board has conditioned its approval on Liberty's not discriminating with respect to price or access to its services in the case of non-shareholder primary dealers or aspiring dealers. Moreover, there are financial disincentives for Liberty to deny access to its screens to non-shareholder primary dealer customers of competing brokers since that action would limit the number of potential trading counterparties available through Liberty, making it likely the bid/ask spreads quoted by Liberty would be wider than would be the case with broader access.

The Board, however, notes that it has made no determination regarding the consistency of existing practices in the government securities market with the antitrust laws, which is the subject of the Department of Justice investigation.

For the foregoing reasons, the Board concludes, on the basis of the existing record, that Applicants' acquisition of shares of Liberty would not be likely to have any significant adverse effect upon competition. The Board also finds no evidence indicating that the acquisition would result in an undue concentration of resources, unsound banking practices, or other adverse effects. Financial and managerial considerations are also consistent with approval of the applications.

Based on the foregoing and other facts of record, the Board concludes that the balance of the public interest factors it is required to consider under section 4(c)(8) favors approval of the applications. Accordingly, the applications are hereby approved, with the Board maintaining continuing jurisdiction over the applications pending review of the results of the Department of Justice's investigation into possible restraints of trade involving Liberty. This approval is subject to all of the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b), 12 C.F.R. §§ 225.4(d), 225.23(b), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasions of, the provisions and purposes of the Act and the Board's regulations and orders issued thereunder.

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

By order of the Board of Governors, effective March 4, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Seger, and Angell. Absent and not voting: Governor Heller.

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

Centerre Bancorporation
St. Louis, Missouri

Order Approving an Application to Provide Employee Benefits Consulting Services

Centerre Bancorporation, St. Louis, Missouri, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, has applied for the Board's approval pursuant to section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.23 of the Board's Regulation Y, 12 C.F.R. § 225.23, to acquire all of the assets and assume certain liabilities of Benefit Plan Services, Inc., Maryland Heights, Missouri ("Company").

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (52 *Federal Register* 3484 (1986)). 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, a bank holding company by virtue of its ownership of 14 commercial banks in Missouri, controls total deposits of $3.8 billion, representing 9.5 percent of the deposits in commercial banks in Missouri.[1] Applicant also engages in certain nonbanking activities, such as providing trust company services, credit-related insurance, and discount brokerage services.

Applicant proposes to organize a wholly owned subsidiary corporation that will acquire Company, an employee benefits consulting firm that provides a full range of services with regard to employee benefits plans. Applicant proposes to provide consulting services with regard to employee benefits plans such as defined contribution plans, 401-K plans and profit sharing plans. Applicant will transfer and refer business to Company from its nonbanking subsidiary, Centerre Trust Company, St. Louis, Missouri, which engages in record-keeping services for participants in pension benefit plans as an adjunct to its principal activities as trustee, custodian, financial advisor or manager of benefit plans.

Company's activities can be divided into four basic types of activities.

1. *Plan Design*—designing employee benefits plans including determining actuarial funding levels and cost estimates;
2. *Plan Implementation*—providing administrative assistance in implementing employee benefits plans, including assistance in the preparation of plan documents and the implementation of employee benefit administration system;
3. *Administrative Services*—providing administrative services with respect to plans, including record-keeping services, calculating and certifying employee benefits, preparing periodic, actuarial and other reports and government filings, pursuant to ERISA; and
4. *Employee Communications*—developing employee communication programs with respect to plans for the benefit of the client.

The Board has previously approved applications by bank holding companies to provide employee benefits consulting services.[2] Although the activity encompasses the need to provide actuarial analysis, which is generally not performed by trust companies or banks, the actuarial services are limited in scope to ensure adequate funding of defined benefits plans, are an integral part of providing employee benefits services and are not provided as an independent service.[3] Thus, the Board concluded that the activity of providing employee benefits consulting services is closely related to banking.

In order to approve this application, the Board must also find that the performance of the proposed activity 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. With respect to the proposed employee benefits consulting activities of Applicant, it appears from the record that authorizing the activity would enhance competition and provide greater convenience and increased efficiencies, without resulting in any adverse consequences.

Clients will have the option of obtaining a complete package of employee benefits consulting services from a single company, including those investment and fund management services that can be provided by other subsidiaries of Applicant, resulting in increased convenience to the customers for this service. In addition, the increase in the number of companies that can conduct a broad array of services with regard to employee benefits consulting is likely to enhance competition in the provision of this service.

There is no evidence in the record to indicate that Applicant's engaging in the proposed activity would lead to any undue concentration of resources, decreased or unfair competition, unsound banking practices, or other adverse effects. Clients currently have the option to use any component of Applicant's employee benefits consulting services individually as well as the entire package of services, and Applicant has committed to continue to avoid tying any employee benefits consulting service to the purchase of the entire employee benefits package or to any other service offered by Applicant or its subsidiaries.

Based on the foregoing and all the facts of record, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) is favorable. The financial and managerial resources of Applicant are consistent with approval.

1. Data are as of June 30, 1986.

2. *BankVermont Corporation*, 72 FEDERAL RESERVE BULLETIN 377 (1986); *Norstar Bancorp, Inc.*, 72 FEDERAL RESERVE BULLETIN 729 (1986).

3. Applicant has committed to limit its actuarial activity to those services necessary to ensure adequate funding of the employee benefits plans. Activities that rely on actuarial analysis that is not performed in connection with other permissible activities are not closely related to banking. *Norstar Bancorp, Inc.*, 72 FEDERAL RESERVE BULLETIN 729, 731 (1986).

Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in sections 225.4(d) and 225.23(b)(3) of the Board's Regulation Y, 12 C.F.R. §§ 225.4(d) and 225.23(b)(3). The approval is also subject to the Board's authority to require modification or termination of the activities of the holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof. This transaction shall not be consummated later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis, pursuant to delegated authority.

By order of the Board of Governors, effective March 26, 1987.

Voting for this action: Chairman Volcker and Governors Seger, Angell, and Heller. Absent and not voting: Governor Johnson.

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

The Chase Manhattan Corporation
New York, New York

Order Approving Application to Underwrite and Deal in Commercial Paper to a Limited Extent

The Chase Manhattan Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.* ("BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.21(a) of the Board's Regulation Y (12 C.F.R. 225.21(a)) to underwrite and deal in third-party commercial paper to a limited extent. The activity will be conducted through Chase Commercial Corporation, Englewood, New Jersey ("Company"), a commercial finance subsidiary.

In applying for approval for these activities, Applicant relies on the Board's December 1986 order approving an application by Bankers Trust New York Corporation to engage to a limited extent in commercial paper placement activity through a commercial finance subsidiary on the basis that the subsidiary would not be "engaged principally" in the activity within the meaning of section 20 of the Glass–Steagall Act under the 5 percent income and market limitations approved in that case. *Bankers Trust New York Corporation,* 73 FEDERAL RESERVE BULLETIN 138 (1987). Accordingly, Applicant has proposed to limit its underwriting and dealing activity to the 5 percent limitations approved in *Bankers Trust.*[1]

The Board has previously authorized Company to engage in making and servicing loans and leasing, activities that are permissible for bank holding companies under sections 225.25(b)(1) and 225.25(b)(5) of Regulation Y (12 C.F.R. 225.25(b)(1) and (5)). Company would provide the proposed activity in addition to the previously approved commercial finance activities, with Company serving customers nationwide from offices to be established in New York, New York.

Applicant, with consolidated assets of $90.0 billion,[2] is the second largest banking organization in New York.[3] It operates seven subsidiary banks and engages in a broad range of permissible nonbanking activities in the United States and abroad.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published, 52 *Federal Register* 2443 (1987). The Securities Industry Association ("SIA"), a trade association of the investment banking industry, has filed a written comment opposing the application on the basis of its view that the proposal would violate the Glass–Steagall Act and should not be approved under the BHC Act.

Under this proposal, Company would act for issuers as an underwriter of commercial paper, purchasing commercial paper for resale to institutional investors such as banks, insurance companies, mutual funds and nonfinancial businesses. In addition, Company may place commercial paper as agent for issuers and advise issuers as to rates and maturities of proposed issues that are likely to be accepted in the market, activities previously approved in *Bankers Trust.* The minimum denomination of commercial paper offered and purchased by Company would be $250,000. Company may also purchase commercial paper, typically commercial paper that the Company had previously underwritten, for resale in the secondary market as a dealer. The proposed activities differ from those authorized for *Bankers Trust* in that Applicant would underwrite and deal in commercial paper as a principal.

1. Applicant has committed that Company's gross revenue from commercial paper activity covered by section 20 will not exceed 5 percent of Company's total gross revenue during any year. In addition, to limit Company's market share, the amount of commercial paper outstanding at any time underwritten or placed by Company will not exceed 5 percent of the average amount of dealer-placed commercial paper outstanding during the prior four calendar quarters, and the amount of commercial paper held in inventory by Company on any day will not exceed 5 percent of the average amount of dealer-placed commercial paper outstanding during the prior four calendar quarters.
2. Asset data are as of September 30, 1986.
3. Rank is as of June 30, 1986.

Glass–Steagall Act Analysis

The SIA asserts that consummation of the proposal would result in a violation of section 20 of the Glass–Steagall Act for the same reasons it alleged in the *Bankers Trust* case.[4] Because Company is affiliated with a member bank (Chase Manhattan Bank, N.A.), the Board may not approve the proposal if upon consummation Company would be "engaged principally" in the "flotation, underwriting, public sale, or distribution" of commercial paper ("underwriting and dealing in") within the meaning of section 20 of the Glass–Steagall Act (12 U.S.C. § 377). The SIA maintains that Company would be "engaged principally" in underwriting and dealing in commercial paper under section 20 on the basis that the term "principally" denotes any substantial, significant, regular or non-incidental activity.

In *Bankers Trust* the Board concluded that, even if placement of commercial paper were deemed to constitute an activity covered by section 20 of the Glass–Steagall Act, Bankers Trust's commercial lending subsidiary would not be "engaged principally" in underwriting and dealing in securities because the subsidiary's activity would not be substantial under a 5 percent limit on the subsidiary's gross income from its commercial paper activities and a 5 percent limit on its market share. As noted, Company will restrict its commercial paper activities so as not to exceed these 5 percent limits. Accordingly, and for the reasons set forth in the *Bankers Trust* order, the Board concludes that Company would not be "engaged principally" in activities covered by section 20 of the Glass–Steagall Act so long as Company adheres to the 5 percent limitations on its commercial paper functions.[5]

Bank Holding Company Act Analysis

In every application under section 4(c)(8) of the BHC Act, the Board must find that the proposed activity is "so closely related to banking . . . as to be a proper incident thereto." This statutory standard requires that two separate tests be met for an activity to be permissible for a bank holding company. First, the Board must determine that the activity is, as a general matter, "closely related to banking." Second, the Board must find in a particular case that the performance of the activity by the applicant bank holding company may reasonably be expected to produce public benefits that outweigh possible adverse effects. The SIA contends that the proposed activity is not closely related to banking under the BHC Act and would result in substantial risk and conflicts of interest not outweighed by public benefits for the same reasons it asserted in its protest to Bankers Trust's application.

A. *Closely Related to Banking Analysis*

Based on guidelines established in the National Courier decision, a particular activity may be found to meet the "closely related to banking" test if it is demonstrated that:

(1) banks generally have in fact provided the proposed activity;

(2) banks generally provide services that are operationally or functionally so similar to the proposed activity so as to equip them particularly well to provide the proposed activity; or

(3) banks generally provide services that are so integrally related to the proposed activity as to require their provision in a specialized form.[6]

The Board concludes that underwriting and dealing in commercial paper is closely related to banking on the same basis on which the Board concluded in *Bankers Trust* that acting as placement agent and adviser to issuers of commercial paper is closely related to banking, that is, because banks provide services that are operationally and functionally so similar to the proposed services that banking organizations are particularly well equipped to provide the proposed services. The Board has previously testified before Congress in favor of permitting bank holding companies to underwrite and deal in commercial paper. In the Board's view, the proposed underwriting and dealing activity represents a natural extension of commercial lending activities traditionally conducted by banks, involving little additional risk or new conflicts of interest, and potentially yielding significant public benefits in the form of increased competition and convenience.

4. Section 20 provides that

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

5. In *Bankers Trust*, the Board ruled that a bank affiliate that places commercial paper acting solely as agent of the issuers and that does not offer the paper to the public is not engaged in underwriting or distributing commercial paper for purposes of section 20. Although it appears that Company may not make a public offer of commercial paper, Company would purchase commercial paper for its own account for resale, an activity that the Board has regarded as section 20 activity.

6. The *National Courier* guidelines are not the exclusive basis for finding a proposed activity closely related to banking. 516 F.2d at 1237. The Board will consider any other basis that may demonstrate that the activity has a reasonable or close relationship to banking. 49 *Federal Register* 806 (1984).

Underwriting and dealing in commercial paper is an activity that is functionally related to the traditional commercial banking function of providing short-term loans to corporations for operating expenses and places the underwriter and dealer in the role of acting as a financial intermediary. (*See* S. Rep. No. 560, 98th Cong., 2d Sess. 17 (1984)). Although commercial paper technically is a security for purposes of the Glass–Steagall Act, this kind of instrument has many of the characteristics of a traditional commercial loan. A commercial loan in its traditional form represents a short-term extension of credit to a business to finance working capital needs. (*E.g., United States v. Connecticut Nat'l Bank,* 418 U.S. 656, 665 (1974)). Because of its short term nature, commercial paper is customarily held to maturity—like a commercial loan. Because of its large denominations, commercial paper is generally purchased only by large, financially sophisticated institutions, such as banks and money market mutual funds, who typically hold the paper to maturity. Under the limitations established for the conduct of this activity, Applicant will sell commercial paper only to these large institutions. The Applicant's role will be, in effect, that of a financial intermediary arranging short-term commercial loans from the buyers of commercial paper to the issuers of the paper. This activity is functionally and operationally similar to the role of a bank that arranges a loan participation, and banks are particularly well suited to assume this role as a result of their traditional commercial lending functions.

In this regard, the Board notes that the evaluation and credit analysis that would be performed in connection with underwriting commercial paper is functionally and operationally similar to the evaluation and credit analysis banks conduct when making commercial loans. In addition, Company's role in advising issuers in structuring an offering and contacting potential purchasers is functionally and operationally similar to the bank's role in advising customers and arranging loan participations and syndications.

The Board also notes that underwriting and dealing in commercial paper is functionally and operationally similar to the role of a bank in discounting commercial paper to provide liquidity to its issuers, underwriting and dealing in money market instruments and securities that member banks are eligible to underwrite and deal in, advising commercial paper issuers and assisting them in placement of their notes, and generally assessing credit and interest rate risk.

B. *Proper Incident to Banking Analysis*

In order to approve an application to engage in a nonbanking activity under section 4(c)(8), the Board must also determine that a proposed activity is a "proper incident" to banking by determining whether the performance of the activity by the applicant bank holding company may reasonably be expected to produce public benefits, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices. 12 U.S.C. § 1843(c)(8). Based upon the facts of record and for the reasons and subject to the limitations set out below, the Board finds that consummation of this proposal may reasonably be expected to result in public benefits that outweigh possible adverse effects.

Public Benefits

In *Bankers Trust* the Board concluded that Applicant's commercial paper placement and advisory activities would produce significant benefits to the public in the form of increased competition in the commercial paper market, greater convenience to customers of commercial paper services and gains in efficiency in the provision of service. As in *Bankers Trust,* Company will offer commercial paper activity on a nationwide basis. In light of the fact that currently the commercial paper market is dominated by a small number of dealers, the expansion of Applicant's commercial paper activities can only foster competition in that market. Moreover, the establishment of this activity in a holding company subsidiary will allow Applicant to provide greater convenience to customers of the service and to offer the service more efficiently on a nationwide scale.

The Board considers these two factors—increased competition and more convenient service to investors and borrowers—to be substantial and important public benefits. In this regard, the Board notes that the expansion of commercial paper activity to include underwriting and dealing will enhance these public benefits by permitting Applicant to offer a fuller range of services to customers in competition with other providers.

Adverse Effects

The Board in *Bankers Trust* exhaustively considered whether adverse effects would be associated with a limited amount of commercial placement performed by that bank holding company affiliate under the prudential framework adopted by Bankers Trust. The Board concluded that under the safeguards proposed in that case there was no evidence that the activity would be likely to result in any significant adverse effects. Although Chase's proposal is similar to the Bankers Trust application, the fact that Company would act as a principal to underwrite and deal in commercial paper is a significant differentiating factor that particularly bears on the Board's determination whether the proposed activities constitute a proper incident to banking. The protestant maintains that the proposal would result in unsound banking practices, because in acting as a principal to underwrite and deal the subsidiary would place its own funds at risk and incentives for conflicts of interest could consequently arise. The Board, however, finds that any additional possible concerns that arise as a result of the expansion of activity to include underwriting and dealing as a principal are substantially mitigated by the following factors.

As a preliminary matter, the Board notes that the proposed activities are substantially similar to commercial lending and other operations presently conducted safely and soundly by member banks and involve a security that member banks may invest in as principal. As noted above, the Board believes the proposed activity involves little additional risk or new conflicts of interest.

The Board recognizes that, to the limited extent Company engages in underwriting and dealing in commercial paper, Company would assume the risk of loss should the issuer of the paper default or should the market for the paper decline before resale. Nevertheless, the Board believes that the risk of loss to Company as a result of this proposal is not excessive or inconsistent with prudent banking standards.

In the Board's view, given the unique nature of the recognized commercial paper market, the risk of loss resulting from buying and selling for one's own account in that market is minimal. Company would only underwrite and deal in commercial paper sold in the recognized market—prime obligations in minimum denominations of $250,000 that are exempt from the registration requirements of the Securities Act. Only the nation's largest and financially strongest corporations borrow funds in the commercial paper market. In addition, the market has developed a number of mechanisms to minimize the risk of default on obligations sold in the market, such as credit ratings for issuers by independent rating services and the use of back-up lines of credit or letters of credit to ensure repayment. The minimal risk of loss is demonstrated by the fact that historically the rate of default by users of commercial paper in the recognized market has been negligible.[7] An additional indicator of low risk is the fact that the rate of interest paid on commercial paper typically has been only slightly higher than the rate paid on U.S. government obligations with similar maturities. In addition, Applicant possesses experience with management of risk through careful credit evaluation and risk reduction techniques such as hedging, diversification and other precautions applicable to the proposed activities.

Moreover, as discussed in *Bankers Trust*, possible adverse effects are also mitigated by the functional and operational insulation of the proposed activities from Applicant's banking and other operations and the limitation on the amount of underwriting and dealing Applicant proposes to adopt for purposes of the "engaged principally" cap under section 20 of the Glass–Steagall Act. The proposed activities would only be a minor part of the business of a well-capitalized, separate subsidiary of Applicant. Under these limitations designed to maintain the separateness of Company from Applicant's other affiliates, the Board believes that risk to Applicant's banking subsidiaries and other affiliates is substantially minimized.

The Board also finds that Company's limited involvement in commercial paper activities is not likely to damage public confidence in Applicant's subsidiary banks. Although Company would underwrite and deal in commercial paper for its own account, as explained above the risk of loss inherent in this activity is not excessive. In addition, as in the *Bankers Trust* decision, Company will not market commercial paper to the public generally but only in a wholesale market dominated by institutional purchasers. Nor is there any realistic likelihood that Applicant will make unsound loans to Company if Company were to encounter financial difficulties. Although Company would invest its own funds in the commercial paper it underwrites and deals in, this commercial paper would only constitute an insubstantial portion of Company's assets. Given the other safeguards described in the *Bankers Trust* Order, the Board does not believe that this potential abuse is significant.

Moreover, as described below Chase has adopted precisely the same framework of limitations on interrelationships with affiliates and customers that Bankers Trust proposed and that, as set forth in that order, serve to contain risk and prevent conflicts of interest. Among other things, those limitations, which are patterned after a prudential framework approved by the Board for conducting commercial paper activity in the

7. The short-term nature of commercial paper also provides substantial protection against loss. Serious financial problems are unlikely to develop at the large, well-known corporations that issue commercial paper within the 30 days that the paper typically would be outstanding. In addition, market risk is mitigated by the practice in the commercial paper market of "pre-selling" – *i.e.*, not issuing paper until potential purchasers have been contacted on a preliminary basis and have indicated an interest in purchasing at the posted rates.

bank itself,[8] place strong restrictions on affiliates' extending credit relating to Company's commercial paper, purchasing or advising customers with respect to the commercial paper, and other matters. In addition, Chase will adopt limitations on transfers of assets between its banking and other affiliates other than on a non-preferential, arms-length basis contained in the proposed Section 23B of the Federal Reserve Act.[9]

In addition, to address the possibility of unsound loans, Applicant has proposed a number of lending restrictions. Neither Applicant nor any affiliate would provide any letter of credit or other guarantee to support commercial paper underwritten, dealt in or placed by Company. No loans would be made to issuers that are the functional equivalent of purchasing commercial paper for the account of an affiliate. All affiliates would assure themselves that any advances to an issuer of commercial paper are not used to repay the paper or to cover any unsold portion of a commercial paper issue underwritten, placed or dealt in by Company. In the Board's view, the possibility of unsound loans from an affiliate would be effectively addressed if, under these restrictions and this Order, neither Applicant nor its subsidiaries, including Company, may lend, issue or enter into a letter of credit, or similar credit facility that might be viewed as enhancing the creditworthiness or marketability of commercial paper underwritten, placed or dealt in by Company.

Moreover, as discussed in *Bankers Trust,* any extensions of credit by a banking affiliate would be subject to the limitations of section 23A of the Federal Reserve Act (12 U.S.C. § 371c). The Board also notes that, given the small commissions and spreads typical of commercial paper underwriting, dealing and placement and the fact that the commercial paper operation will not constitute a substantial activity of Company, it would not be reasonable for unsound credit to be extended in support of an issuer-customer of Company.

Based on the record in this case, and for the reasons described in greater detail in the *Bankers Trust* Order, the Board finds that Company's conduct of these activities, commenced *de novo,* is not likely to result in unfair or decreased competition, undue concentration of resources, or unsound banking practices. In the Board's view, the limitations adopted by Chase, together with the other facts and circumstances of this application, including the lack of excessive risk in the recognized commercial paper market, would effectively minimize the possibility of any significant adverse effects.

The Board intends to keep under active consideration the desirability of the framework for the conduct of the proposed commercial paper activity adopted in *Bankers Trust* and in this case and may revisit the issue of whether these limitations are appropriate based on its consideration of the pending applications by Citicorp, J.P. Morgan, Bankers Trust and other bank holding companies to underwrite and deal in commercial paper as well as other types of securities.

Accordingly, and for the reasons set forth in *Bankers Trust,* the Board concludes there is no evidence that Applicant's conduct of the activities through Company is likely to result in any significant adverse effects. Financial and managerial considerations are also consistent with approval.

Based on the foregoing and other facts or record, the Board concludes that this proposal as limited by Applicant is consistent with section 20 of the Glass–Steagall Act and may reasonably be expected to result in public benefits that outweigh possible adverse effects. Accordingly, the Board finds that Applicant may conduct the proposed activities to the extent and in the manner described in this Order consistent with section 20 of the Glass–Steagall Act and section 4(c)(8) of the BHC Act. The Board's approval of this application extends only to commercial paper underwriting, dealing, placement and advisory activity conducted within the following limitations proposed by Applicant for Company and Applicant's subsidiary banks and other subsidiaries, and the conduct of this activity in any manner other than as described below and in this Order, or of other activity, is not within the scope of the Board's approval here and is not authorized for Company:

1. Company will underwrite, place or deal in only commercial paper that is prime quality, short-term (with maturities not exceeding nine months), in minimum denominations of at least $250,000, and that is exempt from the registration and prospectus requirements of the Securities Act of 1933 pursuant to section 3(a)(3) of that Act.
2. The gross revenues derived from Company's commercial paper underwriting, placement and dealing service will not in any year exceed 5 percent of Company's gross revenues.
3. Chase will also limit the amount of commercial paper outstanding at any time underwritten or placed by Company to 5 percent of the average amount of dealer-placed commercial paper outstanding during the prior four calendar quarters, and the amount of commercial paper held in inventory by Company on any day will not exceed 5 percent of the average amount of dealer-placed commercial

8. Statement Concerning Applicability of the Glass–Steagall Act to the Commercial Paper Placement Activities of Bankers Trust Company (June 4, 1985). The Board's decision was upheld by the U.S. Court of Appeals for the District of Columbia Circuit in *Securities Industry Ass'n v. Board of Governors of the Federal Reserve System,* 807 F.2d 1052 (1986), petition for certiorari pending, No. 86–1429.

9. 130 Cong. Rec. S11166–67 (daily ed. September 13, 1984).

paper outstanding during the prior four calendar quarters.

4. Neither Applicant nor any subsidiary of Applicant, including Company, will lend, issue or enter into a stand-by letter of credit, asset purchase agreement, indemnities, insurance or other facility that might be viewed as enhancing the creditworthiness or marketability of commercial paper underwritten, placed or dealt in by Company.

5. Neither Company nor any of its affiliates will make loans to issuers of commercial paper placed or underwritten by Company that are the functional equivalent of purchasing the paper for the account of its affiliate. Thus, any credit extended by any of these companies to the issuer will be under different terms, at different times, and for different purposes than the paper being underwritten or placed. It would be clear that any such credit is for different purposes if there is documentary evidence of, for example, substantial participation in the credit by other lenders or that the loan is for a documented special purpose, such as equipment financing, plant expansion, or inventory or receivables.

6. Company and its affiliates will assure themselves that any advances to an issuer of commercial paper underwritten or placed by Company are not used to repay the paper or to cover any unsold portion of a commercial paper issue underwritten or placed by Company.

7. Neither Applicant nor any of Company's affiliates will purchase for its own account commercial paper underwritten, placed or dealt in by Company.

8. Applicant's subsidiary banks will not purchase commercial paper underwritten, placed or dealt in by Company for accounts managed or advised by their trust departments and neither the banks nor any of their affiliates will purchase commercial paper underwritten, placed or dealt in by Company for any other accounts they advise or for which they have investment discretion.

9. No affiliate of Company will provide investment advice to the purchasers of commercial paper underwritten, placed or dealt in by Company and will not advertise or distribute sales literature concerning such commercial paper. Moreover, where Company or any of its affiliates has a lending relationship with an issuer of commercial paper being underwritten, placed or dealt in by Company, Company will at a minimum disclose the existence of that relationship to each purchaser of that issuer's paper. Any disclosure made by Company will also describe the difference between Company and Applicant's subsidiary banks.

10. Company will not have officers, directors, or employees in common with Applicant's subsidiary banks.

11. No lending affiliate of Company will disclose to Company any non-public customer information concerning an evaluation of the financial condition of an issuer whose paper is underwritten, placed or dealt in by Company or of any other customer of Company, except as expressly required by securities law or regulation.

The Board's determination is subject to all of the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of the holding company or any of its subsidiaries as the Board finds necessary to ensure that the commercial paper activity of Company is consistent with safety and soundness and conflict of interest considerations and to assure compliance with the provisions of the BHC Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.[10]

In its consideration of this case, the Board has noted that on March 10, 1987, the Committee on Banking, Housing and Urban Affairs of the United State Senate voted favorably legislation that, if enacted, would prohibit Board approval from March 6, 1987, until one year after the date of enactment of the legislation, of any application, such as the present proposal, that would permit a bank holding company to engage in the underwiting or public sale of securities on the basis that it was not "engaged principally" in such activity within the meaning of section 20 of the Glass–Steagall Act. This moratorium legislation, however, has not yet been enacted into law.

Accordingly, the Board is required as provided in existing law to act on the application within mandated time periods and in accordance with the applications processing schedule prescribed by Regulation Y. Moreover, the instant application, as noted, complies with existing law and the basic framework established by the Board in its approval of the Bankers Trust commercial paper proposal and does not raise the more complex issues involved in other broader section 20 applications upon which the Board has conducted hearings.

While the Board believes it must proceed to reach a decision on this application, the Board calls to Applicant's attention that it may be required by subsequent Congressional action to cease its commercial paper underwriting activities approved in this Order. The Board retains jurisdiction over the application to act to carry out the requirements of any legislation adopted

10. As provided in section 225.23(b)(1), no reorganization of Company, such as the establishment of a subsidiary of Company to conduct the approved activity or the transfer to Company of authorized operations conducted in other entities, may be consummated without prior Board approval.

by Congress that would affect Applicant's conduct of commercial paper underwriting activities under this Order and the Bank Holding Company Act.

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

By order of the Board of Governors, effective March 18, 1987.

Voting for this action: Vice Chairman Johnson and Governors Seger, Angell, and Heller. Absent and not voting: Chairman Volcker.

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

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

Bank of New England Corporation Boston, Massachusetts

Order Approving Acquisition of a Bank Holding Company

Bank of New England Corporation, Boston, Massachusetts, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3 of the Act, to acquire The Conifer Group, Inc., Worcester, Massachusetts ("Conifer"), and thereby indirectly acquire its eight subsidiary banks.[1] In order to effect the acquisition, Intermediate Corporation, a wholly owned subsidiary of Applicant, has applied to become a bank holding company by merging with Conifer.

Applicant also has applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire Conifer Life Insurance Company, Phoenix, Arizona, a company that underwrites, as a reinsurer, credit-related life and accident insurance directly in connection with loans made by Conifer's subsidiary banks. The Board has determined this activity to be closely related to banking and permissible for bank holding companies. 12 C.F.R. § 225.23(b)(8)(i).

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

Applicant operates 11 banking subsidiaries located in Massachusetts, Maine, Connecticut, and Rhode Island. Applicant is the second largest commercial banking organization in Massachusetts, controlling deposits of \$6.0 billion, representing 14.2 percent of the total deposits in commercial banks in Massachusetts.[2] Applicant is the largest commercial banking organization in Connecticut, controlling deposits of \$6.0 billion which represents 27.1 percent of total deposits in commercial banks in Connecticut. Applicant is the third largest banking organization in both Maine and Rhode Island, and controls 15.6 percent and 11.1 percent, respectively, of total commercial bank deposits in those states.[3] Conifer is the sixth largest commercial banking organization in Massachusetts, with eight banking subsidiaries that control aggregate deposits of \$3.4 billion, representing 7.4 percent of the total deposits in commercial banks in Massachusetts. Upon consummation of the proposed acquisition and all planned divestitures, Applicant would become the largest commercial banking organization in Massachusetts, and its share of total deposits in commercial banks would increase to \$9.3 billion, representing 21.7 percent of deposits in that state. In the Board's view, consummation of this proposal would have no significant adverse effect upon the concentration of commercial banking resources in Massachusetts.

Applicant and Conifer compete directly in the Boston, New Bedford, Springfield, Amherst-Northampton, Cape Cod, Worcester, Athol, and North Adams-Williamstown, Massachusetts banking markets.

In two of these markets, Athol and North Adams-Williamstown, Applicant has committed to divest either its offices or Conifer's offices in order to mitigate the adverse competitive effects of its proposal.[4] Applicant has committed that all of the proposed divestitures will take place prior to the date of consummation of its proposal.[5] On the basis of these divestiture

1. The banks to be acquired are as follows: Patriot Bank, Boston, Massachusetts; Bank of Cape Cod, Falmouth, Massachusetts; Berkshire Bank & Trust Company, Pittsfield, Massachusetts; Essexbank, Peabody, Massachusetts; Guaranty Bank & Trust Company, Worcester, Massachusetts; Hampshire National Bank, South Hadley, Massachusetts; Plymouth-Home National Bank, Brockton, Massachusetts; and Union National Bank, Lowell, Massachusetts.

2. Banking deposit data are as of December 31, 1986, unless otherwise specified.

3. Statewide data for Massachusetts, Connecticut, Maine, and Rhode Island are reported as of June 30, 1986.

4. Applicant has agreed to divest Conifer's sole branch in the Athol market and its own two branches in the North Adams-Williamstown market to First Service Bank, Leominster, Massachusetts. First Service Bank currently has no offices in either of these market areas.

5. The Board's Policy with regard to divestitures intended to remedy the anticompetitive effects resulting from a merger or acquisition proposal requires that divestitures must occur on or before consummation. *Barnett Banks of Florida, Inc.*, 68 FEDERAL RESERVE BULLETIN 190 (1982); *InterFirst Corporation*, 68 FEDERAL RESERVE BULLETIN 243 (1982).

commitments, the Board concludes that consummation of the proposal would have no significant adverse effect in either of these banking markets.[6]

Although consummation of this proposal would eliminate some existing competition between Applicant and Conifer in the remaining markets, certain facts of record mitigate the adverse competitive effects of the proposal in these markets.

Applicant is the second largest commercial banking organization in the Boston banking market,[7] controlling $4.1 billion in deposits, representing 14.0 percent of total deposits in commercial banks in the market. Conifer is the sixth largest banking organization in the market, controlling $1.7 billion in deposits, representing 5.8 percent of total deposits in commercial banks in the market. The market is moderately concentrated with a Herfindahl–Hirschman Index ("HHI") of 1276.[8] Upon consummation of its proposal, Applicant would remain the second largest commercial banking organization in the market, with a market share of approximately 19.8 percent. Over 50 commercial banking organizations would continue to operate in the market after consummation of the proposal and the HHI would increase by only 162 points to 1438.

In the New Bedford market,[9] Applicant and Conifer are the smallest commercial banking organizations controlling together less than two percent of the deposits in commercial banks in the market.

In the Springfield banking market,[10] Applicant is the largest of seven commercial banking organizations, controlling deposits of $799.6 million, representing 36.1 percent of total deposits in commercial banks in that market. Conifer is the smallest commercial banking organization in the Springfield banking market, controlling $54.9 million in deposits, representing 2.5 percent of the deposits in commercial banks in the market. Upon consummation of this transaction, Applicant would remain the largest commercial banking organization in Springfield, and would control 38.6 percent of the deposits in the commercial banks in the market. The four-firm concentration ratio would remain unchanged and the HHI in Springfield would increase by 179 points to 2441.

In the Amherst-Northampton banking market,[11] Applicant is the second largest of six commercial banking organizations, controlling $66.3 million in deposits, which represents 27.3 percent of total deposits in commercial banks in the market. Conifer is the fifth largest commercial banking organization in Amherst-Northampton, controlling $16.5 million in deposits, which represents 6.8 percent of total deposits in commercial banks in that market. The Amherst-Northampton banking market is highly concentrated with the four largest commercial banks controlling 87 percent of deposits in that area. Following acquisition of Conifer, Applicant would remain the second largest commercial banking organization in the market, controlling 34.1 percent of the deposits in commercial banks in the market. The four-firm concentration ratio would increase by 6.9 points to 93.9 and the HHI for the market would increase by 373 points to 2854.

In the Cape Cod banking market,[12] Applicant is the third largest of seven commercial banking organizations, controlling $137.9 million in deposits, which represents 13.1 percent of total deposits in that area. Conifer is the fourth largest commercial banking organization in the Cape Cod market, controlling $122.4 million in deposits, which represents 11.7 percent of total deposits in commercial banks. The Cape Cod market is moderately concentrated with a four-firm concentration ratio of 79.8 percent. Upon consummation of this proposal, Applicant would become the second largest commercial banking organization, controlling $260.3 million in deposits, representing 24.8 percent of the market share. The four-firm concentration ratio in Cape Cod would remain unchanged, and the HHI would increase by 305 points to 2343.

In the Worcester banking market,[13] Applicant is the fourth largest of nine commercial banking organiza-

6. In consideration of Applicant's divestiture proposals, the Department of Justice, Antitrust Division has decided not to challenge this transaction.

7. The Boston banking market consists of the Boston Ranally Metropolitan Area ("RMA"), except the New Hampshire towns of Brentwood, Chester and Derry, but including the Massachusetts towns of Ayre, Berlin, Groton, Harvard, Pepperell, and Shirley, and those portions of Bellingham, Carver, Lakeville, Middleborough, and Plymouth not already included in the RMA.

8. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823) a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. In such markets, the Department is likely to challenge a merger that increases the HHI by more than 50 points. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognizes the competitive effect of limited purpose lenders and other non-depository financial entities.

9. The New Bedford market includes New Bedford RMA and the towns of Wareham and portions of Freetown not in RMA.

10. The Springfield banking market is defined by Springfield RMA, less the town of Bremfield plus the towns of Blandford, Chester, Granville, Hardwick, Huntington, Montgomery Otis, Tolland Ware, Warren, and Worthington.

11. The Amherst-Northampton banking market is comprised of Amherst-Northampton RMA plus the towns of Chesterfield, Cummington, Deerfield, Goshen Plainfield, Shutesbury, Westhampton, and Whatley.

12. The Cape Cod banking market encompasses the Cape Cod RMA consisting of Barnstable County.

13. The Worcester banking market includes all of the Worcester RMA.

tions, controlling aggregate deposits of $291.1 million, representing 14.2 percent of the total deposits in commercial banks in the market. Conifer is the second largest commercial banking organization in the market, with $494.1 million in deposits, representing 24.2 percent of the total deposits in commercial banks. The Worcester banking market is considered concentrated, with the four largest commercial banking organizations in the market controlling 87.9 percent of the total deposits in commercial banks. After consummation of the proposal, Applicant would control 38.4 percent of the total deposits in commercial banks. The four-firm concentration ratio would remain unchanged, and the HHI in the Worcester market would increase by 688 points to 2963.

Although consummation of this proposal would eliminate some existing competition between Applicant and Conifer in the Springfield, Amherst-Northampton, Cape Cod and Worcester banking markets, numerous other commercial banking organizations would continue to operate in each market after consummation of the proposal. In addition, the Board has considered the presence of thrift institutions in these banking markets in its analysis of this proposal. These institutions account for over 50 percent of the total deposits in each of the markets. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks.[14] Thrift institutions already exert a considerable competitive influence in the market as providers of NOW accounts and consumer loans, and many are engaged in the business of making commercial loans. Based upon the number, size, market shares and commercial lending activities of thrift institutions in their markets, the Board has concluded that thrift institutions exert a significant competitive influence that mitigates the anticompetitive effects of this proposal in the Springfield, Amherst-Northampton, Cape Cod, and Worcester, Massachusetts markets.[15]

On the basis of the above facts and other facts of record, the Board concludes that consummation of Applicant's proposal would not have a significantly adverse effect on existing competition in any relevant market.

The Board also has considered the effects of Applicant's proposal on probable future competition in the markets in which Applicant and Conifer do not both compete.[16] In light of the market concentration, the number of probable future entrants into those markets, and the attractiveness of a given market for entry on a *de novo* basis, the Board concludes that consummation of this proposal would not have a significant adverse effect on probable future competition in any relevant market.

The Board previously has indicated that a bank holding company should serve as a source of financial strength to its subsidiaries. The Board believes the financial resources of Applicant are consistent with approval of this proposal, especially in light of Applicant's commitment to increase its capital. The Board also recognizes that Applicant's proposed acquisition of Conifer involves an exchange of shares with no assumption of additional debt.

The Board also has considered Applicant's managerial resources, particularly with regard to its previous violations of the Currency and Foreign Transactions Reporting Act (31 U.S.C. § 5311 *et seq.*) ("CFTRA"). In connection with two earlier proposals, the Board reviewed Applicant's conviction in March, 1986 of 31 counts of CFTRA violations.[17] Based upon all information available to it at that time, the Board concluded that, despite these indictments and CFTRA violations, overall managerial considerations were favorable. In support of that determination, the Board noted that Applicant had discovered the CFTRA violations itself through an internal audit, had alerted regulatory authorities to the violations, and had cooperated fully with law enforcement agencies. The Board also noted that Applicant and its subsidiaries undertook comprehensive remedial and preventive actions. In addition, the Board consulted appropriate law enforcement agencies and considered Applicant's past record of compliance with the law in its determination.

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

15. The following data indicate the market share and the change in the HHI if 50 percent of the deposits controlled by thrift institutions were included in the calculation of market concentration:

In the Springfield market, Applicant and Conifer would control 21.3 percent and 1.5 percent of total market deposits, respectively. The HHI would increase by 62 points to 1073 upon consummation of the proposal.

In the Amherst-Northampton banking market, Applicant and Conifer would control 13.2 percent and 3.3 percent of total market deposits, respectively. The HHI would increase by 87 points to 1809 upon consummation of the proposal.

In the Cape Cod banking market, Applicant and Conifer would control 8.0 percent and 7.2 percent of total market deposits, respectively. The HHI would increase by 115 points to 1124 upon consummation of the proposal.

In the Worcester banking market, Applicant and Conifer would control 9.4 percent and 16.0 percent of total market deposits, respectively. The HHI would increase by 298 points to 1465 upon consummation of the proposal.

16. "Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (March 3, 1982).

17. *Bank of New England Corporation*, 72 FEDERAL RESERVE BULLETIN 713 (1986); *Bank of New England Corporation*, 72 FEDERAL RESERVE BULLETIN 42 (1986).

After consummation of the proposals discussed above, the Office of the Comptroller of the Currency ("OCC") discovered eleven additional CFTRA violations at Bank of New England, N.A., Applicant's lead subsidiary bank, and 274 additional violations at Applicant's Connecticut Bank and Trust subsidiary. The OCC's report also showed numerous "technical" violations at two other of Applicant's subsidiary banks. Applicant since has assured the Board that it has implemented extensive CFTRA compliance procedures at all subsidiary banks sufficient to resolve these reporting violations. The Board notes, however, that Applicant has had uneven success thus far in achieving that objective. Nonetheless, the Board has reviewed the comprehensive internal audit recently compiled by Applicant regarding CFTRA compliance by each of its subsidiary banks over the past five years.[18] The OCC does not deem the recent CFTRA violations of Applicant's subsidiary banks as indicative of serious management problems and has stated that Applicant's overall compliance with CFTRA is satisfactory. On the basis of this statement, Applicant's own assurances, and all other facts of record, the Board concludes that Applicant's managerial resources are consistent with approval.

The Board believes that considerations relating to the convenience and needs of the communities to be served by Applicant's and Conifer's subsidiary banks also are consistent with approval of this application.

Applicant also has applied, pursuant to section 4(c)(8) of the Act to acquire Conifer Life Insurance Company, Phoenix, Arizona ("Company"). Company engages in underwriting, as a reinsurer, of credit-related life and accident insurance directly in connection with loans made by Conifer's subsidiary banks. Applicant does not currently engage in these activities, so that its acquisition of Company will have no adverse effect on existing competition. Moreover, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) is consistent with approval of Applicant's proposal to acquire Company.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be and hereby are approved, subject to Applicant's assurances, commitments and divestiture proposals. Applicant's acquisition of Conifer shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Boston, pursuant to delegated authority. The determinations as to Conifer's nonbanking activities are subject to all of the conditions contained in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective March 23, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Seger, Angell, and Heller.

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

18. On the basis of this written report, submitted upon request to the Department of Treasury, civil money penalties totalling $125,000 were assessed against several of Applicant's subsidiary banks based on their failure to report numerous currency transactions. This penalty does not account for the 31 transactions related to Applicant's criminal conviction and currently on appeal.

Benson Financial Corporation
San Antonio, Texas

Order Approving Acquisition of Bank Holding Companies, Banks and Nonbanking Subsidiaries

Benson Financial Corporation, San Antonio, Texas, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, has applied under section 3 of the Act, 12 U.S.C. § 1842, to merge with Benson Investment Company, San Antonio, Texas ("Benson"), and thereby indirectly to acquire Kelly Field National Bank, San Antonio, Texas ("Kelly") and Exchange National Bank, San Antonio, Texas ("Exchange"). Applicant has also applied under section 3 of the Act to merge with Groos Financial Corporation, San Antonio, Texas ("Groos"), and thereby indirectly to acquire Groos Bank, N.A., San Antonio, Texas, and to acquire 80 percent of the voting shares of San Pedro Bancshares, San Antonio, Texas ("SPB"), and thereby indirectly to acquire San Pedro State Bank, San Antonio, Texas. Further, Applicant has applied under section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), to acquire Bancshares Life Insurance Group, San Antonio, Texas, and thereby to engage in the underwriting of credit life and credit accident and health insurance.

Notice of the applications, affording interested persons an opportunity to submit comments, has been given in accordance with section 3(b) of the Act (51 *Federal Register* 44,689 (1986)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the Act.

Applicant is a one-bank holding company by virtue of its ownership of Commercial National Bank, San Antonio, Texas. Applicant's principal controls Benson, Groos and SPB, and this proposal represents the reorganization of these four banking organizations into a single multibank holding company. Applicant, with deposits of $23.6 million,[1] is the 728th largest commercial banking organization in Texas, controlling less than 0.1 percent of the total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Applicant would become the 27th largest commercial banking organization in Texas and control deposits of $355.5 million, representing 0.3 percent of total deposits in commercial banking organizations in the state. Consummation of this proposal would not have any significant adverse effect upon the concentration of banking resources in the state.

Applicant, Benson, Groos, and SPB all operate in the San Antonio banking market.[2] Applicant, with deposits of $23.6 million, is the 32nd largest of 50 commercial banking organizations in the market controlling 0.3 percent of total deposits in commercial banking organizations in the market. Benson is the tenth largest commercial banking organization in the market with deposits of $117.3 million, representing 1.38 percent of total deposits in commercial banking organizations in the market. Groos is the twelfth largest commercial banking organization in the market with deposits of $112.5 million, representing 1.32 percent of total deposits in commercial banking organizations in the market. SPB, with deposits of $105 million, is the fifteenth largest commercial banking organization in the market, controlling 1.24 percent of the total deposits in commercial banking organizations in the market. Upon consummation of the proposal, Applicant will become the eighth largest commercial banking organization in the market with deposits of $358.5 million, representing 4.24 percent of the total deposits in commercial banking organizations in the market.

The San Antonio banking market is considered to be moderately concentrated with a Herfindahl–Hirschman Index ("HHI") of 1139. Upon consummation of the proposal, the HHI would increase by 12 points to 1151, and the market would remain moderately concentrated.[3] Consummation of this proposal would not have any significant adverse effect on existing competition in the San Antonio banking market. Accordingly, considerations relating to competitive factors under the Act are consistent with approval.[4]

The financial resources of Applicant, its banking subsidiary, and the banking organizations to be acquired are consistent with approval. This proposal is essentially a reorganization of existing ownership interests, and no additional debt will be incurred as a result of these transactions. This reorganization may provide Applicant with increased access to capital markets, reduce overhead costs and enhance debt-servicing capabilities. The Board has relied upon these and other considerations, including commitments made by Applicant, in finding banking factors to be consistent with approval.

In its evaluation of Applicant's managerial resources, the Board has considered certain violations by Benson's bank subsidiaries, Kelly and Exchange, of the Currency and Foreign Transactions Reporting Act ("CFTRA").[5] Kelly and Exchange have established comprehensive policies and procedures to ensure compliance with the CFTRA. Examiners from the Office of the Comptroller of the Currency have reviewed the sufficiency of the compliance procedures adopted by Kelly and Exchange and their efficacy in correcting the deficiencies. The Board has consulted with appropriate enforcement agencies, and has considered Kelly's and Exchange's past records of compliance with the law. Based on the foregoing and other facts of record, the Board concludes that the managerial resources of Applicant, its banking subsidiary, and the banking organizations to be acquired are consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

Applicant has also applied under section 4(c)(8) to indirectly acquire Bancshares Life Insurance Group, through the proposed merger with its parent company

1. All banking data are as of December 31, 1985.
2. The San Antonio banking market is approximated by the San Antonio Ranally Metropolitan Area.

3. Under the Department of Justice Merger Guidelines, a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. In such markets, the Department is unlikely to challenge an acquisition that results in an increase in the HHI of less than 100 points.
4. In analyzing the competitive effects of an application to reorganize and restructure ownership of banking organizations where an individual or family controlling more than one banking organization in the market seeks to transfer control of the banking organizations to a single holding company, the Board takes into consideration the competitive effects of the transaction whereby common ownership was established. *See Mid Nebraska Bancshares, Inc. v. Board of Governors of the Federal Reserve System*, 627 F.2d 266 (D.C. Cir. 1980). In this case, however, the proposed transaction raises no serious competitive issues even when analyzed under current circumstances, when the banking organizations have increased in size and become stronger competitors.
5. 31 U.S.C. § 5311 *et seq.*, 31 C.F.R. § 103.

Benson, and thereby engage in the underwriting of credit life and credit accident and health insurance. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies. 12 C.F.R. § 225.25(b)(8)(i). There is no evidence of record to indicate that approval of the proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is consistent with approval of the application.

Based on the foregoing and other facts of record, and conditioned upon certain commitments made by Applicant, the Board has determined that the applications under sections 3 and 4 of the Act should be and hereby are approved. The acquisition of Benson, Groos, and SPB shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Dallas, pursuant to delegated authority. The determination as to the nonbanking activities is subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b) (12 C.F.R. §§ 225.4(d) and 225.23(b)), and to the Board's authority to require such modifications or termination of activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective March 12, 1987.

Voting for this action: Vice Chairman Johnson and Governors Seger, Angell, and Heller. Absent and not voting: Chairman Volcker.

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

Chemical New York Corporation New York, New York

Order Approving Acquisition of a Bank Holding Company

Chemical New York Corporation ("Chemical"), New York, New York, a bank holding company within the meaning of the Bank Holding Company Act (the "Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire Texas Commerce Bancshares, Inc. ("Company"), Houston, Texas, and thereby indirectly to acquire certain bank subsidiaries of Company listed in Appendix A to this Order.[1] Applicant also has applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire the nonbanking subsidiaries of Company listed in Appendix B to this Order.

Notice of the applications, affording opportunity for interested persons to submit comments, has been published (52 *Federal Register* 4660 (1987)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the Act.

Applicant, with approximately $26.7 billion in domestic deposits representing approximately 10.4 percent of the total deposits in commercial banks in New York, is the 3rd largest commercial banking organization in New York.[2] Company is the 4th largest commercial banking organization in Texas with domestic deposits of approximately $13.5 billion, representing approximately 8.6 percent of the total deposits in commercial banks in Texas.

Section 3(d) of the Act, 12 U.S.C. § 1842(d), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."[3]

Effective January 1, 1987, Texas enacted an interstate banking statute that permits, subject to certain limitations, out-of-state bank holding companies to

1. Applicant will acquire Company through a merger of Company with and into Chemical Texas Holdings, Inc., New York, New York ("CTH"), a wholly owned subsidiary of Applicant. In connection with this application, CTH has applied to become a bank holding company, to acquire the banking subsidiaries listed in Appendix A to this Order, and to acquire the nonbanking subsidiaries listed in Appendix B to this Order. CTH is not of significance except as a means to facilitate Applicant's acquisition of Company.

Applicant, through its subsidiary, CT Holdings, Inc., New York, New York, also will acquire Texas Commerce Bank-Richardson, N.A. ("Richardson Bank"), Richardson, Texas. In connection with the Richardson Bank acquisition, CT Holdings, Inc. has applied to become a bank holding company. In addition, Applicant will acquire indirectly Company's 9.5 percent interest in Lockwood National Bank, Houston, Texas.

2. Banking data are as of December 31, 1986.

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

acquire established Texas banks and bank holding companies.[4] The Texas Banking Department has informed the Board that it has no objection to this proposal. Based on the foregoing factors and its own review of the record, the Board has determined that the proposed acquisition is specifically authorized by the statute laws of Texas and thus Board approval is not prohibited by the Douglas Amendment.

The Board has considered the effects of the proposal upon competition in the relevant banking markets. Because Applicant does not operate a bank in any market in which Company operates a banking subsidiary, consummation of the proposal would not eliminate significant existing competition in any relevant banking market.

The Board also has considered the effects of the proposed acquisition on probable future competition in New York and Texas. In view of the existence of numerous other potential entrants into the markets served by the banking subsidiaries of Applicant and Company, the Board has concluded that consummation of the proposed transaction would not have any significant adverse effects on probable future competition in any relevant banking market.[5]

In evaluating these applications, the Board has considered the financial resources of Applicant and the effect on those resources of the proposed acquisition. The Board has stated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company proposals, particularly in transactions, such as this, where a significant acquisition is proposed.

In this regard, the Board expects that banking organizations experiencing substantial growth internally and by acquisition, such as Applicant, should maintain a strong capital position substantially above the minimum levels specified in the Board's Capital Adequacy Guidelines.[6] The Board will carefully analyze the effect of expansion proposals on the preservation or achievement of such capital positions. In that regard, this proposal will reduce Applicant's tangible primary capital ratio; however, Applicant's capital position will continue to be well above the minimum requirements of the Guidelines. Moreover, the Board notes Applicant's intention to enhance its capital position. The Board also notes that the proposed spin-off of approximately 30 percent of Company's nonperforming loans will reduce Applicant's risk from the acquisition.

In evaluating this proposal, the Board also notes that Applicant's existing and projected consolidated earnings and parent cash flow appear sufficient to provide flexibility, if *pro forma* earnings are lower than anticipated. The Board also notes that the proposed acquisition will strengthen the condition of Company not only by the removal from Company of a substantial portion of Company's nonperforming loans but also by granting greater access for Company to sources of funding and expanded banking services. Accordingly, on the basis of the above considerations and Applicant's continuing steps to strengthen its capital position, the Board concludes that financial factors are consistent with approval of the proposal. Managerial resources, convenience and needs considerations, and future prospects of Applicant and Company also are consistent with approval.

As indicated earlier, Applicant also has applied, pursuant to section 4(c)(8), to acquire certain nonbanking subsidiaries of Company. Applicant operates commercial real estate financing, consumer finance, equipment leasing, discount brokerage, mortgage organization and servicing, trust services, and investment advisory services subsidiaries that compete with Company's nonbanking subsidiaries in such activities. The markets for all these activities, except consumer finance activities and individual trust services, are national in scope, and there are numerous existing and potential competitors in these markets. In addition, Company intends to cease its activity in the area of commercial real estate financing. Moreover, in each of these activities, either Applicant's or Company's market share is *de minimis*.

The markets for the remaining nonbanking activities in which Applicant and Company compete, consumer finance and trust services to individuals, are local in nature, and there are numerous existing and potential competitors in those markets. In addition, Applicant's market share in these activities is *de minimis*. Accordingly, the Board concludes that the proposal would not have any significant adverse effect on existing or probable future competition in any relevant nonbanking market.

The National Association of Life Underwriters, the National Association of Professional Insurance

4. Tex. Rev. Civ. Stat. Ann. art. 342–916 (Vernon 1986). The Board previously has approved the acquisition of a Texas bank by an out-of-state bank holding company. *State First Financial Corporation*, 73 FEDERAL RESERVE BULLETIN 307 (1987).

5. Both Applicant and Company own limited service commercial banks in Delaware. The primary activity of Applicant's bank is general corporate lending; Company's Delaware bank was established primarily to offer consumer credit card services. Although Applicant's bank also offers credit card services, the market for such credit card services is nationwide and unconcentrated, and the market shares controlled by Applicant and Company are *de minimis*. Accordingly, consummation of the proposed transaction will not have a significant adverse effect on existing or probable future competition in any relevant market.

6. Capital Adequacy Guidelines, 50 *Federal Register* 16,057, 16,066–67 (April 24, 1985) (71 FEDERAL RESERVE BULLETIN 445 (1985)); *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743, 746 (1984).

Agents, the Independent Insurance Agents of America, Inc., the National Association of Casualty and Surety Agents, and the National Association of Surety Bond Producers protested this application on the grounds that the activities conducted by Company's nonbanking subsidiary, Pyramid Agency, Inc. ("Pyramid"), are impermissible under section 4(c)(8) of the Act. Pyramid's primary activity, acting as a managing general agent in connection with the sale of insurance directly related to extensions of credit by Company's bank subsidiaries, is permissible under section 4(c)(8)(E) of the Act and section 225.25(b)(8)(v) of the Board's Regulation Y. Pyramid's remaining activity, acting as agent for the purchase of public depository bonds solely for Company's bank subsidiaries, is a permissible servicing activity under sections 4(a)(2) and 4(c)(1)(C) of the Act, and section 225.22(a)(2)(ix) of the Board's Regulation Y. The Board previously has determined that the prohibition on insurance activities now contained in section 4(c)(8) of the Act as a result of the 1982 Garn–St Germain Depository Institutions Act has no bearing on the internal operations of a bank holding company. 49 *Federal Register* 808 (1984). Accordingly, the Board concludes that Pyramid's insurance activities are consistent with the Act.

There is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the applications to acquire Company's nonbanking subsidiaries and activities.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The acquisition of Company shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority. The determinations as to Applicant's nonbanking activities are subject to all of the conditions contained in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective March 25, 1987.

Voting for this action: Chairman Volcker and Governors Seger, Angell, and Heller. Absent and not voting: Governor Johnson.

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

APPENDIX A

Banking Subsidiaries To Be Acquired

Texas Commerce Bank-Amarillo, Amarillo, Texas; Texas Commerce Bank-Austin, N.A., Texas Commerce Bank-Barton Creek, N.A., and Texas Commerce Bank-Northcross, N.A., all in Austin, Texas; Texas Commerce Bank-Beaumont, N.A., Beaumont, Texas; Texas Commerce Bank-Brownsville, Brownsville, Texas; Texas Commerce Bank-Corpus Christi, N.A., Texas Commerce Bank-Gulfway, N.A., both in Corpus Christi, Texas; Texas Commerce Bank-Arlington, Arlington, Texas; Texas Commerce Bank-Brookhollow, N.A, Dallas, Texas; Texas Commerce Bank-Campbell Centre, N.A., Dallas, Texas; Texas Commerce Bank-Casa Linda, N.A., Dallas, Texas; Texas Commerce Bank-Dallas, N.A., Dallas, Texas; Texas Commerce Bank-Fort Worth, Fort Worth, Texas; Texas Commerce Bank-Garland, Garland, Texas; Texas Commerce Bank-Hillcrest, Dallas, Texas; Texas Commerce Bank-Hurst, N.A., Hurst, Texas; Texas Commerce Bank-Irving Boulevard, Irving, Texas; Texas Commerce Bank-Las Colinas, Irving, Texas; Texas Commerce Bank-Northwest, N.A., Dallas, Texas; Texas Commerce Bank-Park Central, N.A., Dallas, Texas; Texas Commerce Bank-Preston Royal, N.A., Dallas, Texas; Texas Commerce Bank-Quorum, N.A., Dallas, Texas; Texas Commerce Bank-Border City, Texas Commerce Bank-Chamizal, N.A., Texas Commerce Bank-East, N.A., Texas Commerce Bank-El Paso, N.A., Texas Commerce Bank-First State, Texas Commerce Bank-Northgate, N.A., Texas Commerce Bank-West, N.A., all in El Paso, Texas; Texas Commerce Bank-Airline, Texas Commerce Bank-Champions Park, N.A., Texas Commerce Bank-Chemical, Texas Commerce Bank-Clear Lake, N.A., all in Houston, Texas; Texas Commerce Bank-Conroe, N.A., Conroe, Texas; Texas Commerce Bank-Cyfair, N.A., Houston, Texas; Texas Commerce Bank-Cypress Station, N.A., Houston, Texas; Texas Commerce Bank-Del Oro, N.A., Houston, Texas; Texas Commerce Bank-Friendswood, Friendswood, Texas; Texas Commerce Bank-Greens Crossing, N.A., Houston, Texas; Texas Commerce Bank-Greenway Plaza, N.A., Houston, Texas; Texas Commerce Bank National Association, Houston, Texas; Texas Commerce Bank-Inwood, N.A., Houston, Texas; Texas Commerce Bank-Katy Freeway, N.A., Katy, Texas; Texas Commerce Bank-Kingwood, N.A., Kingwood, Texas; Texas Commerce Bank-Lakeside, Houston, Texas; Texas Commerce Bank-North Freeway, Houston, Texas; Texas Commerce Bank-Pasadena, Pasadena, Texas; Texas Commerce Bank-Reagan, Houston, Texas; Texas Commerce Bank-Richmond/Sage, Houston, Texas; Texas Commerce Bank-River Oaks, N.A., Houston, Texas; Texas Commerce Bank-South Belt, N.A., Houston, Texas; Texas Commerce Bank-Southeast, Houston, Texas; Texas Commerce Bank-Stafford, N.A., Houston, Texas; Texas Commerce Bank-Sugar Land, N.A., Sugar Land, Texas; Texas Commerce Bank-Tanglewood, Houston, Texas; Texas Commerce Bank-Westlake Park, N.A., Houston, Texas; Texas Commerce Bank-West Oaks, N.A., Houston, Texas; Texas Commerce Bank-Westwood, Houston, Texas; Texas Commerce Medical Bank, Houston, Texas; Texas Commerce Bank-Longview, N.A., Longview, Texas; Texas Commerce Bank National Association, Lubbock, Texas; Texas Commerce Bank-McAllen, N.A., McAllen, Texas; Texas Commerce Bank-Midland, N.A., Midland, Texas; Stone Fort National Bank of Nacogdoches, Nacogdoches, Texas; Texas Commerce Bank-New Braunfels, N.A., New Braunfels, Texas; Texas Commerce Bank-Odessa, Odessa, Texas; Texas Commerce Bank-San Angelo, N.A., San Angelo, Texas; Texas Commerce Bank-San Antonio, San Antonio, Texas; Texas Commerce Bank-San Antonio, Loop 410, San Antonio, Texas; Texas Commerce Bank-San Antonio, N.W., N.A., San Antonio, Texas; and Texas Commerce Banks (Delaware), Newark, Delaware.

APPENDIX B

Nonbanking Subsidiaries To Be Acquired

El Paso National Corporation, and thereby engage in leasing personal or real property pursuant to section 225.25(b)(5) of the Board's Regulation Y, and management consulting to depository institutions pursuant to section 225.25(b)(11) of the Board's Regulation Y; Pyramid Agency, Inc., and thereby engage in the supervision of retail insurance agents engaged in the sale of property and casualty insurance on the real and personal property used in the operations of Company and its subsidiaries pursuant to section 225.25(b)(8) of the Board's Regulation Y; Texas Commerce Bancshares Leasing Company, and thereby engage in leasing personal or real property pursuant to section 225.25(b)(5) of the Board's Regulation Y; Texas Commerce Corporate Finance, Inc., and thereby engage in making and servicing loans, investment or financial advice pursuant to sections 225.25(b)(1) and (b)(4) of the Board's Regulation Y; Texas Commerce Financial Services, Inc., and thereby engage in securities brokerage activities pursuant to section 225.25(b)(15) of the Board's Regulation Y; Texas Commerce Funding Company, and thereby engage in making and servicing loans pursuant to section 225.25(b)(1) of the Board's Regulation Y; Texas Commerce Information Systems, Inc., and thereby engage in data processing pursuant to section 225.25(b)(7) of the Board's Regulation Y; Texas Commerce Investment Management Company, and thereby engage in investment or financial advice pursuant to section 225.25(b)(4) of the Board's Regulation Y; Texas Commerce Leasing Company, and thereby engage in leasing personal or real property pursuant to section 225.25(b)(5) of the Board's Regulation Y; Texas Commerce Mortgage Company, and thereby engage in making and servicing loans pursuant to section 225.25(b)(1) of the Board's Regulation Y; Texas Commerce Securities, Inc., and thereby engage in investment or financial advice, underwriting and dealing in government obligations and money market instruments pursuant to sections 225.25(b)(4) and (b)(16) of the Board's Regulation Y; Texas Commerce Services Company, and thereby engage in trust company functions pursuant to section 225.25(b)(3) of the Board's Regulation Y; and Texas Commerce Trust Company of New York, and thereby engage in trust company functions pursuant to section 225.25(b)(3) of the Board's Regulation Y.

Security Pacific Corporation
Los Angeles, California

Order Approving Acquisition of a Bank Holding Company and Certain Nonbanking Subsidiaries

Security Pacific Corporation, Los Angeles, California, a bank holding company within the meaning of the Bank Holding Company Act (the "Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire Orbanco Financial Services Corporation, Portland, Oregon ("Company"), and thereby to acquire indirectly The Oregon Bank, Portland, Oregon

("Bank").[1] Applicant has also applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire the following nonbanking subsidiaries of Company: Orbanco Real Estate Services Company, Portland, Oregon, and thereby engage in mortgage banking; American Data Services, Portland, Oregon, and thereby engage in data processing activities; and Orbanco Securities Corporation, Portland, Oregon, and thereby engage in securities brokerage activities.[2] These activities are authorized for bank holding companies pursuant to the Board's Regulation Y, 12 C.F.R. §§ 225.25(b)(1), (b)(7), and (b)(15).

Notice of the applications, affording opportunity for interested persons to submit comments, has been duly published (51 *Federal Register* 46,935 (1986)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the Act.

Applicant, with approximately $26.2 billion in domestic deposits representing 13.84 percent of the total deposits in commercial banks in California, is the third largest commercial banking organization in California.[3] Bank is the third largest commercial banking organization in Oregon with domestic deposits of approximately $852 million, representing 6.43 percent of the total deposits in commercial banks in Oregon.

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving any application by a bank holding company to acquire control of any bank located outside of the holding company's home state,[4] unless such acquisition is "specifically authorized by the statute laws of the State in which [the] bank is located, by language to that effect and not merely by implication." An Oregon statute that became effective on July 1, 1986, authorizes a California bank holding company, with the permission of the Oregon Banking Supervisor, to "acquire . . . the capital stock" of "a bank that has been engaged in the business of banking for . . . not less than three years prior to the effective date of the acquisition, or . . . the capital stock of the bank holding company of any such bank."[5] There is no requirement of reciprocity.

Company controls Bank, which has been "engaged in the business of banking" since 1943. The Oregon Banking Supervisor has informed the Board that the proposal appears permissible and, accordingly, the Supervisor anticipates approving the proposal. Based on the foregoing factors and its own review of the record, the Board has determined that the proposed acquisition is specifically authorized by the statute laws of Oregon and is thus permissible under the Douglas Amendment, subject to Applicant's obtaining the approval of the Supervisor.

The Board has considered the effects of the proposal upon competition in the relevant banking markets. Because Applicant does not operate a bank in any market in which Bank operates, consummation of the proposal would not eliminate significant existing competition in any relevant market.

The Board also has considered the effects of the proposed acquisition on probable future competition in Oregon. In view of the existence of numerous other potential entrants from states within the Oregon interstate banking region into the markets served by Company, the Board has concluded that consummation of the proposed transaction would not have any significant adverse effects on probable future competition in any relevant banking market.

In evaluating these applications, the Board has considered the financial resources of Applicant and the effect on those resources of the proposed acquisition. In this regard, the Board has previously expressed concern that expansionary proposals should be based on the maintenance of a strong tangible primary capital position. In connection with an earlier acquisition[6] which had the effect of decreasing Applicant's tangible primary capital, Applicant expressed its intention to restore its tangible primary capital ratio to pre-acquisition levels and to continue to strengthen its capital position. Although the terms of this proposal contemplate a slight reduction in Applicant's tangible primary capital ratio, the acquisition should not have any material effect on Applicant's ability to meet its stated capital goals. The Board expects that Applicant will continue its efforts to meet its capital goals.

1. Applicant will acquire Company through a merger of Company with and into SPC/OFS Acquisition, Inc., Los Angeles, California ("SPC/OFS"), a wholly owned special purpose subsidiary of Applicant. In connection with this application, SPC/OFS has applied to become a bank holding company by acquiring Company. SPC/OFS is of no significance except as a means to facilitate Applicant's acquisition of Company.

2. In connection with this application, SPC/OFS also has applied to acquire Orbanco Real Estate Services Company, American Data Services, and Orbanco Securities Corporation.

3. Banking data are as of March 31, 1986.

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

5. Or. Rev. Stat. § 715.065(1) (1985); *see also* § 706.005(29) (1985).

6. *Security Pacific Corporation*, 72 FEDERAL RESERVE BULLETIN 800 (1986).

In addition, the Board notes that the proposed acquisition will strengthen the condition of Company through an injection of capital, increased managerial expertise, and the anticipated benefits resulting from the consolidation of operations. Based on the above facts, particularly Applicant's plans to continue to strengthen its primary capital position, the Board concludes that the financial and managerial resources and future prospects of Applicant and Company are consistent with approval. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

As indicated earlier, Applicant also has applied, pursuant to section 4(c)(8), to acquire certain nonbanking subsidiaries of Company. Applicant operates mortgage banking, data processing, and securities brokerage subsidiaries that compete with Company and its subsidiaries in such activities. The markets for the data processing and brokerage activities are regional or national in scope, and for all the nonbanking activities in which Applicant and Company compete there are numerous existing and potential competitors in their respective markets. Moreover, Applicant's market share in these activities is *de minimis*. Accordingly, the Board concludes that the proposal would not have any significant adverse effect on existing or probable future competition in any relevant market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the applications to acquire these nonbanking subsidiaries of Company.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved, subject to the condition that Applicant obtain the approval of the Oregon Banking Supervisor. The acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority. The determinations as to Applicant's nonbanking activities are subject to all of the conditions contained in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective March 11, 1987.

Voting for this action: Vice Chairman Johnson and Governors Seger, Angell, and Heller. Absent and not voting: Chairman Volcker.

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

United Banks of Colorado, Inc.
Denver, Colorado

Order Approving Acquisition of a Bank Holding Company, Banks and Nonbank Subsidiaries

United Banks of Colorado, Inc., Denver, Colorado, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, has applied for the Board's approval under section 3 of the Act, to acquire 100 percent of the voting shares of IntraWest Financial Corporation, Denver, Colorado ("IntraWest"), and thereby indirectly to acquire IntraWest's 16 bank subsidiaries.[1] Applicant has also applied under section 4(c)(8) of the Act to indirectly acquire the following nonbanking subsidiaries of IntraWest: IntraWest Mortgage Company, Denver, Colorado, engaged in mortgage banking; IntraWest Insurance Agency, Inc., Denver, Colorado, engaged in the sale of credit life, health and accident insurance; IntraWest Insurance Company, Denver, Colorado, engaged in the underwriting of credit life and accident insurance; IntraWest Leasing Company, Denver, Colorado, engaged in leasing property; and FMDC, Inc., Denver, Colorado, engaged in equity placements on behalf of institutional investors.

1. IntraWest's bank subsidiaries, all located in Colorado, are:
IntraWest Bank of Arapahoe, N.A., Englewood;
IntraWest Bank of Aurora, N.A., Aurora;
IntraWest Bank of Bear Valley, N.A., Denver;
IntraWest Bank of Boulder, N.A., Boulder;
IntraWest Bank of Colorado Springs, N.A., Colorado Springs;
IntraWest Bank of Fort Collins, N.A., Fort Collins;
IntraWest Bank of Grand Junction, N.A., Grand Junction;
IntraWest Bank of Greeley, N.A., Greeley;
IntraWest Bank of Highlands Ranch, N.A., Highlands Ranch;
IntraWest Bank of Montrose, N.A., Montrose;
IntraWest Bank of Northglenn, N.A., Northglenn;
IntraWest Bank of Pueblo, N.A., Pueblo;
IntraWest Bank of Steamboat Springs, N.A., Streamboat Springs;
IntraWest Bank of Sterling, N.A., Sterling;
IntraWest Bank of Southglenn, N.A., Littleton; and
IntraWest Bank of Southwest Plaza, N.A., Littleton.

Notice of the applications, affording interested persons an opportunity to submit comments, has been duly published (51 *Federal Register* 41,022 (1986)). The time for filing comments has expired, and the Board has considered the applications and all comments received, including comments of the Colorado Coalition to Save Rural America ("Coalition"), in light of the factors set forth in sections 3(c) and 4(c)(8) of the Act.

Applicant is the largest commercial banking organization in Colorado with 32 subsidiary banks and controls aggregate deposits of approximately $3.9 billion, representing 18.4 percent of total deposits in commercial banking organizations in the state.[2] IntraWest is the sixth largest commercial banking organization in Colorado, controlling deposits of approximately $1 billion, representing 4.8 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal and all planned divestitures, Applicant would remain the largest commercial banking organization in Colorado controlling deposits of approximately $4.9 billion, representing 23.1 percent of total deposits in commercial banking organizations in the state.

Banking resources in Colorado are considered unconcentrated, with the four largest commercial banks controlling 50.1 percent of the deposits in commercial banking organizations in the state, and an existing Herfindahl–Hirschman Index ("HHI") of 783. The Board does not believe that consummation of the proposal would have any significantly adverse effect on the concentration of commercial banking resources in the state.

Competitive Factors

Applicant's subsidiary banks compete directly with IntraWest's subsidiary banks in eight banking markets: the Denver-Boulder, Colorado Springs, Pueblo, Fort Collins, Grand Junction, Greeley, Montrose and Steamboat Springs banking markets. In two of these markets, Montrose and Steamboat Springs, Applicant will divest its banking subsidiaries prior to consummation of the proposed acquisition. Accordingly, consummation of the proposal would have no significant adverse effect upon competition in these markets.

Applicant and IntraWest compete in six markets in which no divestitures are proposed: the Denver-Boulder, Colorado Springs, Pueblo, Fort Collins, Grand Junction and Greeley banking markets. In three of these markets, Greeley, Grand Junction, and Fort Collins, the proposal raises significant issues regarding the elimination of existing competition. While the proposed acquisition represents a borderline case, the Board believes that on balance the proposal would not have any substantially adverse competitive effects in light of the overall competitive structure of each of the markets, including in particular the substantial competitive influence of thrift institutions in the markets and the number of existing commercial bank competitors with the financial and managerial resources to compete effectively in the markets.

Greeley Banking Market

In the Greeley banking market, Applicant is the third largest of 14 commercial banking organizations with deposits of $106.3 million, representing 17.3 percent of the total deposits in commercial banking organizations in the market.[3] IntraWest, with deposits of $123.6 million, representing 20.1 percent of total market deposits, is the second largest commercial banking organization in the market. Upon consummation of the proposal, Applicant would become the largest banking organization in the market with a 37.4 percent market share. The Greeley banking market is considered to be moderately concentrated with the four largest commercial banking organizations controlling 77 percent of those deposits, which upon consummation, would increase to 80.9 percent. The HHI for the market would increase by 695 points to 2356.

Although consummation of the proposal would eliminate some existing competition between Applicant and IntraWest, 13 other commercial banking organizations would remain as competitors in the market and among these are three of the five largest commercial banking organizations in Colorado. Moreover, the Greeley banking market has become increasingly more competitive. In the past three years, for example, the share of deposits controlled by the market's largest commercial banking organizations has declined.

In addition, six thrift institutions including the four largest thrift institutions in the state, operate offices in the Greeley market, controlling 27 percent of the market's total deposits, a market share that has increased in the last three years. These institutions compete with commercial banks in the market as providers of NOW accounts and consumer loans. Moreover, five of the thrift institutions in the market also offer commercial loans. In the Board's view, the substantial competitive influence of thrift institutions in the market and the presence of several substantial

2. Except where otherwise specified, banking data are as of December 31, 1985.

3. The Greeley banking market is approximated by Weld County, Colorado, except for the communities of Fort Lupton, Frederick and Keenesburg, Colorado. Greeley market data are as of June 30, 1986.

commercial bank competitors in the market, mitigate the anticompetitive effects of the proposal in the Greeley banking market.[4]

Grand Junction Market

In the Grand Junction banking market, Applicant is the third largest of nine commercial banking organizations with deposits of $75 million, representing 19.7 percent of the total deposits in commercial banking organizations in the market.[5] IntraWest, with deposits of $96.7 million representing 25.4 percent of total commercial bank deposits in the market, is the second largest commercial banking organization in the market. Upon consummation of the proposal, Applicant would become the largest commercial banking organization in the market with a 45.1 percent market share. The Grand Junction banking market is considered to be highly concentrated with a four-firm concentration ratio of 84.5 percent. Upon consummation, the HHI for the market would increase by 1003 points to 3082. Eight commercial banking organizations would remain as competitors in the market upon consummation. These include four of the 10 largest banking organizations in the state, which have the financial and managerial resources to compete effectively in the market.

Eight thrift institutions, including the state's second largest thrift institution, operate offices in the Grand Junction banking market, controlling 50.2 percent of the market's combined deposits of banks and thrifts. These institutions compete with commercial banks in the market as providers of NOW accounts and consumer loans. Four of the thrift institutions in the market offer commercial loans. In the Board's view, the thrift institutions exert a significant competitive influence in the market, that mitigates the anticompetitive effects of the proposal in the Grand Junction market.[6]

Fort Collins Market

IntraWest is the fifth largest commercial banking organization in the Fort Collins market with deposits of $19 million, representing 3.3 percent of the total deposits in the market. Applicant is the second largest of eight commercial banking organizations in the Fort Collins market with deposits of $214 million, representing 37.1 percent of the total deposits in commercial banking organizations in the market.[7] Upon consummation of the proposal, Applicant would remain the second largest commercial banking organization in the market with a 40.4 percent market share. The Fort Collins banking market is considered to be highly concentrated, with a four-firm concentration ratio of 90.8, which upon consummation would increase to 94.1 percent. The HHI for the market would increase by 245 points to 3684.

Although the proposed acquisition would eliminate some existing competition between Applicant and IntraWest in the Fort Collins banking market, seven other commercial banking organizations would remain as competitors in the market. In addition, six thrift institutions, including five of the state's ten largest thrifts, operate offices in the market, controlling 37 percent of the market's combined deposits of banks and thrifts. These institutions compete with commercial banks in the market as providers of NOW accounts and consumer loans. Five of the thrift institutions in the market also offer commercial loans. The competitive influence of thrift institutions, the seven remaining commercial banking organizations, IntraWest's relatively small existing presence in the market, and the moderate post-merger increase in market concentration, all mitigate the anticompetitive effects of the proposal in the Fort Collins banking market.[8]

Other Markets

In the remaining three banking markets, the proposal would not in the Board's view be likely to lessen competition substantially. The Denver-Boulder and Colorado Springs markets[9] are not highly concentrat-

4. If 50 percent of deposits held by thrift institutions in the Greeley banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 65.0 percent. Applicant would control 14.6 percent of the market's deposits and Bank would control 17.0 percent of the market's deposits. Upon consummation, the HHI would increase by 496 points to 1733.

The market HHI, with thrifts included at 50 percent, has declined from 1552 as of December 31, 1983 to 1237 as of June 30, 1986.

5. The Grand Junction banking market is approximated by Mesa County, Colorado. Market data are as of June 30, 1986.

6. If 50 percent of deposits held by thrift institutions in the Grand Junction banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 60.1 percent. Applicant would control 13.1 percent of the market's deposits and Bank would control 16.9 percent of the market's deposits. Upon consummation, the HHI would increase by 443 points to 1583. The market would remain moderately concentrated.

7. The Fort Collins banking market is approximated by the Fort Collins RMA.

8. If 50 percent of deposits held by thrift institutions in the Fort Collins banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would drop to 75.2 percent. Applicant and Bank would control, respectively, 27.9 percent and 2.5 percent of the market's combined deposits. Upon consummation of the proposal, the HHI would increase 146 points to 2343.

9. The Denver-Boulder banking market is approximated by the Denver RMA and all of Boulder County, Colorado. The Colorado Springs banking market is approximated by the Colorado Springs RMA.

ed and would not become so upon consummation of the proposal. The increase in concentration in each of these markets is small (less than 4 percentage points in each case) and the market share of the resulting organization is less than 25 percent.

In the Pueblo banking market,[10] the increase in concentration is not substantial, particularly after giving weight to the competitive influence of the thrifts in the market, and upon consummation, the Applicant would rank third in the market with a 20.4 percent market share.[11]

On the basis of the foregoing and other facts of record, the Board concludes that consummation of the proposal would not have a substantial adverse effect on existing competition in the Greeley, Grand Junction, Fort Collins, Denver-Boulder, Colorado Springs and Pueblo banking markets.

The Board has considered the effects of this proposal on probable future competition in the three markets in which only one of the two holding companies competes, in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions.[12] In evaluating the effects of a proposed acquisition upon probable future competition, the Board considers market concentration, the number of probable future entrants into the market, the size and market position of the bank to be acquired and the attractiveness of the market for entry on a *de novo* basis, absent approval of the acquisition.

After consideration of these factors and the rural nature of the relevant markets, the Board concludes that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market.[13]

Financial and Managerial Factors

The financial resources of Applicant and IntraWest are consistent with approval. No additional debt will be incurred in connection with the proposal and no additional intangible assets will be recorded. In addition, Applicant's existing and *pro forma* consolidated capital levels are above the Board's minimum guidelines and exceed peer group averages.[14] Applicant thus will serve as a source of financial and managerial strength to IntraWest's banks. Based on the foregoing and other facts of record, the Board has determined that Applicant has the financial resources to acquire IntraWest without unduly diverting its resources away from the continuing support of its subsidiary banks.

In its evaluation of Applicant's managerial resources, the Board has considered certain violations by Applicant's and IntraWest's subsidiary banks of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations thereunder.[15] Applicant has taken appropriate remedial action as a result of the discovery of these violations. The corrective measures include a revision of audit procedures and the development of a compliance monitoring program for each subsidiary bank. Applicant has committed to implement its compliance program and audit procedures at IntraWest's subsidiary banks following consummation of this proposal and to undertake a compliance review within 60 days of consummation of the acquisition. Based on the foregoing and other facts of record, the Board concludes that the managerial resources of Applicant, IntraWest, and their respective subsidiary banks are consistent with approval.

Convenience and Needs Considerations

In considering the convenience and needs of the communities to be served, the Board has taken into account the records of Applicant and IntraWest under the Community Reinvestment Act ("CRA"), 12 U.S.C. § 2901 *et seq.*[16] The Board has received comments from the Colorado Coalition to Save Rural America ("Coalition") regarding Applicant's CRA record. The Coalition has alleged that Applicant has failed to adequately meet the credit needs of the rural neighborhoods in the communities served by Applicant's subsidiary banks.[17] In an attempt to resolve the concerns raised by the protest, Applicant has met

10. The Pueblo banking market is approximated by the Pueblo RMA.

11. Applicant and IntraWest control 10.3 percent and 10.1 percent respectively, of total deposits in commercial banks in the market. If 50 percent of deposits held by thrift institutions in the Pueblo banking market were included in the calculation of market concentration, Applicant would control 7 percent of the market's deposits and IntraWest would control 6.8 percent of the market's deposits. Upon consummation, the HHI would increase by 95 points to 1275.

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

13. The three relevant markets are all located in rural areas and have deposits of less than $250 million. Therefore, these markets are not considered attractive for entry.

14. *Capital Adequacy Guidelines for Bank Holding Companies and State Member Banks*, 12 C.F.R. Part 225, Appendix A.

15. 31 U.S.C. § 5311 *et seq.*; 31 C.F.R. § 103.

16. The CRA requires the Board, in its evaluation of a bank holding company application, to assess the record of an applicant in meeting the credit needs of the entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation.

17. The Coalition generally alleges: that Applicant has an inadequate agricultural lending record; that it does not publicize the availability of agricultural credit; that it proposes to limit agricultural lending by IntraWest; and that the proposal may result in branch closings in rural communities.

privately with the Coalition on three occasions; however, the parties were unable to resolve the concerns raised.

In accordance with the Board's practice and procedures for handling protested applications,[18] the Board has reviewed the CRA record of Applicant, the information provided and allegations made by the Coalition, and Applicant's response.

The Board has carefully reviewed the records of Applicant and IntraWest in meeting the convenience and needs of all segments of their communities. The Board notes that Applicant's and IntraWest's subsidiary banks have achieved satisfactory overall CRA ratings based upon the most recent compliance examinations conducted by the Office of the Comptroller of the Currency.

In response to the Coalition's allegations, the Board has reviewed the farm lending records of Applicant's rural banks.[19] Applicant operates eight subsidiary banks in six counties where at least 5 percent of total commercial bank lending is classified as agricultural. The Board's review of year-end 1985 loan data in each of these counties reveals that Applicant's farm loans to total loans ratios are nearly equivalent to county averages. In addition, Applicant's subsidiary banks in farm areas exhibit higher than average total loan to deposit ratios in each of the areas examined. Taken together, these data suggest that Applicant is generally as active in agricultural lending as its competitor banks, and more active generally than its competitors in total lending in agricultural areas. In the Board's view, the record does not support the Coalition's assertions that Applicant has an inadequate farm lending record or that Applicant proposes to limit agricultural lending by its newly acquired IntraWest subsidiaries. Based on all the facts of record, the Board concludes that the CRA records of the subsidiary banks of Applicant and IntraWest, and convenience and needs considerations generally, are consistent with approval of the application.

Nonbanking Activities

Applicant has also applied, pursuant to section 4(c)(8) of the Act, to acquire IntraWest's nonbanking subsidiaries and thereby engage in mortgage banking, the sale of credit related life, accident and health insurance, the underwriting of credit life and accident insurance, as well as leasing and equity placement activities. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies. 12 C.F.R. §§ 225.25(b)(1), (5), (8)(i), (9), and (14), respectively.

Applicant currently engages in the sale of credit life, accident and health insurance and leasing activities also engaged in by the IntraWest nonbanking subsidiaries it proposes to acquire. The credit-related insurance activities of Applicant's and IntraWest's subsidiaries are conducted in connection with Applicant's and IntraWest's individual credit extension operations. Therefore, Applicant and IntraWest do not compete in any material way in the provision of credit-related life, accident and health insurance.

IntraWest's leasing activities are relatively insignificant. It does not currently originate new leases and its current servicing portfolio of $28.0 million includes a $16.0 million lease of the premises of its former lead bank. Applicant, in turn, does not engage in mortgage banking, the underwriting of credit life and accident insurance, or the equity placement activities conducted by IntraWest. In addition, there are numerous existing and potential entrants into the relevant markets for these activities. Accordingly, approval of these applications will have no significant adverse effect on competition in the proposal's nonbanking activities in any relevant market. Furthermore, there is no evidence in the record to indicate that approval of the proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is consistent with approval of the application to acquire IntraWest's nonbanking subsidiaries.

Conclusion

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be, and hereby are approved, subject to Applicant's commitment to divest its banking subsidiaries in the Montrose and Steamboat Springs banking markets. The acquisition of IntraWest shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Kansas City, pursuant to delegated authority. The determinations as to the nonbanking activities are subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), 12 C.F.R. §§ 225.4(d) and 225.23(b), and to the Board's authority to require such modifications or

18. 12 C.F.R. § 262.25.

19. Applicant has indicated that as of September 30, 1986, Applicant's subsidiary banks carried in excess of $70 million in farm loans.

termination of activities of the holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective March 27, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Angell, and Heller. Absent and not voting: Governor Seger.

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

ORDERS APPROVED UNDER THE BANK MERGER ACT

Farmers Bank and Savings Company
Pomeroy, Ohio

Order Approving the Acquisition of Assets and Assumption of Liabilities of a Bank

Farmers Bank and Savings Company, Pomeroy, Ohio, has applied for the Board's approval under the Bank Merger Act (12 U.S.C. § 1828(c)) to acquire certain assets and assume certain liabilities of the Tuppers Plains Branch of Bank One, Athens, N.A., Tuppers Plains, Ohio ("Bank"). Bank is an affiliate of Banc One Corporation, Columbus, Ohio.

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. § 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the transaction were requested from the United States Attorney General, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. 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 18(c) of the Bank Merger Act.

Applicant is a wholly owned subsidiary of Farmers Bancshares, Inc., Pomeroy, Ohio ("Corporation"). Corporation is the 109th largest commercial banking organization in Ohio, controlling one subsidiary with total deposits of $43.8 million, representing less than one percent of total deposits in commercial banks in the state.[1] The Tuppers Plains Branch controls deposits of $4.1 million, representing less than one percent of total deposits in commercial banks in Ohio. Upon consummation of the proposal, Corporation would control total deposits of approximately $47.9 million, representing less than one percent of total deposits in commercial banks in the state. Corporation would become the 101st largest commercial banking organization in the state as a result of the proposed transaction. Accordingly, the Board concludes that consummation of this proposal would have no significant effect on the concentration of banking resources in Ohio.

Applicant and Bank both compete in the Meigs County banking market.[2] Applicant is the second largest of five commercial banking organizations in the market, controlling deposits of $39.7 million, representing 30.7 percent of total deposits in commercial banks in the market.[3] Bank is the largest commercial banking organization in the market, controlling total deposits of $47.1 million, representing 36.4 percent of total deposits in commercial banking organizations in the market. Applicant, by its acquisition of the Tuppers Plains Branch, will acquire $4.1 million in deposits from Bank, representing 3.2 percent of the deposits in commercial banks in the market. Upon consummation of the proposal, Applicant would become the largest commercial banking organization in the market, controlling 33.9 percent of the total deposits in commercial banks in the market.

Although consummation of the proposed transaction may tend to reduce competition somewhat, the Board does not believe that consummation of the proposal would have any significant adverse effect on competition in the Meigs County market. Although the market is considered to be highly concentrated, with a four-firm concentration ratio of 98 percent and a Herfindahl–Hirschman Index ("HHI") of 2757, consummation of the proposal would not increase the four-firm concentration level and the HHI would actually decrease by 16 points.[4] The proposed transaction

1. State deposit data are as of September 30, 1986.

2. The Meigs County banking market is approximated by Meigs County, Ohio, and the community of Mason in Mason County, West Virginia.

3. Market data are as of June 30, 1986.

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

would not reduce the number of competitors operating in the market. Accordingly, the Board concludes that Applicant's acquisition of the Tuppers Plains Branch would not have any significant adverse effects on competition in any relevant area.

The financial and managerial resources of Applicant and the Tuppers Plain Branch are considered satisfactory. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

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

By order of the Board of Governors, effective March 26, 1987.

Voting for this action: Chairman Volcker and Governors Seger, Angell, and Heller. Absent and not voting: Governor Johnson.

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

Orders Approved Under Bank Holding Company Act

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Banc One Corporation, Columbus, Ohio	Charter 17 Bancorp, Inc., Richmond, Indiana	Cleveland	March 4, 1987
BMC Bancshares, Inc., Mt. Carmel, Illinois	Bank of Mt. Carmel, Mt. Carmel, Illinois	St. Louis	March 6, 1987
Century Bancshares, Inc., Washington, D.C.	Columbia National Bank, Washington, D.C.	Richmond	March 16, 1987
CG Bancshares, Inc., Irvine, Kentucky	Citizens Guaranty Bank, Irvine, Kentucky	Cleveland	March 20, 1987
Cheatham State Bank ESOP, Kingston Springs, Tennessee	CSB Financial Corporation, Ashland City, Tennessee Cheatham State Bank, Kingston Springs, Tennessee	Atlanta	March 13, 1987
The Colonial BancGroup, Inc., Montgomery, Alabama	F&M Holding Company, Inc., Foley, Alabama	Atlanta	February 27, 1987
Community Bancorp, Inc., Glastonbury, Connecticut	Community National Bank, Glastonbury, Connecticut	Boston	February 20, 1987
Community Group, Inc., Jasper, Tennessee	Farmers Bank of Lawrence County, Lawrenceburg, Tennessee	Atlanta	March 18, 1987
Damariscotta Bankshares, Inc., Damariscotta, Maine	Damariscotta Bank and Trust Company, Damariscotta, Maine	Boston	March 4, 1987
Financial Corporation of Central Illinois, Inc., Strasburg, Illinois	Strasburg State Bank, Strasburg, Illinois	Chicago	February 25, 1987

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First American Corporation, Nashville, Tennessee	FPB Corporation, Gallatin, Tennessee	Atlanta	February 26, 1987
First Bancorp, Inc., Yates City, Illinois	Bank of Yates City, Yates City, Illinois	Chicago	March 4, 1987
First Centre Bancshares, Inc., Camdenton, Missouri	First Bank Centre, Osage Beach, Missouri	St. Louis	March 3, 1987
First Citizens-Crenshaw Bancshares, Inc., Luverne, Alabama	First Citizens Bank, Luverne, Alabama	Atlanta	March 11, 1987
First Dolton Corp, Dolton, Illinois	The First National Bank in Dolton, Dolton, Illinois	Chicago	March 6, 1987
First Holding Company of Cavalier, Inc., Cavalier, North Dakota	First Bank Cavalier, N.A., Cavalier, North Dakota	Minneapolis	February 25, 1987
First Holding Company of Park River, Inc., Park River, North Dakota	First Bank Park River, N.A., Park River, North Dakota	Minneapolis	February 25, 1987
First Southeast Banking Corp., Darien, Wisconsin	Bank of Milwaukee, Milwaukee, Wisconsin	Chicago	March 6, 1987
First Union Corporation, Charlotte, North Carolina	Roswell Bank, Roswell, Georgia	Richmond	February 27, 1987
Front Range Capital Corporation, Lafayette, Colorado	Bank VII, Lafayette, Colorado	Kansas City	March 19, 1987
Greensburg Deposit Bancorp, Inc., Greensburg, Kentucky	Greensburg Deposit Bank, Greensburg, Kentucky	St. Louis	March 12, 1987
Heights Bancshares, Inc., Harker Heights, Texas	Capital Peoples Bancshares, Inc., Lampasas, Texas	Dallas	March 20, 1987
Lincoln Banking Company, Ltd., Steamboat Springs, Colorado	United Bank of Steamboat Springs, Steamboat Springs, Colorado	Kansas City	March 12, 1987
Livermore Bankshares, Livermore Falls, Maine	Livermore Falls Trust Company, Livermore Falls, Maine	Boston	February 27, 1987
LJT, Inc., Holdrege, Nebraska	First Holdrege Bancshares, Inc., Holdrege, Nebraska	Kansas City	March 11, 1987
Merchants National Corporation, Indianapolis, Indiana	Fayette Bancorp, Connersville, Indiana	Chicago	March 3, 1987
Milledgeville Bancorp, Inc., Milledgeville, Illinois	Milledgeville State Bank, Milledgeville, Illinois	Chicago	March 11, 1987
Montgomery Bancorp, Inc., Bethesda, Maryland	Montgomery National Bank, Bethesda, Maryland	Richmond	March 16, 1987
National Penn Bancshares, Inc., Boyertown, Pennsylvania	Penncore Financial Services Corporation, Camp Hill, Pennsylvania	Philadelphia	March 6, 1987
Old Town Bancshares Corp., Abington, Massachusetts	The Abington National Bank, Abington, Massachusetts	Boston	March 6, 1987
Pontchartrain Bancshares, Inc., Metairie, Louisiana	Pontchartrain State Bank, Metairie, Louisiana	Atlanta	March 4, 1987

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Rittenhouse Financial Services Inc., Philadelphia, Pennsylvania	The Rittenhouse Trust Company, Philadelphia, Pennsylvania	Philadelphia	February 27, 1987
Rog-Lee, Incorporated, Manson, Iowa	Manson State Bank, Manson, Iowa	Chicago	February 26, 1987
Security Pacific Corporation, Los Angeles, California	California Pacific National Bank, Los Angeles, California	San Francisco	February 27, 1987
Solvay Bank Corp., Solvay, New York	Solvay Bank, Solvay, New York	New York	March 17, 1987
Suffield Financial Corporation, Suffield, Connecticut	Coastal Bancorp, Portland, Maine	Boston	February 24, 1987
Trustcorp, Inc., Toledo, Ohio	Commercial Bankshares Corporation, Adrian, Michigan	Cleveland	February 26, 1987
Union Bancorp, Inc., Pottsville, Pennsylvania	Union Bank and Trust Company, Pottsville, Pennsylvania	Philadelphia	March 20, 1987
Volunteer Bancorp, Inc., Sneedville, Tennessee	Citizens Bank of Sneedville, Sneedville, Tennessee	Atlanta	February 27, 1987
Waseca Bancshares, Inc., Waseca, Minnesota	First State Bank of Waseca, Waseca, Minnesota	Minneapolis	March 6, 1987
The Wedge Holding Company, Alton, Illinois	Bethalto National Bank, Bethalto, Illinois Brighton Bancshares, Inc., Brighton, Illinois	St. Louis	March 17, 1987

Section 4

Applicant	Nonbanking Company/Activity	Reserve Bank	Effective date
First Pennsylvania Corporation, Philadelphia, Pennsylvania	Centre Square Investment Group, Inc., Philadelphia, Pennsylvania	Philadelphia	March 18, 1987
The Chase Manhattan Corporation, New York, New York	Clark Equipment Credit Corporation, Buchanan, Michigan	New York	February 27, 1987
First Illinois Corporation, Evanston, Illinois	consumer finance and credit insurance activities	Chicago	February 20, 1987
Maryland National Corporation, Baltimore, Maryland	C.M. Brown & Company, Inc., Springfield, New Jersey	Richmond	March 3, 1987
Security Pacific Corporation, Los Angeles, California	Atlas Thrift of Nevada, Las Vegas, Nevada	San Francisco	February 23, 1987
United Security Bancorporation, Chewelah, Washington	Colville Insurance Service, Colville, Washington Kettle Falls Insurance, Kettle Falls, Washington	San Francisco	March 16, 1987

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.

Jones v. Volcker, No. 87–0427 (D.D.C., filed Feb. 19, 1987).

Bankers Trust New York Corp. v. Board of Governors, No. 87–1035 (D.C. Cir., filed Jan. 23, 1987).

Securities Industry Association v. Board of Governors, et al., No. 87–1030 (D.C.Cir., filed Jan. 20, 1987).

Grimm v. Board of Governors, No. 87–4006 (2nd Cir., filed Jan. 16, 1987).

Independent Insurance Agents of America, et al. v. Board of Governors, Nos. 86–1572, 1573, 1576 (D.C. Cir., filed Oct. 24, 1986).

Securities Industry Association v. Board of Governors, No. 86–2768 (D.D.C., filed Oct. 7, 1986).

Independent Community Bankers Association of South Dakota v. Board of Governors, No. 86–5373 (8th Cir., filed Oct. 3, 1986).

Jenkins v. Board of Governors, No. 86–1419 (D.C. Cir., filed July 18, 1986).

Securities Industry Association v. Board of Governors, No. 86–1412 (D.C. Cir., filed July 14, 1986).

Adkins v. Board of Governors, No. 86–3853 (4th Cir., filed May 14, 1986).

Optical Coating Laboratory, Inc. v. United States, No. 288–86C (U.S. Claims Ct., filed May 6, 1986).

CBC, Inc. v. Board of Governors, No. 86–1001 (10th Cir., filed Jan. 2, 1986).

Howe v. United States, et al., No. 86–889 (U.S. S.Ct. filed Dec. 6, 1985).

Myers, et al. v. Federal Reserve Board, No. 85–1427 (D. Idaho, filed Nov. 18, 1985).

Souser, et al. v. Volcker, et al., No. 85-C-2370, *et al.* (D. Colo., filed Nov. 1, 1985).

Podolak v. Volcker, No. C85–0456, *et al.* (D. Wyo., filed Oct. 28, 1985).

Kolb v. Wilkinson, et al., No. C85–4184 (N.D. Iowa, filed Oct. 22, 1985).

Farmer v. Wilkinson, et al., No. 4–85-CIVIL-1448 (D. Minn., filed Oct. 21, 1985).

Kurkowski v. Wilkinson, et al., No. CV-85–0-916 (D. Neb., filed Oct. 16, 1985).

Alfson v. Wilkinson, et al., No. A1–85–267 (D. N.D., filed Oct. 8, 1985).

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

Urwyler, et al. v. Internal Revenue Service, et al., No. 85–2877 (9th Cir., filed July 18, 1985).

Wight, et al. v. Internal Revenue Service, et al., No. 85–2826 (9th Cir., filed July 12, 1985).

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

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

Lewis v. Volcker, et al., No. 86–3210 (6th Cir., filed Jan. 14, 1985).

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

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

Florida Bankers Association, et al. v. Board of Governors, Nos. 84–3269, 84–3270 (11th Cir., filed April 20, 1984).

Securities Industry Association v. Board of Governors, No. 86–5089, *et al.* (D.C. Cir., filed Oct. 24., 1980).

Directors of Federal Reserve Banks and Branches

Regional decentralization and a combination of governmental and private characteristics are important hallmarks of the uniqueness of the Federal Reserve System. Under the Federal Reserve Act, decentralization was achieved by division of the country into 12 Federal Reserve Districts and the establishment in each District of a separately incorporated Federal Reserve Bank with its own board of directors. The member banks in each District own the stock of their Reserve Bank and elect a majority of the board of directors of that Bank. The Board of Governors, an agency of the federal government, exercises general supervision over the Reserve Banks and also appoints a minority of each board of directors of the Reserve Banks and their Branches. Thus, the Federal Reserve relies importantly in the conduct of the System's affairs on the regional participation and counsel of the directors of the Federal Reserve Banks and Branches.

The following list of directors of Federal Reserve Banks and Branches shows for each director the class of directorship, the principal business affiliation, and the date the current term expires. Each Federal Reserve Bank has nine members on its board of directors: the member banks elect the three Class A and three Class B directors, and the Board of Governors appoints the three directors in Class C. Directors are chosen without discrimination as to race, creed, color, sex, or national origin.

Class A directors of each Reserve Bank represent the stockholding member banks of the Federal Reserve District. Class B and Class C directors represent the public and are chosen with due, but not exclusive, consideration to the interests of agriculture, commerce, industry, services, labor, and consumers; they may not be officers, directors, or employees of any bank. In addition, Class C directors may not be stockholders of any bank. The Board of Governors designates annually one Class C director as chairman of the board of directors of each District Bank and designates another Class C director as deputy chairman.

Each of the 25 Branches of the Federal Reserve Banks has a board of either seven or five directors, a majority of whom are appointed by the parent Federal Reserve Bank; the others are appointed by the Board of Governors. One of the Board's appointees is designated annually as chairman of the board of that Branch in a manner prescribed by the parent Federal Reserve Bank.

The names of the chairman and deputy chairman of the board of directors of each Reserve Bank and of the chairman of each Branch are published monthly in the FEDERAL RESERVE BULLETIN.[1]

1. The current list appears on page A89 of this BULLETIN.

DISTRICT 1—BOSTON

Class A

		Term Expires Dec. 31
Homer B. Ellis, Jr.	Director, Factory Point National Bank, Manchester Center, Vermont	1987
Harry R. Mitiguy	President, Howard Bancorp, Burlington, Vermont	1988
Robert L. Newell	Chairman, Hartford National Corporation, Hartford, Connecticut	1989

Class B

Ralph Z. Sorenson	Chairman, President, and Chief Executive Officer, Barry Wright Corporation, Newton Lower Falls, Massachusetts	1987
Matina S. Horner	President, Radcliffe College, Cambridge, Massachusetts	1988
Richard M. Oster	President and Chief Executive Officer, Cookson America, Inc., Providence, Rhode Island	1989

DISTRICT 1—Continued

Class C

		Term Expires Dec. 31
Joseph A. Baute	Chairman and Chief Executive Officer, Markem Corporation, Keene, New Hampshire	1987
George N. Hatsopoulos	Chairman of the Board and President, Thermo Electron Corporation, Waltham, Massachusetts	1988
Richard N. Cooper	Professor of International Economics, Harvard University, Cambridge, Massachusetts	1989

DISTRICT 2—NEW YORK

Class A

Robert W. Moyer	President and Chief Executive Officer, Wilber National Bank, Oneonta, New York	1987
Lewis T. Preston	Chairman of the Board, Morgan Guaranty Trust Company of New York, New York, New York	1988
Alberto M. Paracchini	Chairman of the Board and President, Banco de Ponce, Ponce, Puerto Rico	1989

Class B

John F. Welch, Jr.	Chairman and Chief Executive Officer, General Electric Company, Fairfield, Connecticut	1987
Richard L. Gelb	Chairman and Chief Executive Officer, Bristol-Myers Company, New York, New York	1988
John A. Georges	Chairman and Chief Executive Officer, International Paper Company, New York, New York	1989

Class C

Virginia A. Dwyer	Senior Vice President—Finance (Retired), American Telephone and Telegraph Co., New York, New York	1987
John Brademas	President, New York University, New York, New York	1988
John R. Opel	Chairman of the Executive Committee, International Business Machines Corp., Armonk, New York	1989

—BUFFALO BRANCH

Appointed by the Federal Reserve Bank

Ross B. Kenzie	Chairman and Chief Executive Officer, Goldome FSB, Buffalo, New York	1987
R. Carlos Carballada	President and Chief Executive Officer, Central Trust Company, Rochester, New York	1988
Donald I. Wickham	President, Tri-Way Farms, Inc., Stanley, New York	1988
Harry J. Sullivan	President, Salamanca Trust Company, Salamanca, New York	1989

Appointed by the Board of Governors

Joseph Yantomasi	Consultant, United Auto Workers, Buffalo, New York	1987
Mary Ann Lambertsen	Vice President, Human Resources, Fisher-Price, East Aurora, New York	1988
Matthew Augustine	President and Chief Executive Officer, Eltrex Industries, Inc., Rochester, New York	1989

DISTRICT 3—PHILADELPHIA

Class A

Name		*Term Expires Dec. 31*
Ronald H. Smith	President and Chief Executive Officer, CCNB Bank, N.A., New Cumberland, Pennsylvania	1987
Clarence D. McCormick	President, The Farmers and Merchants National Bank, Bridgeton, New Jersey	1988
George A. Butler	Chairman and Chief Executive Officer, First Pennsylvania Bank, N.A., Philadelphia, Pennsylvania	1989

Class B

Charles F. Seymour	Chairman and Chief Executive Officer, Jackson-Cross Company, Philadelphia, Pennsylvania	1987
Nicholas Riso	President and Chief Executive Officer, Giant Food Stores, Inc., Carlisle, Pennsylvania	1988
Carl E. Singley	Attorney, Philadelphia, Pennsylvania	1989

Class C

George E. Bartol III	Chairman of the Board, Hunt Manufacturing Company, Philadelphia, Pennsylvania	1987
Nevius M. Curtis	Chairman and Chief Executive Officer, Delmarva Power & Light Company, Wilmington, Delaware	1988
Peter A. Benoliel	Chairman, Quaker Chemical Corporation, Conshohocken, Pennsylvania	1989

DISTRICT 4—CLEVELAND

Class A

Raymond D. Campbell	Chairman, President, and Chief Executive Officer, Independent State Bank of Ohio, Columbus, Ohio	1987
William A. Stroud	Chairman and President, First-Knox National Bank, Mount Vernon, Ohio	1988
Frank Wobst	Chairman and Chief Executive Officer, Huntington Bancshares Incorporated, Columbus, Ohio	1989

Class B

Richard D. Hannan	Chairman of the Board and President, Mercury Instruments, Inc., Cincinnati, Ohio	1987
Daniel M. Galbreath	President, John W. Galbreath, Columbus, Ohio	1988
Laban P. Jackson, Jr.	Chairman of the Board, International Spike, Inc., Lexington, Kentucky	1989

Class C

E. Mandell de Windt	Chairman of the Board (Retired), Eaton Corporation, Cleveland, Ohio	1987
John R. Miller	Former President and Chief Operating Officer, The Standard Oil Company (Ohio), Cleveland, Ohio	1988
Charles W. Parry	Chairman and Chief Executive Officer, Aluminum Company of America, Pittsburgh, Pennsylvania	1989

DISTRICT 4—Continued

—CINCINNATI BRANCH

Appointed by the Federal Reserve Bank

		Term Expires Dec. 31
Sherrill Cleland	President, Marietta College, Marietta, Ohio	1987
Jerry L. Kirby	Chairman of the Board and President, Citizens Federal Savings & Loan Association, Dayton, Ohio	1987
Robert A. Hodson	President and Chief Executive Officer, 1st Security Bank, Hillsboro, Ohio	1988
Robert M. Duncan	President and Chief Executive Officer, First National Bank of Louisa, Louisa, Kentucky	1989

Appointed by the Board of Governors

Don Ross	Owner, Dunreath Farm, Lexington, Kentucky	1987
Kate Ireland	National Chairman, Frontier Nursing Service, Wendover, Kentucky	1988
Owen B. Butler	Chairman of the Board (Retired), The Procter & Gamble Company, Cincinnati, Ohio	1989

—PITTSBURGH BRANCH

Appointed by the Federal Reserve Bank

Charles L. Fuellgraf, Jr.	Chief Executive Officer, Fuellgraf Electric Company, Butler, Pennsylvania	1987
James S. Pasman, Jr.	Former Vice Chairman, Aluminum Company of America, Pittsburgh, Pennsylvania	1987
Lawrence F. Klima	President, The First National Bank of Pennsylvania, Erie, Pennsylvania	1988
Thomas H. O'Brien	President and Chief Executive Officer, PNC Financial Corp., Pittsburgh, Pennsylvania	1989

Appointed by the Board of Governors

Milton A. Washington	President and Chief Executive Officer, Allegheny Housing Rehabilitation Corporation, Pittsburgh, Pennsylvania	1987
James E. Haas	President and Chief Operating Officer, National Intergroup, Inc., Pittsburgh, Pennsylvania	1988
Karl M. von der Heyden	Senior Vice President-Finance and Chief Financial Officer, H.J. Heinz Company, Pittsburgh, Pennsylvania	1989

DISTRICT 5—RICHMOND

Class A

Robert F. Baronner	Chairman of the Board and Chief Executive Officer, One Valley Bancorp of West Virginia, Inc. and Kanawha Valley Bank, N.A., Charleston, West Virginia	1987
K. Donald Menefee	Chairman of the Board and Chief Executive Officer, Madison National Bank, and Chairman of the Board and President, James Madison Limited, Washington, D.C.	1988
Chester A. Duke	President and Chief Executive Officer, Marion National Bank, Marion, South Carolina	1989

DISTRICT 5—Continued

Class B

		Term Expires Dec. 31
Floyd D. Gottwald, Jr.	Chairman of the Board and Chief Executive Officer, Ethyl Corporation, Richmond, Virginia	1987
Edward H. Covell	President, The Covell Company, Easton, Maryland	1988
Thomas B. Cookerly	President, Broadcast Division, Allbritton Communications, Washington, D.C.	1989

Class C

Hanne Merriman	President, Garfinckel's, Washington, D.C.	1987
Robert A. Georgine	President, Building & Construction Trades Department, AFL–CIO, Washington, D.C.	1988
Leroy T. Canoles, Jr.	President, Kaufman & Canoles, Norfolk, Virginia	1989

—*BALTIMORE BRANCH*

Appointed by the Federal Reserve Bank

Raymond V. Haysbert, Sr.	President and Chief Executive Officer, Parks Sausage Company, Baltimore, Maryland	1987
H. Grant Hathaway	Chairman of the Board, Equitable Bank, N.A., Baltimore, Maryland	1988
Joseph W. Mosmiller	Chairman of the Board, Loyola Federal Savings and Loan Association, Baltimore, Maryland	1988
Charles W. Hoff III	President and Chief Executive Officer, Farmers and Mechanics National Bank, Frederick, Maryland	1989

Appointed by the Board of Governors

Gloria L. Johnson	Baltimore, Maryland	1987
Thomas R. Shelton	President, The Resource Management Group, Inc., Salisbury, Maryland	1988
John R. Hardesty, Jr.	President, Preston Energy, Inc., Kingwood, West Virginia	1989

—*CHARLOTTE BRANCH*

Appointed by the Federal Reserve Bank

James M. Culberson, Jr.	Chairman and President, The First National Bank of Randolph County, Asheboro, North Carolina	1987
J. Donald Collier	Orangeburg, South Carolina	1988
James G. Lindley	Chairman, South Carolina National Corporation, and Chairman and President, The South Carolina National Bank, Columbia, South Carolina	1988
John A. Hardin	Chairman of the Board and President, First Federal Savings Bank, Rock Hill, South Carolina	1989

DISTRICT 5—Continued

—*CHARLOTTE BRANCH*—Continued

Appointed by the Board of Governors

		Term Expires Dec. 31
James E. Bostic, Jr.	Division General Manager, Convenience Products Division, Georgia-Pacific Corporation, Aiken, South Carolina	1987
G. Alex Bernhardt	President, Bernhardt Industries, Inc., Lenoir, North Carolina	1988
Wallace J. Jorgenson	President, Jefferson-Pilot Communications Company, Charlotte, North Carolina	1989

DISTRICT 6—ATLANTA

Class A

E.B. Robinson, Jr.	Chairman and Chief Executive Officer, Deposit Guaranty National Bank and Deposit Guaranty Corporation, Jacksonville, Mississippi	1987
Virgil H. Moore, Jr.	Chairman and Chief Executive Officer, First Farmers and Merchants National Bank, Columbia, Tennessee	1988
Mary W. Walker	Vice Chairman, The National Bank of Walton County, Monroe, Georgia	1989

Class B

Horatio C. Thompson	President, Horatio Thompson Investments, Inc., Baton Rouge, Louisiana	1987
Bernard F. Sliger	President, Florida State University, Tallahassee, Florida	1988
Paul W. Green	President and Chief Executive Officer, American Cast Iron Pipe Company, Birmingham, Alabama	1989

Class C

Jane C. Cousins	President and Chief Executive Officer, Merrill Lynch Realty/Cousins, Miami, Florida	1987
Larry L. Prince	President and Chief Operating Officer, Genuine Parts Company, Atlanta, Georgia	1988
Bradley Currey, Jr.	President, Rock-Tenn Company, Norcross, Georgia	1989

—*BIRMINGHAM BRANCH*

Appointed by the Federal Reserve Bank

Willard L. Hurley	Chairman and Chief Executive Officer, First Alabama Bancshares, Inc., Birmingham, Alabama	1987
Vacancy		1988
Milton A. Wendland	Owner-Operator, Autauga Farming Company, Autaugaville, Alabama	1988
John H. Newman	President and Chief Executive Officer, First National Bank of Scottsboro, Scottsboro, Alabama	1989

District 6—Continued

—*Birmingham Branch*—Continued

Appointed by the Board of Governors

		Term Expires Dec. 31
A.G. Trammell	President, Alabama Labor Council, AFL–CIO, Birmingham, Alabama	1987
Roy D. Terry	President and Chief Executive Officer, Terry Manufacturing Company, Inc., Roanoke, Alabama	1988
Margaret E.M. Tolbert	Director, Carver Research Foundation, Tuskegee University, Tuskegee, Alabama	1989

—*Jacksonville Branch*

Appointed by the Federal Reserve Bank

Buell G. Duncan, Jr.	Chairman, President, and Chief Executive Officer, Sun Bank, N.A., Orlando, Florida	1987
Robert R. Deison	Chairman of the Board and President, Andrew Jackson State Savings and Loan Association, Tallahassee, Florida	1988
George W. Gibbs III	President, Atlantic Dry Dock Corporation, Jacksonville, Florida	1988
A. Bronson Thayer	Chairman and Chief Executive Officer, First Florida Banks, Inc., Tampa, Florida	1989

Appointed by the Board of Governors

Andrew A. Robinson	Director, Florida Institute of Education, University of North Florida, Jacksonville, Florida	1987
E. William Nash, Jr.	President, South-Central Operations, The Prudential Insurance Company of America, Jacksonville, Florida	1988
Saundra H. Gray	Co-Owner, Gemini Springs Farm, DeBary, Florida	1989

—*Miami Branch*

Appointed by the Federal Reserve Bank

Robert D. Rapaport	Chairman, Royal Palm Savings Association, Palm Beach, Florida	1987
Robert M. Taylor	Chairman and Chief Executive Officer, The Mariner Group, Inc., Fort Myers, Florida	1987
William H. Losner	President and Chief Executive Officer, The First National Bank of Homestead, Homestead, Florida	1988
James H. Robinson	President, Sun Bank/South Florida, N.A., Fort Lauderdale, Florida	1989

Appointed by the Board of Governors

Robert D. Apelgren	President, Apelgren Corporation, Pahokee, Florida	1987
Sue McCourt Cobb	Attorney, Greenberg, Traurig, Askew, Hoffman, Lipoff, Rosen, and Quentel, P.A., Miami, Florida	1988
Jose L. Saumat	President, Kaufman and Roberts, Inc., Miami, Florida	1989

DISTRICT 6—Continued

—*NASHVILLE BRANCH*

		Term Expires Dec. 31
Appointed by the Federal Reserve Bank		
Will A. Hildreth	President and Chief Executive Officer, First National Bank of Loudon County, Lenoir City, Tennessee	1987
Eugene C. Cheatham	President, Advanced Integrated Technology, Inc., Nashville, Tennessee	1988
Shirley A. Zeitlin	President, Shirley Zeitlin & Co. Realtors, Nashville, Tennessee	1988
Dennis C. Bottorff	Chairman, Commerce Union Corporation, Nashville, Tennessee	1989
Appointed by the Board of Governors		
C. Warren Neel	Dean, College of Business Administration, The University of Tennessee, Knoxville, Tennessee	1987
Condon S. Bush	President, Bush Brothers & Company, Dandridge, Tennessee	1988
Patsy R. Williams	Partner, Rhyne Lumber Company, Newport, Tennessee	1989

—*NEW ORLEANS BRANCH*

Appointed by the Federal Reserve Bank

James G. Boyer	Chairman, President, and Chief Executive Officer, Gulf National Bank at Lake Charles, Lake Charles, Louisiana	1987
Alan R. Barton	President and Chief Executive Officer, Mississippi Power Company, Gulfport, Mississippi	1988
Robert M. Shofstahl	President and Chief Executive Officer, Pelican Homestead and Savings Association, Metairie, Louisiana	1988
Robert S. Gaddis	President and Chief Executive Officer, Commercial National Bank & Trust Co., Laurel, Mississippi	1989

Appointed by the Board of Governors

Caroline K. Theus	President, Inglewood Land and Development Company, Alexandria, Louisiana	1987
Sharon A. Perlis	President, Sharon A. Perlis (APLC), Metairie, Louisiana	1988
James A. Hefner	President, Jackson State University, Jackson, Mississippi	1989

DISTRICT 7—CHICAGO

Class A

Barry F. Sullivan	Chairman of the Board and Chief Executive Officer, First National Bank of Chicago, Chicago, Illinois	1987
John W. Gabbert	President and Chief Executive Officer, First National Bank and Trust Company, LaPorte, Indiana	1988
B.F. Backlund	President and Chief Executive Officer, Bartonville Bank, Bartonville, Illinois	1989

DISTRICT 7—Continued

Class B

		Term Expires Dec. 31
Edward D. Powers	President and Chief Executive Officer, Mueller Company, Decatur, Illinois	1987
Max J. Naylor	Farmer, Jefferson, Iowa	1988
Paul J. Schierl	President and Chief Executive Officer, Fort Howard Paper Company, Green Bay, Wisconsin	1989

Class C

Marcus Alexis	Dean, College of Business Administration, University of Illinois at Chicago, Chicago, Illinois	1987
Charles S. McNeer	Chairman of the Board and Chief Executive Officer, Wisconsin Electric Power Company, Milwaukee, Wisconsin	1988
Robert J. Day	Chairman and Chief Executive Officer, USG Corporation, Chicago, Illinois	1989

—DETROIT BRANCH

Appointed by the Federal Reserve Bank

Richard M. Gillett	Chairman of the Board, Old Kent Financial Corporation, Grand Rapids, Michigan	1987
Thomas R. Ricketts	Chairman of the Board and President, Standard Federal Bank, Troy, Michigan	1987
Donald R. Mandich	Chairman and Chief Executive Officer, Comerica Bank-Detroit, Detroit, Michigan	1988
Ronald D. Story	Chairman and President, The Ionia County National Bank of Ionia, Ionia, Michigan	1989

Appointed by the Board of Governors

Robert E. Brewer	Senior Vice President, Accounting, Administration & Financial Services, K mart Corporation, Troy, Michigan	1987
Phyllis E. Peters	Director, Professional Standards Review, Touche Ross & Company, Detroit, Michigan	1988
Richard T. Lindgren	President and Chief Executive Officer, Cross & Trecker Corporation, Bloomfield Hills, Michigan	1989

DISTRICT 8—ST. LOUIS

Class A

H.L. Hembree III	Chairman of the Board and Chief Executive Officer, Arkansas Best Corporation, Fort Smith, Arkansas	1987
Paul K. Reynolds	President and Chief Executive Officer, The First National Bank of Pittsfield, Pittsfield, Illinois	1988
David W. Kemper II	Chairman and Chief Executive Officer, Commerce Bank of St. Louis, N.A., Clayton, Missouri, and President and Chief Executive Officer, Commerce Bancshares, Inc., Kansas City, Missouri	1989

DISTRICT 8—Continued

Class B

		Term Expires Dec. 31
Jesse M. Shaver	President, JMS Corporation, Louisville, Kentucky	1987
Robert J. Sweeney	President and Chief Executive Officer, Murphy Oil Corporation, El Dorado, Arkansas	1988
Frank M. Mitchener, Jr.	President, Mitchener Farms, Inc., Sumner, Mississippi	1989

Class C

W.L. Hadley Griffin	Chairman of the Executive Committee, Brown Group, Inc., St. Louis, Missouri	1987
Robert L. Virgil, Jr.	Dean, School of Business, Washington University, St. Louis, Missouri	1988
H. Edwin Trusheim	Chairman, President, and Chief Executive Officer, General American Life Insurance Company, St. Louis, Missouri	1989

—*LITTLE ROCK BRANCH*

Appointed by the Federal Reserve Bank

Wilbur P. Gulley, Jr.	Chairman of the Board, Savers Federal Savings & Loan Association, Little Rock, Arkansas	1987
W. Wayne Hartsfield	President and Chief Executive Officer, First National Bank, Searcy, Arkansas	1987
Robert C. Connor, Jr.	President, Union National Bank of Little Rock, Little Rock, Arkansas	1988
Patricia M. Townsend	President, Townsend Company, Stuttgart, Arkansas	1989

Appointed by the Board of Governors

Sheffield Nelson	Attorney at Law, Little Rock, Arkansas	1987
James R. Rodgers	Airport Manager, Little Rock Regional Airport, Little Rock, Arkansas	1988
Douglas Ward Jackson	President, Machen Construction Company, Little Rock, Arkansas	1989

—*LOUISVILLE BRANCH*

Appointed by the Federal Reserve Bank

John E. Darnell, Jr.	Chairman of the Board, The Owensboro National Bank, Owensboro, Kentucky	1987
R.I. Kerr, Jr.	Chairman of the Board, President, and Chief Executive Officer, Great Financial Federal, Louisville, Kentucky	1987
Allan S. Hanks	Vice President, The Anderson National Bank of Lawrenceburg, Lawrenceburg, Kentucky	1988
Morton Boyd	President, First Kentucky National Corporation, Louisville, Kentucky	1989

DISTRICT 8—Continued

—*LOUISVILLE BRANCH*—Continued

Appointed by the Board of Governors

		Term Expires Dec. 31
Raymond M. Burse	President, Kentucky State University, Frankfort, Kentucky	1987
Lois H. Gray	Chairman of the Board, James N. Gray Construction Company, Inc., Glasgow, Kentucky	1988
Thomas A. Alvey	Delegate and Past President, Owensboro Council of Labor, Owensboro, Kentucky	1989

—*MEMPHIS BRANCH*

Appointed by the Federal Reserve Bank

Edgar H. Bailey	Chairman and Chief Executive Officer, Leader Federal Savings and Loan Association, Memphis, Tennessee	1987
John P. Dulin	President, First Tennessee Bank, N.A., Memphis, Memphis, Tennessee	1987
William H. Brandon, Jr.	President, First National Bank of Phillips County, Helena, Arkansas	1988
Michael J. Hennessey	President, Munro & Company, Inc., Wynne, Arkansas	1989

Appointed by the Board of Governors

G. Rives Neblett	Neblett and Havens, Attorneys at Law, Shelby, Mississippi	1987
Katherine Hinds Smythe	President, Memorial Park, Inc., Memphis, Tennessee	1988
Sandra B. Sanderson	President and Chief Executive Officer, Sanderson Plumbing Products, Inc., Columbus, Mississippi	1989

DISTRICT 9—MINNEAPOLIS

Class A

Thomas M. Strong	President, Citizens State Bank, Ontonagon, Michigan	1987
Duane W. Ring	President, Norwest Bank La Crosse, N.A., La Crosse, Wisconsin	1988
Charles W. Ekstrum	President and Chief Executive Officer, First National Bank, Philip, South Dakota	1989

Class B

William L. Mathers	President, Mathers Land Company, Miles City, Montana	1987
Richard L. Falconer	District Staff Manager, Northwestern Bell, Minneapolis, Minnesota	1988
Keith D. Bjerke	Owner, Spruce Row Farm, Northwood, North Dakota	1989

Class C

Michael W. Wright	Chairman, President, and Chief Executive Officer, Super Valu Stores, Inc., Minneapolis, Minnesota	1987
John A. Rollwagen	Chairman and Chief Executive Officer, Cray Research Inc., Minneapolis, Minnesota	1988
John B. Davis, Jr.	President Emeritus, Macalester College, St. Paul, Minnesota	1989

DISTRICT 9—Continued

—*HELENA BRANCH*

Appointed by the Federal Reserve Bank

		Term Expires Dec. 31
F. Charles Mercord	President and Chief Executive Officer, First Federal Savings Bank of Montana, Kalispell, Montana	1987
Robert H. Waller	President and Chief Executive Officer, First Interstate Bank of Billings, N.A., Billings, Montana	1988
Noble E. Vosburg	President and Chief Executive Officer, Pacific Hide and Fur Corporation, Great Falls, Montana	1988

Appointed by the Board of Governors

Warren H. Ross	President, Ross 87 Ranch, Inc., Chinook, Montana	1987
Marcia S. Anderson	President, Bridger Canyon Stallion Station, Inc., Bozeman, Montana	1988

DISTRICT 10—KANSAS CITY

Class A

Donald D. Hoffman	Chairman of the Board, Central Bank of Denver, Denver, Colorado	1987
Robert L. Hollis	Chairman of the Board and Chief Executive Officer, First National Bank & Trust Co., Okmulgee, Oklahoma	1988
Harold L. Gerhart, Jr.	President and Chief Executive Officer, First National Bank, Newman Grove, Nebraska	1989

Class B

S. Dean Evans, Sr.	Partner, Evans Grain Company, Salina, Kansas	1987
Jerry D. Geist	Chairman and President, Public Service Company of New Mexico, Albuquerque, New Mexico	1988
Richard D. Harrison	Chairman and Chief Executive Officer, Fleming Companies, Inc., Oklahoma City, Oklahoma	1989

Class C

Robert G. Lueder	Chairman of the Board, Lueder Construction Company, Omaha, Nebraska	1987
Irvine O. Hockaday, Jr.	President and Chief Executive Officer, Hallmark Cards, Inc., Kansas City, Missouri	1988
Fred W. Lyons, Jr.	President and Chief Executive Officer, Marion Laboratories, Inc., Kansas City, Missouri	1989

—*DENVER BRANCH*

Appointed by the Federal Reserve Bank

Junius F. Baxter	Chairman of the Board and Chief Executive Officer, Bank Western Federal Savings Bank, Denver, Colorado	1987
George S. Jenks	President and Chief Executive Officer, Sunwest Financial Services, Inc., Albuquerque, New Mexico	1988
W. Richard Scarlett III	Chairman and President, Jackson State Bank, Jackson Hole, Wyoming	1988
Roger L. Reisher	Co-Chairman, FirstBank Holding Company of Colorado, Lakewood, Colorado	1989

DISTRICT 10—Continued

—*DENVER BRANCH*—Continued

Appointed by the Board of Governors

		Term Expires Dec. 31
James E. Nielson	President and Chief Executive Officer, JN Incorporated, Cody, Wyoming	1987
Anthony W. Williams	Attorney, Williams, Turner, & Holmes, P.C., Grand Junction, Colorado	1988
James C. Wilson	Longmont, Colorado	1989

—*OKLAHOMA CITY BRANCH*

Appointed by the Federal Reserve Bank

William H. Crawford	Chairman and Chief Executive Officer, First National Bank and Trust Company, Frederick, Oklahoma	1987
William O. Alexander	Chairman and Chief Executive Officer, Continental Federal Savings & Loan Association, Oklahoma City, Oklahoma	1988
W. Dean Hidy	Chairman of the Board, Triad Bank, N.A., Tulsa, Oklahoma	1988

Appointed by the Board of Governors

Patience S. Latting	Oklahoma City, Oklahoma	1987
John F. Snodgrass	President and Trustee, The Samuel Roberts Noble Foundation, Inc., Ardmore, Oklahoma	1988

—*OMAHA BRANCH*

Appointed by the Federal Reserve Bank

John T. Selzer	President, Scottsbluff National Bank and Trust Company, Scottsbluff, Nebraska	1987
Charles H. Thorne	Chairman of the Board and Chief Executive Officer, First Federal Savings and Loan Association of Lincoln, Lincoln, Nebraska	1987
John R. Cochran	President and Chief Executive Officer, Norwest Bank Nebraska, N.A., Omaha, Nebraska	1988

Appointed by the Board of Governors

Kenneth L. Morrison	President, Morrison Enterprises, Hastings, Nebraska	1987
Janice D. Stoney	Executive Vice President and Chief Operating Officer, Northwestern Bell Telephone Company, Omaha, Nebraska	1988

DISTRICT 11—DALLAS

Class A

Gene Edwards	Director and Consultant, First National Bank of Amarillo, Amarillo, Texas	1987
Charles T. Doyle	Chairman and Chief Executive Officer, Gulf National Bank, Texas City, Texas	1988
Robert G. Greer	Chairman of the Board, Tanglewood Bank, N.A., Houston, Texas	1989

DISTRICT 11—Continued

Class B

		Term Expires Dec. 31
Robert L. Pfluger	Rancher, San Angelo, Texas	1987
Robert Ted Enloe III	President, Lomas & Nettleton Financial Corporation, Dallas, Texas	1988
Gary E. Wood	Director of Governmental Relations and Professor of Finance, Baylor University, Waco, Texas	1989

Class C

Bobby R. Inman	Chairman of the Board and Chief Executive Officer, Westmark Systems, Inc., Austin, Texas	1987
Hugh G. Robinson	President, Cityplace Development Corporation, Dallas, Texas	1988
Leo E. Linbeck, Jr.	Chairman and Chief Executive Officer, Linbeck Construction Corporation, Houston, Texas	1989

—*EL PASO BRANCH*

Appointed by the Federal Reserve Bank

Henry B. Ellis	President and Chief Credit Officer, MBank El Paso, N.A., El Paso, Texas	1987
Gerald W. Thomas	President Emeritus and Professor of Animal Range Science, Center for International Programs, New Mexico State University, Las Cruces, New Mexico	1987
Humberto F. Sambrano	Partner, Urban General Contractors, Inc., El Paso, Texas	1988
David L. Stone	President, The Portales National Bank, Portales, New Mexico	1989

Appointed by the Board of Governors

Mary Carmen Saucedo	Vice President, Saucedo Bros., Inc., El Paso, Texas	1987
Peyton Yates	President, Yates Drilling Company, Artesia, New Mexico	1988
John R. Sibley	President, Delaware Mountain Enterprises, Carlsbad, New Mexico	1989

—*HOUSTON BRANCH*

Appointed by the Federal Reserve Bank

Thomas B. McDade	Vice Chairman (Retired), Texas Commerce Bancshares, Inc., Houston, Texas	1987
David E. Sheffield	Director, First Victoria National Bank, Victoria, Texas	1987
Jeff Austin, Jr.	President, First National Bank of Jacksonville, Jacksonville, Texas	1988
Jenard M. Gross	Chairman of the Board and Chief Executive Officer, United Savings Association of Texas, Houston, Texas	1989

Appointed by the Board of Governors

Andrew L. Jefferson, Jr.	Attorney, Jefferson, Mims, Plummer, and Rice, Houston, Texas	1987
Gilbert D. Gaedcke, Jr.	Chairman of the Board and Chief Executive Officer, Gaedcke Equipment Company, Houston, Texas	1988
Walter M. Mischer, Jr.	President, The Mischer Corporation, Houston, Texas	1989

DISTRICT 11—Continued

—SAN ANTONIO BRANCH

Term Expires Dec. 31

Appointed by the Federal Reserve Bank

Joe D. Barbee	President and Chief Executive Officer, Barbee-Neuhaus Implement Company, Weslaco, Texas	1987
Robert T. Rork	Senior Chairman of the Board, RepublicBank San Antonio, N.A., San Antonio, Texas	1987
Jane Flato Smith	Rancher, San Antonio, Texas	1988
C. Ivan Wilson	Chairman of the Board and Chief Executive Officer, First City Bank of Corpus Christi, Corpus Christi, Texas	1989

Appointed by the Board of Governors

Ruben M. Garcia	Chief Executive Officer, Modern Machine Shop, Inc., Laredo, Texas	1987
Robert F. McDermott	Chairman of the Board and President, United Services Automobile Association, San Antonio, Texas	1988
Patricia P. Lebermann	President, Patterson Investments, Inc., Austin, Texas	1989

DISTRICT 12—SAN FRANCISCO

Class A

Donald J. Gehb	President and Chief Executive Officer, Alameda Bancorporation and Alameda First National Bank, Alameda, California	1987
Spencer F. Eccles	Chairman and Chief Executive Officer, First Security Corporation, Salt Lake City, Utah	1988
Rayburn S. Dezember	Chairman, President, and Chief Executive Officer, Central Pacific Corporation, and Chairman, American National Bank, Bakersfield, California	1989

Class B

George H. Weyerhaeuser	President and Chief Executive Officer, Weyerhaeuser Company, Tacoma, Washington	1987
Togo W. Tanaka	Chairman, Gramercy Enterprises, Inc., Los Angeles, California	1988
John C. Hampton	President, Willamina Lumber Company, Portland, Oregon	1989

Class C

Fred W. Andrew	Partner, Andrew & Williamson Sales Co., Bakersfield, California	1987
Carolyn S. Chambers	President and Chief Executive Officer, Chambers Communications Corp., Eugene, Oregon	1988
Robert F. Erburu	Chairman of the Board and Chief Executive Officer, The Times Mirror Company, Los Angeles, California	1989

DISTRICT 12—Continued

—LOS ANGELES BRANCH

Appointed by the Federal Reserve Bank

		Term Expires Dec. 31
Robert R. Dockson	Chairman of the Board, CalFed, Inc. and California Federal Savings and Loan Association, Los Angeles, California	1987
Howard C. McCrady	Chairman of the Board and Chief Executive Officer, Valley National Bank of Arizona, Phoenix, Arizona	1988
William L. Tooley	Chairman, Tooley & Company, Investment Builders, Los Angeles, California	1988
Fred D. Jensen	Chairman of the Board, President, and Chief Executive Officer, National Bank of Long Beach, Long Beach, California	1989

Appointed by the Board of Governors

Richard C. Seaver	Chairman, Hydril Company, Los Angeles, California	1987
Thomas R. Brown, Jr.	Chairman of the Board, Burr-Brown Corporation, Tucson, Arizona	1988
Yvonne Brathwaite Burke	Senior Partner, Burke, Robinson & Pearman, Los Angeles, California	1989

—PORTLAND BRANCH

Appointed by the Federal Reserve Bank

John A. Elorriaga	Chairman of the Board and Chief Executive Officer, United States National Bank of Oregon, Portland, Oregon	1987
G. Dale Weight	Chairman of the Board and Chief Executive Officer, Benjamin Franklin Savings and Loan Association, Portland, Oregon	1987
Herman C. Bradley, Jr.	President and Chief Executive Officer, Tri-County Banking Company, Junction City, Oregon	1988
Wayne E. Phillips, Jr.	Vice President, Phillips Ranch, Inc., Baker, Oregon	1989

Appointed by the Board of Governors

Sandra A. Suran	Partner, Peat, Marwick, Mitchell & Co., Portland, Oregon	1987
G. Johnny Parks	Former Northwest Regional Director, International Longshoremen's & Warehousemen's Union, Portland, Oregon	1988
Paul E. Bragdon	President, Reed College, Portland, Oregon	1989

—SALT LAKE CITY BRANCH

Appointed by the Federal Reserve Bank

Lela M. Ence	Executive Director, University of Utah Alumni Association, Salt Lake City, Utah	1987
Fred C. Humphreys	Director and Former Chairman of the Board, Moore Financial Group, Boise, Idaho	1987
Gerald R. Christensen	Chairman and President, First Federal Savings and Loan Association, Salt Lake City, Utah	1988
Ronald S. Hanson	President, Zions First National Bank, Salt Lake City, Utah	1989

DISTRICT 12—Continued

—*SALT LAKE CITY BRANCH*—Continued

Appointed by the Board of Governors

		Term Expires Dec. 31
Don M. Wheeler	President, Wheeler Machinery Company, Salt Lake City, Utah	1987
D.N. Rose	President and Chief Executive Officer, Mountain Fuel Supply Company, Salt Lake City, Utah	1988
Robert N. Pratt	President, Moriah Enterprises, Inc., Bountiful, Utah	1989

—*SEATTLE BRANCH*

Appointed by the Federal Reserve Bank

John N. Nordstrom	Co-Chairman of the Board, Nordstrom, Inc., Seattle, Washington	1987
William S. Randall	Chairman, President and Chief Executive Officer, First Interstate Bank of Washington, N.A., Seattle, Washington	1987
William W. Philip	Chairman of the Board and Chief Executive Officer, Puget Sound Bancorp, Tacoma, Washington	1988
H.H. Larison	President, Columbia Paint Company, Spokane, Washington	1989

Appointed by the Board of Governors

John W. Ellis	President and Chief Executive Officer, Puget Sound Power & Light Company, Bellevue, Washington	1987
Byron I. Mallott	Chief Executive Officer, Sealaska Corporation, Juneau, Alaska	1988
Carol A. Nygren	Managing Partner, Laventhol & Horwath, Seattle, Washington	1989

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1986				1986			1987	
	Q1	Q2	Q3	Q4	Oct.	Nov.	Dec.	Jan.	Feb.
Reserves of depository institutions[2]									
1 Total	13.1[r]	17.8[r]	22.9[r]	21.5	13.7	32.6	40.5	21.6[r]	−3.3
2 Required	12.3	19.8	23.8[r]	19.9	13.4	27.6[r]	32.3	28.8	−6.4
3 Nonborrowed	19.2[r]	17.7[r]	23.2[r]	22.4	17.9	35.2	39.3	27.3[r]	−2.8
4 Monetary base[3]	8.3[r]	8.9[r]	10.0[r]	10.3	9.2	13.4	14.1	15.9[r]	7.1
Concepts of money, liquid assets, and debt[4]									
5 M1	8.8	15.5	16.5	17.0	14.4	18.8	30.5	11.7	−.7
6 M2	5.3	9.4	10.6	9.2[r]	10.7[r]	6.4[r]	10.6[r]	9.5[r]	−.3
7 M3	7.7	8.7	9.6[r]	8.0[r]	7.2	6.4[r]	10.3[r]	9.1[r]	1.3
8 L	8.1	7.1[r]	8.0[r]	8.3[r]	7.7[r]	7.8[r]	9.6[r]	9.3	n.a.
9 Debt	15.4[r]	10.2[r]	12.3[r]	12.1[r]	9.9[r]	12.3[r]	15.4[r]	13.3	n.a.
Nontransaction components									
10 In M2[5]	4.2	7.4	8.6	6.6[r]	9.5[r]	2.2[r]	3.7[r]	8.8[r]	−.2
11 In M3 only[6]	17.3	5.9[r]	5.8[r]	3.4	−6.8[r]	6.3[r]	9.1[r]	7.8[r]	7.4
Time and savings deposits									
Commercial banks									
12 Savings[7]	1.9	13.4	25.0	36.9	40.0	36.2	34.4	41.2	34.5
13 Small-denomination time[8]	3.9	−2.5	−7.5	−10.7	−13.2	−13.3	−3.9	.0	−7.2
14 Large-denomination time[9,10]	16.0	−3.5	−1.5	.4	−6.2	7.1	7.9[r]	16.0[r]	.0
Thrift institutions									
15 Savings[7]	5.9	16.0	21.0	23.0	25.8	21.7	19.6	29.5	33.2
16 Small-denomination time	4.8	.3	−3.4	−6.4	−8.2	−8.2	−6.8	−4.7[r]	−4.7
17 Large-denomination time[9]	6.6	11.2	2.8	−7.3	−9.8	−12.2	−5.4	−10.1	−14.0
Debt components[4]									
18 Federal	17.0	11.6	14.5	12.3[r]	9.6[r]	15.2[r]	18.9[r]	8.0	n.a.
19 Nonfederal	14.9[r]	9.8	11.7[r]	12.1[r]	10.0[r]	11.4[r]	14.3[r]	14.9	n.a.
20 Total loans and securities at commercial banks[11]	12.7	4.1	10.5[r]	9.1	2.2	8.9[r]	17.4	18.4	2.2

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

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

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

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

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

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

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

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

11. Changes calculated from figures shown in table 1.23.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1986	1987		1987						
	Dec.	Jan.	Feb.	Jan. 14	Jan. 21	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**226,527**	**230,490**	**222,882**	**229,012**	**227,489**	**234,201**	**228,291**	**221,303**	**222,021**	**219,067**
2 U.S. government securities[1]	199,939	202,966	195,023	203,060	201,377	203,376	200,792	194,738	194,716	193,374
3 Bought outright	197,057	199,842	194,910	200,393	200,589	200,250	198,928	194,738	194,716	193,374
4 Held under repurchase agreements	2,882	3,124	113	2,667	788	3,126	1,864	0	0	0
5 Federal agency obligations	8,129	8,268	7,750	8,036	7,862	8,398	8,250	7,719	7,719	7,719
6 Bought outright	7,829	7,786	7,719	7,829	7,798	7,719	7,719	7,719	7,719	7,719
7 Held under repurchase agreements	300	482	31	207	64	679	531	0	0	0
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	829	586	554	311	398	979	448	401	745	614
10 Float	1,302	1,712	2,085	751	1,051	4,324	931	530	865	544
11 Other Federal Reserve assets	16,328	16,958	17,470	16,854	16,801	17,123	17,871	17,914	17,975	16,817
12 Gold stock[2]	11,065	11,060	11,070r	11,058	11,059	11,059	11,061r	11,059r	11,066r	11,082r
13 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
14 Treasury currency outstanding	17,541	17,593	17,652	17,583	17,597	17,611	17,625	17,639	17,653	17,667
ABSORBING RESERVE FUNDS										
15 Currency in circulation	209,228	207,943r	206,450r	208,757r	206,954r	205,929r	205,645r	206,422r	206,984r	206,477r
16 Treasury cash holdings[2]	435	456r	484r	459r	458r	461r	468r	476r	480r	494r
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	3,658	9,824	4,834	4,306	9,302	16,853	12,895	3,832	4,271	4,208
18 Foreign	232	226	228	221	217	230	241	202	248	219
19 Service-related balances and adjustments	2,230	2,353	2,519	2,619	2,268	2,183	2,088	3,726	2,168	2,101
20 Other	477	506	424	351	394	460	460	405	373	399
21 Other Federal Reserve liabilities and capital	6,404	6,412	6,602	6,452	6,360	6,451	7,087	6,973	6,243	6,421
22 Reserve balances with Federal Reserve Banks[3]	37,488	36,441	35,081	39,507	35,210	35,323	33,110	32,983	34,980	32,514
	End-of-month figures			Wednesday figures						
	1986	1987		1987						
	Dec.	Jan.	Feb.	Jan. 14	Jan. 21	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**241,760**	**230,331**	**220,180**	**230,747**	**231,483**	**234,730**	**224,675**	**220,661**	**222,443**	**216,786**
24 U.S. government securities[1]	211,316	202,486	194,178	204,608	204,438	204,412	197,818	194,122	195,295	190,043
25 Bought outright	197,625	199,318	194,178	198,183	202,032	201,565	197,818	194,122	195,295	190,043
26 Held under repurchase agreements	13,691	3,168	0	6,425	2,406	2,847	0	0	0	0
27 Federal agency obligations	10,143	8,576	7,719	8,206	7,922	8,442	7,719	7,719	7,719	7,719
28 Bought outright	7,829	7,719	7,719	7,829	7,719	7,719	7,719	7,719	7,719	7,719
29 Held under repurchase agreements	2,314	857	0	377	203	723	0	0	0	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	1,565	513	514	325	382	3,923	361	452	446	1,239
32 Float	1,261	716	1,023	333	1,823	756	978	337	2,125	935
33 Other Federal Reserve assets	17,475	18,040	16,746	17,275	16,918	17,197	17,799	18,031	16,858	16,850
34 Gold stock[2]	11,064	11,062	11,085r	11,056	11,059	11,059	11,061r	11,059r	11,074r	11,085r
35 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
36 Treasury currency outstanding	17,567	17,623	17,679	17,595	17,609	17,623	17,637	17,651	17,665	17,679
ABSORBING RESERVE FUNDS										
37 Currency in circulation	211,995	205,355r	205,988r	207,841r	206,621r	205,621r	206,150r	206,819r	207,312r	206,223r
38 Treasury cash holdings[2]	427	465r	510r	458r	460r	466r	475r	479r	484r	507r
Deposits, other than reserve balances with Federal Reserve Banks										
39 Treasury	7,588	15,746	3,482	5,549	15,742	17,744	5,310	3,541	5,370	4,151
40 Foreign	287	226	201	226	240	236	338	177	222	172
41 Service-related balances and adjustments	1,812	1,786	1,799	1,814	1,804	1,804	1,786	1,786	1,800	1,799
42 Other	917	453	539	359	330	517	423	402	479	640
43 Other Federal Reserve liabilities and capital	6,088	7,201	6,110	6,298	6,157	6,303	7,033	6,124	6,085	6,214
44 Reserve balances with Federal Reserve Banks[3]	46,295	32,802	35,334	41,872	33,816	35,740	36,877	35,060	34,448	30,861

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

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages[8]									
	1984	1985	1986	1986						1987
	Dec.	Dec.	Dec.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 Reserve balances with Reserve Banks[1]	21,738	27,620	37,360	30,313	30,165	31,922	32,947	34,803	37,360	36,584
2 Total vault cash[2]	22,316	22,956	24,071	23,098	23,451	23,384	23,753	23,543	24,071	25,049
3 Vault cash used to satisfy reserve requirements[3]	18,958	20,522	22,199	20,716	21,112	21,267	21,676	21,595	22,199	23,084
4 Surplus vault cash[4]	3,358	2,434	1,872	2,381	2,339	2,117	2,078	1,947	1,872	1,965
5 Total reserves[5]	40,696	48,142	59,560	51,029	51,277	53,189	54,623	56,399	59,560	59,668
6 Required reserves	39,843	47,085	58,191	50,118	50,538	52,463	53,877	55,421	58,191	58,600
7 Excess reserve balances at Reserve Banks[6]	853	1,058	1,369	910	740	726	746	978	1,369	1,068
8 Total borrowings at Reserve Banks	3,186	1,318	827	741	872	1,008	841	752	827	580
9 Seasonal borrowings at Reserve Banks	113	56	38	116	144	137	99	70	38	34
10 Extended credit at Reserve Banks[7]	2,604	499	303	378	465	570	497	418	303	225
	Biweekly averages of daily figures for weeks ending									
	1986				1987					
	Nov. 19	Dec. 3	Dec. 17	Dec. 31	Jan. 14	Jan. 28	Feb. 11	Feb. 25	Mar. 11p	Mar. 25pe
11 Reserve balances with Reserve Banks[1]	34,945	35,189	36,527	38,659	38,710	35,228	32,991	33,742	35,379	34,803
12 Total vault cash[2]	23,405	23,871	23,458	24,729	24,583	25,028	27,327	25,237	23,662	24,077
13 Vault cash used to satisfy reserve requirements[3]	21,570	21,806	21,725	22,758	22,815	23,012	24,677	22,857	21,579	22,031
14 Surplus vault cash[4]	1,835	2,065	1,733	1,971	1,768	2,017	2,650	2,380	2,083	2,046
15 Total reserves[5]	56,515	56,995	58,251	61,417	61,525	58,239	57,667	56,599	56,958	56,834
16 Required reserves	55,599	55,865	57,511	59,369	60,680	57,033	56,208	55,530	56,018	55,966
17 Excess reserve balances at Reserve Banks[6]	916	1,130	740	2,048	845	1,206	1,459	1,070	940	868
18 Total borrowings at Reserve Banks	811	610	514	1,186	505	689	425	680	466	528
19 Seasonal borrowings at Reserve Banks	68	63	34	37	28	36	56	81	83	96
20 Extended credit at Reserve Banks[7]	437	368	310	282	215	227	265	299	275	263

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

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

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

Averages of daily figures, in millions of dollars

By maturity and source	1987 week ending Monday								
	Jan. 12	Jan. 19	Jan. 26	Feb. 2	Feb. 9	Feb. 16r	Feb. 23	Mar. 2	Mar. 9
Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds									
From commercial banks in the United States									
1 For one day or under continuing contract	84,218	81,469	78,809	78,255	80,428	76,927	77,242	75,032	80,515
2 For all other maturities	7,915	8,788	8,331	8,052	8,229	8,764	8,315	9,130	8,675
From other depository institutions, foreign banks and foreign official institutions, and United States government agencies									
3 For one day or under continuing contract	37,498	35,447	32,459	38,995	39,005	39,000	39,390	40,790	43,030
4 For all other maturities	6,646	7,236	7,220	6,175	5,920	6,603	6,021	6,631	6,492
Repurchase agreements on United States government and federal agency securities in immediately available funds									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	12,948	11,670	13,593	13,194	12,909	13,906	14,289	14,018	12,683
6 For all other maturities	7,731	9,759	9,611	9,043	9,734	10,469	9,155	10,559	9,618
All other customers									
7 For one day or under continuing contract	30,806	29,307	28,291	28,016	27,793	26,148	27,380	27,146	27,345
8 For all other maturities	10,247	10,097	10,719	10,690	10,431	10,623	9,983	10,120	9,674
MEMO: Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	33,777	30,719	29,211	34,026	31,178	28,123	28,591	27,321	27,993
10 To all other specified customers[2]	10,424	10,219	11,606	12,671	10,978	12,235	11,852	11,786	10,762

1. Banks with assets of $1 billion or more as of Dec. 31, 1977.
2. Brokers and nonbank dealers in securities; other depository institutions; foreign banks and official institutions; and United States government agencies.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit[1]			Extended credit[2]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 3/25/87	Effective date	Previous rate	Rate on 3/25/87	Previous rate	Rate on 3/25/87	Previous rate	Rate on 3/25/87	Previous rate	
Boston	5½	8/21/86	6	5½	6	6½	7	7½	8	8/21/86
New York		8/21/86								8/21/86
Philadelphia		8/22/86								8/22/86
Cleveland		8/21/86								8/21/86
Richmond		8/21/86								8/21/86
Atlanta		8/21/86								8/21/86
Chicago		8/21/86								8/21/86
St. Louis		8/22/86								8/22/86
Minneapolis		8/21/86								8/21/86
Kansas City		8/21/86								8/21/86
Dallas		8/21/86								8/21/86
San Francisco	5½	8/21/86	6	5½	6	6½	7	7½	8	8/21/86

Range of rates in recent years[3]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973	7½	7½
1974— Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975— Jan. 6	7¼–7¾	7¾
10	7¼–7¾	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
23	6	6
1976— Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
1977— Aug. 30	5¼–5¾	5¼
31	5¼–5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978— Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
July 3	7–7¼	7¼
July 10	7¼	7¼

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1978— 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
1981— May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1982— July 20	11½–12	11½
23	11½	11½
Aug. 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov. 22	9–9½	9
26	9	9
Dec. 14	8½–9	9
15	8½–9	8½
17	8½	8½
1984— Apr. 9	8½–9	9
13	9	9
Nov. 21	8½–9	8½
26	8½	8½
Dec. 24	8	8
1985— May 20	7½–8	7½
24	7½	7½
1986— Mar. 7	7–7½	7
10	7	7
Apr. 21	6½–7	6½
23	6½	6½
July 11	6	6
Aug. 21	5½–6	5½
22	5½	5½
In effect March 25, 1987	5½	5½

1. After May 19, 1986, the highest rate within the structure of discount rates may be charged on adjustment credit loans of unusual size that result from a major operating problem at the borrower's facility.

A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was a fixed rate ½ percent above the rate on adjustment credit. The program was re-established on Feb. 18, 1986 and again on Jan. 28, 1987; the rate may be either the same as that for adjustment credit or a fixed rate ½ percent higher.

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

Type of deposit, and deposit interval[2]	Depository institution requirements after implementation of the Monetary Control Act	
	Percent of deposits	Effective date
Net transaction accounts[3,4]		
$0 million–$36.7 million	3	12/30/86
More than $36.7 million	12	12/30/86
Nonpersonal time deposits[5]		
By original maturity		
Less than 1½ years	3	10/6/83
1½ years or more	0	10/6/83
Eurocurrency liabilities		
All types	3	11/13/80

1. Reserve requirements in effect on Dec. 31, 1986. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmembers may maintain reserve balances with a Federal Reserve Bank indirectly on a pass-through basis with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* and of the FEDERAL RESERVE BULLETIN. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge corporations.

2. The Garn–St. Germain Depository Institutions Act of 1982 (Public Law 97–320) requires that $2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabiliies subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 30, 1986, the exemption was raised from $2.6 million to $2.9 million. In determining the reserve requirements of depository institutions, the exemption shall apply in the following order: (1) net NOW accounts (NOW accounts less allowable deductions); (2) net other transaction accounts; and (3) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

4. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage increase in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 30, 1986, the amount was increased from $31.7 million to $36.7 million.

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

1.16 DATES OF REMOVAL OF INTEREST RATE CEILINGS on Deposits at Federally Insured Institutions[1]

Type of deposit	Effective date
1 Savings	4/1/86
2 Negotiable order of withdrawal	1/1/86
3 Money market deposit account	1/1/86
Time accounts	
4 7–31 days	1/1/86
5 More than 31 days	10/1/83

1. All restrictions on the maximum rates of interest payable on various categories of deposits were removed over a period beginning on Dec. 14, 1982, and ending on Apr. 1, 1986. For information on the maximum rates payable on specific types of accounts at various times, see the *Federal Home Loan Bank Board Journal*, the *Annual Report of the Federal Deposit Insurance Corporation*, and previous issues of the FEDERAL RESERVE BULLETIN. This table will not appear in future issues of the BULLETIN.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1984	1985	1986	1986 July	Aug.	Sept.	Oct.	Nov.	Dec.	1987 Jan.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	20,036	22,214	22,602	867	2,940	861	928	3,318	5,422	997
2 Gross sales	8,557	4,118	2,502	0	0	0	0	0	0	583
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	7,700	3,500	1,000	0	0	0	0	0	0	0
Others within 1 year										
5 Gross purchases	1,126	1,349	190	0	0	0	0	190	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	16,354	19,763	18,673	579	1,715	1,053	974	2,974	1,280	611
8 Exchange	−20,840	−17,717	−20,179	−1,253	−4,087	−1,892	−529	−1,810	−1,502	0
9 Redemptions	0	0	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	1,638	2,185	893	0	0	0	0	893	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−13,709	−17,459	−17,058	−386	−1,194	−1,053	−969	−2,414	−1,280	−591
13 Exchange	16,039	13,853	16,984	1,253	2,587	1,892	529	1,510	1,502	0
5 to 10 years										
14 Gross purchases	536	458	236	0	0	0	0	236	0	0
15 Gross sales	300	100	0	0	0	0	0	0	0	0
16 Maturity shift	−2,371	−1,857	−1,620	−193	−520	0	−5	−560	0	−20
17 Exchange	2,750	2,184	2,050	0	1,000	0	0	200	0	0
Over 10 years										
18 Gross purchases	441	293	158	0	0	0	0	158	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	−275	−447	0	0	0	0	0	0	0	0
21 Exchange	2,052	1,679	1,150	0	500	0	0	100	0	0
All maturities										
22 Gross purchases	23,776	26,499	24,078	867	2,940	861	928	4,795	5,422	997
23 Gross sales	8,857	4,218	2,502	0	0	0	0	0	0	583
24 Redemptions	7,700	3,500	1,000	0	0	0	0	0	0	0
Matched transactions										
25 Gross sales	808,986	866,175	927,997	70,928	60,460	73,179	77,262	60,146	91,404	63,865
26 Gross purchases	810,432	865,968	927,247	69,659	60,011	70,817	81,892	60,232	88,730	65,145
Repurchase agreements										
27 Gross purchases	127,933	134,253	170,431	18,657	0	14,717	5,670	16,888	44,303	36,373
28 Gross sales	127,690	132,351	160,268	18,657	0	8,403	11,984	15,471	32,028	46,897
29 Net change in U.S. government securities	8,908	20,477	29,989	−403	2,491	4,814	−756	6,298	15,023	−8,830
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	256	162	398	0	90	0	93	125	0	110
Repurchase agreements										
33 Gross purchases	11,509	22,183	31,142	4,984	0	2,678	952	1,622	5,488	4,714
34 Gross sales	11,328	20,877	30,522	4,984	0	869	2,761	1,274	3,522	6,171
35 Net change in federal agency obligations	−76	1,144	222	0	−90	1,809	−1,902	223	1,965	−1,567
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	−418	0	0	0	0	0	0	0	0	0
37 Total net change in System Open Market Account	**8,414**	**21,621**	**30,211**	**−403**	**2,401**	**6,623**	**−2,658**	**6,522**	**16,988**	**−10,397**

NOTE. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings. Details may not add to totals because of rounding.

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1987					1986	1987	
	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25	Dec.	Jan.	Feb.
	Consolidated condition statement							
ASSETS								
1 *Gold certificate account*	11,075	11,060	11,060	11,059	11,059	11,084	11,075	11,059
2 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
3 Coin	545	562	579	581	579	485	553	578
Loans								
4 To depository institutions	3,923	361	452	446	1,239	1,565	513	514
5 Other	0	0	0	0	0	0	0	0
Acceptances—Bought outright								
6 Held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	7,719	7,719	7,719	7,719	7,719	7,829	7,719	7,719
8 Held under repurchase agreements	723	0	0	0	0	2,314	857	0
U.S. government securities								
Bought outright								
9 Bills	107,715	103,971	100,525	101,698	96,446	103,775	105,468	100,581
10 Notes	68,126	68,123	67,873	67,673	67,673	68,126	68,126	67,673
11 Bonds	25,724	25,724	25,724	25,924	25,924	25,724	25,724	25,924
12 Total bought outright[1]	201,565	197,818	194,122	195,295	190,043	197,625	199,318	194,178
13 Held under repurchase agreements	2,847	0	0	0	0	13,691	3,168	0
14 Total U.S. government securities	204,412	197,818	194,122	195,295	190,043	211,316	202,486	194,178
15 **Total loans and securities**	**216,777**	**205,898**	**202,293**	**203,460**	**199,001**	**223,024**	**211,575**	**202,411**
16 Items in process of collection	6,674	7,462	5,633	11,355	6,682	8,938	5,947	6,338
17 Bank premises	660	664	665	666	666	661	665	669
Other assets								
18 Denominated in foreign currencies[2]	9,465	10,279	10,284	10,230	10,237	9,475	10,276	9,960
19 All other[3]	7,072	6,856	7,091	5,962	5,947	7,345r	7,099	6,117
20 **Total assets**	**257,286**	**247,799**	**242,623**	**248,331**	**239,189**	**266,030r**	**252,208**	**242,150**
LIABILITIES								
21 Federal Reserve notes	189,024	189,548	190,228	190,697	189,605	195,360	188,763	189,370
Deposits								
22 To depository institutions	37,544	38,663	36,855	36,248	32,660	48,107	34,588	37,133
23 U.S. Treasury—General account	17,744	5,310	3,541	5,370	4,151	7,588	15,746	3,482
24 Foreign—Official accounts	236	338	177	222	172	287	226	201
25 Other	517	423	402	479	640	923r	453	539
26 **Total deposits**	**56,041**	**44,734**	**40,975**	**42,319**	**37,623**	**56,905r**	**51,013**	**41,355**
27 Deferred credit items	5,918	6,484	5,296	9,230	5,747	7,677	5,231	5,315
28 Other liabilities and accrued dividends[4]	2,252	2,161	2,064	2,016	2,126	2,342r	2,268	2,189
29 **Total liabilities**	**253,235**	**242,927**	**238,563**	**244,262**	**235,101**	**262,284r**	**247,275**	**238,229**
CAPITAL ACCOUNTS								
30 Capital paid in	1,877	1,881	1,885	1,894	1,910	1,873r	1,877	1,910
31 Surplus	1,874	1,873	1,873	1,873	1,873	1,873r	1,873	1,860
32 Other capital accounts	300	1,118	302	302	305	0	1,183	151
33 **Total liabilities and capital accounts**	**257,286**	**247,799**	**242,623**	**248,331**	**239,189**	**266,030r**	**252,208**	**242,150**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	163,606	165,808	166,675	168,714	168,348	162,381	163,927	166,449
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	231,326	232,188	232,938	233,573	233,765	231,603	231,694	234,114
36 LESS: Held by bank	42,302	42,640	42,710	42,876	44,160	36,243	42,931	44,744
37 Federal Reserve notes, net	189,024	189,548	190,228	190,697	189,605	195,360	188,763	189,370
Collateral held against notes net:								
38 Gold certificate account	11,075	11,060	11,060	11,059	11,059	11,084	11,075	11,059
39 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	172,931	173,470	174,150	174,620	173,528	179,258	172,670	173,293
42 **Total collateral**	**189,024**	**189,548**	**190,228**	**190,697**	**189,605**	**195,360**	**188,763**	**189,370**

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

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1987					1986	1987	
	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25	Dec. 31	Jan. 30	Feb. 27
1 Loans—Total	1,565	361	452	446	1,239	1,565	513	514
2 Within 15 days	1,553	319	414	434	1,231	1,553	508	502
3 16 days to 90 days	12	42	38	12	8	12	5	12
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	211,316	197,818	194,122	195,295	190,043	211,316	202,486	194,178
10 Within 15 days[1]	20,480	14,174	14,023	12,795	8,656	20,480	8,522	4,662
11 16 days to 90 days	53,611	46,066	44,771	47,398	43,970	53,611	57,100	52,118
12 91 days to 1 year	62,239	62,440	60,440	57,167	59,482	62,239	61,883	59,463
13 Over 1 year to 5 years	36,469	36,641	36,391	39,042	39,042	36,469	36,484	39,042
14 Over 5 years to 10 years	15,451	15,431	15,431	15,627	15,627	15,451	15,431	15,627
15 Over 10 years	23,066	23,066	23,066	23,266	23,266	23,066	23,066	23,266
16 Federal agency obligations—Total	10,143	7,719	7,719	7,719	7,719	10,143	8,576	7,719
17 Within 15 days[1]	2,704	60	61	284	301	2,704	1,041	301
18 16 days to 90 days	809	931	870	647	640	809	801	640
19 91 days to 1 year	1,224	1,353	1,378	1,378	1,307	1,224	1,338	1,307
20 Over 1 year to 5 years	3,854	3,712	3,727	3,727	3,819	3,854	3,733	3,819
21 Over 5 years to 10 years	1,178	1,342	1,362	1,362	1,372	1,178	1,305	1,372
22 Over 10 years	374	321	321	321	280	374	358	280

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	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1986 July[r]	1986 Aug.	1986 Sept.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.	1987 Feb.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]	Seasonally adjusted											
1 **Total reserves**[2]	**36.16**	**39.48**	**45.52**	**55.64**	**50.49**	**51.32**	**51.81**	**52.40**	**53.82**	**55.64**	**56.64**	**56.49**
2 Nonborrowed reserves	35.38	36.29	44.20	54.81	49.75	50.45	50.80	51.56	53.07	54.81	56.06	55.93
3 Nonborrowed reserves plus extended credit[3]	35.38	38.90	44.70	55.11	50.13	50.91	51.37	52.06	53.49	55.11	56.29	56.21
4 Required reserves	35.59	38.66	44.55	54.27	49.58	50.58	51.08	51.66	52.85	54.27	55.57[r]	55.28
5 Monetary base[4]	185.38	199.15	216.70	238.84	228.36	230.60	231.69	233.46	236.07	238.84	242.02[r]	243.45
	Not seasonally adjusted											
6 **Total reserves**[2]	**36.87**	**40.53**	**46.75**	**57.17**	**50.32**	**50.62**	**51.55**	**52.34**	**54.11**	**57.17**	**58.25**	**55.59**
7 Nonborrowed reserves	36.09	37.35	45.43	56.34	49.58	49.75	50.54	51.50	53.36	56.34	57.67	55.04
8 Nonborrowed reserves plus extended credit[3]	36.10	39.95	45.93	56.64	49.96	50.22	51.11	52.00	53.77	56.64	57.89[r]	55.32
9 Required reserves	36.31	39.71	45.78	55.80	49.41	49.88	50.82	51.60	53.13	55.80	57.18[r]	54.38
10 Monetary base[4]	188.65	202.29	220.26	243.04	230.02	230.75	231.51	233.04	236.91	243.04	242.81[r]	240.26
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 **Total reserves**[2]	**38.89**	**40.67**	**48.05**	**59.56**	**51.03**	**51.28**	**53.19**	**54.62**	**56.40**	**59.56**	**59.67**	**57.06**
12 Nonborrowed reserves	38.12	37.48	46.73	58.73	50.29	50.41	52.18	53.78	55.65	58.73	59.09	56.50
13 Nonborrowed reserves plus extended credit[3]	38.12	40.06	47.32	59.04	50.68	50.90	52.76	54.15	56.15	59.04	59.32	56.74
14 Required reserves	38.33	39.84	47.08	58.19	50.12	50.54	52.46	53.88	55.42	58.19	58.60	55.85
15 Monetary base[4]	192.26	204.13	223.45	247.71	232.55	233.32	235.07	237.26	241.27	247.71	246.75[r]	244.22

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

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

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

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

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

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

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

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

Item[1]	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1986 Nov.	1986 Dec.	1987 Jan.	1987 Feb.
	Seasonally adjusted							
1 M1	526.9	557.5	627.0	730.5	712.4	730.5	737.6r	737.2
2 M2	2,184.6	2,369.1	2,569.6	2,799.8r	2,775.4r	2,799.8r	2,822.0r	2,821.3
3 M3	2,692.8	2,985.7	3,205.6	3,489.2r	3,459.5r	3,489.2r	3,515.8r	3,519.5
4 L	3,154.6	3,529.3r	3,838.6r	4,141.1r	4,108.2r	4,141.1r	4,173.1	n.a.
5 Debt	5,206.3r	5,946.0r	6,774.9r	7,626.6r	7,530.0r	7,626.6r	7,711.1	n.a.
M1 components								
6 Currency[2]	148.3	158.5	170.6	183.5	182.4	183.5	186.0	187.2
7 Travelers checks[3]	4.9	5.2	5.9	6.4	6.4	6.4	6.5	6.7
8 Demand deposits[4]	242.3	248.3	272.2	308.3	297.8	308.3	305.1	300.7
9 Other checkable deposits[5]	131.4	145.5	178.3	232.3	225.9	232.3	240.0r	242.7
Nontransactions components								
10 In M2[6]	1,657.7	1,811.6	1,942.6	2,069.3r	2,063.0r	2,069.3r	2,084.4r	2,084.1
11 In M3 only[7]	508.2	616.6	636.1	689.3r	684.1r	689.3r	693.8r	698.1
Savings deposits[9]								
12 Commercial Banks	133.2	122.2	124.6	154.5	150.2	154.5	159.8r	164.4
13 Thrift institutions	173.0	166.6	179.0	211.7	208.3	211.7	216.9	222.9
Small denomination time deposits[9]								
14 Commercial Banks	350.9	386.6	383.9	364.7	365.9	364.7	364.7	362.5
15 Thrift institutions	432.9	498.6	500.3	488.5	491.3	488.5	486.6r	484.7
Money market mutual funds								
16 General purpose and broker/dealer	138.2	167.5	176.5	207.6r	207.1	207.6r	209.0r	210.8
17 Institution-only	43.2	62.7	65.1	84.1	84.4	84.1	84.0	84.7
Large denomination time deposits[10]								
18 Commercial Banks[11]	230.0	269.6	284.1	291.9	290.0	291.9	295.8r	295.8
19 Thrift institutions	96.2	147.3	152.1	155.1	155.8	155.1	153.8r	152.0
Debt components								
20 Federal debt	1,172.8	1,367.6	1,587.0	1,805.7r	1,777.7r	1,805.7r	1,817.8	n.a.
21 Non-federal debt	4,033.5r	4,578.4r	5,187.9r	5,821.0r	5,752.4r	5,821.0r	5,893.4	n.a.
	Not seasonally adjusted							
22 M1	538.3	570.3	641.0	746.6	715.5	746.6	744.3r	723.1
23 M2	2,191.6	2,378.3	2,580.6	2,813.3r	2,777.7r	2,813.3r	2,832.2r	2,809.4
24 M3	2,702.4	2,997.6	3,218.9	3,504.4r	3,463.8r	3,504.4r	3,526.5r	3,509.8
25 L	3,163.1	3,540.0r	3,850.4r	4,154.5r	4,111.0r	4,154.5r	4,184.4	n.a.
26 Debt	5,200.7r	5,940.2r	6,768.3r	7,619.5r	7,514.4r	7,619.5r	7,705.3	n.a.
M1 components								
27 Currency[2]	150.6	160.8	173.1	186.2	183.2	186.2	184.6	184.8
28 Travelers checks[3]	4.6	4.9	5.5	6.0	6.1	6.0	6.0	6.2
29 Demand deposits[4]	251.0	257.2	282.0	319.5	300.1	319.5	311.0	291.9
30 Other checkable deposits[5]	132.2	147.4	180.4	235.0	226.0	235.0	242.8	240.1
Nontransactions components								
31 M2[6]	1,653.3	1,808.1	1,939.6	2,066.7r	2,062.2r	2,066.7r	2,087.9r	2,086.3
32 M3 only[7]	510.8	619.2	638.3	691.1r	686.2r	691.1r	694.4r	700.4
Money market deposit accounts								
33 Commercial banks	230.4	267.4	332.5	379.0	375.9	379.0	381.7r	378.5
34 Thrift institutions	148.5	150.0	180.7	192.3	192.7	192.3	192.4	192.2
Savings deposits[8]								
35 Commercial Banks	132.2	121.4	123.9	153.9r	150.3	153.9r	159.2r	162.8
36 Thrift institutions	172.4	166.2	178.8	211.7	209.0	211.7	217.2	222.0
Small denomination time deposits[9]								
37 Commercial Banks	351.1	386.7	383.8	364.4	366.6	364.4	364.4	362.1
38 Thrift institutions	433.5	499.6	501.5	489.6	492.9	489.6	489.7r	487.2
Money market mutual funds								
39 General purpose and broker/dealer	138.2	167.5	176.5	207.6r	207.1	207.6r	209.0r	210.8
40 Institution-only	43.2	62.7	65.1	84.1	84.4	84.1	84.0	84.7
Large denomination time deposits[10]								
41 Commercial Banks[11]	231.6	271.2	285.6	293.4r	290.8	293.4r	297.0r	297.9
42 Thrift institutions	96.3	147.3	151.9	154.7	156.0	154.7	154.1	152.8
Debt components								
43 Federal debt	1,170.2	1,364.7	1,583.7	1,802.1r	1,770.1r	1,802.1r	1,816.9	n.a.
44 Non-federal debt	4,030.5r	4,575.5r	5,184.6r	5,817.4r	5,744.3r	5,817.4r	5,888.4	n.a.

For notes see following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

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

8. Savings deposits exclude MMDAs.

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

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

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

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1984[1]	1985[1]	1986[1]	1986 Aug.	1986 Sept.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	128,440.8	154,556.0	189,534.1	194,457.3	197,997.9	197,222.5	187,594.4	206,689.6	210,574.2
2 Major New York City banks	57,392.7	70,445.1	91,212.9	92,961.7	95,252.0	95,919.7	96,829.5	95,831.3	99,357.1
3 Other banks	71,048.1	84,110.9	98,321.4	101,495.6	102,745.9	101,302.9	90,764.9	110,858.4	111,217.1
4 ATS-NOW accounts[3]	1,588.7	1,920.8	2,351.1	2,414.8	2,704.8	2,292.5	2,501.0	2,960.8	2,255.7
5 Savings deposits[4]	633.1	539.0	410.3	421.0	421.0	456.5	424.9	533.7	459.2
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	434.4	496.5	561.8	567.6	573.9	569.6	538.2	560.7	580.3
7 Major New York City banks	1,843.0	2,168.9	2,460.6	2,437.0	2,519.8	2,493.4	2,513.2	2,251.6	2,426.4
8 Other banks	268.6	301.8	327.4	333.4	334.5	329.2	292.8	340.0	345.5
9 ATS-NOW accounts[3]	15.8	16.7	16.8	16.9	18.4	15.2	16.1	18.3	13.4
10 Savings deposits[4]	5.0	4.5	3.1	3.2	3.1	3.2	2.9	3.5	2.9
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	128,059.1	154,108.4	189,443.3	186,892.9	198,433.5	204,618.4	167,465.5	226,263.1	216,638.7
12 Major New York City banks	57,282.4	70,400.9	91,294.4	88,807.6	96,489.1	98,837.9	85,849.7	106,935.2	102,274.2
13 Other banks	70,776.9	83,707.8	98,149.0	98,085.3	101,944.4	105,780.4	81,615.8	119,327.9	114,364.5
14 ATS-NOW accounts[3]	1,579.5	1,903.4	2,338.4	2,140.8	2,524.1	2,231.9	2,255.1	2,841.5	2,679.2
15 MMDA[5]	848.8	1,179.0	1,599.3	1,530.6	1,612.9	1,607.4	1,434.0	2,058.2	1,913.3
16 Savings deposits[4]	632.9	538.7	404.3	413.7	414.2	449.2	382.7	503.6	499.0
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	433.5	497.4	564.0	554.7	577.6	593.5	476.4	600.3	579.9
18 Major New York City banks	1,838.6	2,191.1	2,494.3	2,421.9	2,603.6	2,656.9	2,225.4	2,483.2	2,345.5
19 Other banks	267.9	301.6	327.9	326.6	332.6	343.9	260.8	357.4	346.6
20 ATS-NOW accounts[3]	15.7	16.6	16.8	15.1	17.3	14.9	14.6	17.4	15.7
21 MMDA[5]	3.5	3.8	4.5	4.2	4.4	4.4	3.8	5.5	5.1
22 Savings deposits[4]	5.0	4.5	3.1	3.1	3.0	3.2	2.6	3.3	3.1

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

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

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

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1986 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1987 Jan.	Feb.
	Seasonally adjusted											
1 **Total loans and securities[2]**	**1,944.6**	**1,947.9**	**1,957.5**	**1,963.7**	**1,985.0**	**2,007.7**	**2,029.6**	**2,034.0**	**2,049.0**	**2,078.7**	**2,110.6**	**2,114.5**
2 U.S. government securities	269.5	270.0	274.1	274.8	285.4	290.9	294.3	299.6	304.8	309.1	313.9	316.2
3 Other securities	183.3	182.1	181.9	183.6	186.1	192.3	200.7	196.7	194.8	193.4	188.7	189.4
4 Total loans and leases[2]	1,491.8	1,495.8	1,501.5	1,505.3	1,513.4	1,524.5	1,534.7	1,537.7	1,549.5	1,576.2	1,608.0	1,608.9
5 Commercial and industrial	506.1	507.8	506.7	508.7	508.7	510.4	512.1	514.1	520.3	536.9	551.2	550.4
6 Bankers acceptances held[3]	4.9	5.2	5.6	6.1	5.8	5.9	6.3	6.4	6.1	5.9	6.3	6.2
7 Other commercial and industrial	501.2	502.6	501.0	502.6	502.8	504.4	505.8	507.8	514.1	531.0	544.9	544.2
8 U.S. addressees[4]	491.3	492.7	490.6	493.1	493.8	495.4	496.9	499.0	505.4	522.5	535.9	535.1
9 Non-U.S. addressees[4]	9.9	9.8	10.5	9.5	9.0	9.1	8.9	8.8	8.7	8.5	9.0	9.1
10 Real estate	436.1	440.7	446.4	450.7	455.9	461.4	465.9	470.8	476.6	486.4	496.2r	501.5
11 Individual	299.5	301.1	303.0	304.5	305.6	306.9	308.8	309.8	311.1	313.0	314.3r	314.4
12 Security	50.4	48.0	46.4	42.5	44.8	44.2	44.5r	39.5	40.1	37.3	38.5r	39.6
13 Nonbank financial institutions	32.2	32.3	33.3	34.7	34.2	34.4	35.1	35.7	35.3	35.6	35.8	34.6
14 Agricultural	34.9	34.6	34.1	33.7	33.3	33.3	33.2	33.1	33.2	33.2	33.2	33.1
15 State and political subdivisions	60.2	59.8	59.5	59.4	59.0	59.4	59.4	58.5	57.8	56.9r	57.1	56.5
16 Foreign banks	9.2	9.2	9.3	9.5	9.5	9.3	9.4	9.1	9.0	9.6	9.8	9.6
17 Foreign official institutions	6.8	5.3	5.1	6.4	6.5	6.5	6.4	6.4	6.2	6.2	6.3	6.7
18 Lease financing receivables	19.8	19.9	19.8	20.0	20.0	20.2	20.4	20.4	21.0	21.7	21.7	21.8
19 All other loans	36.6	37.3	37.9	35.4	35.8	38.5	39.6r	40.3	38.9	39.3	43.8r	40.7
	Not seasonally adjusted											
20 **Total loans and securities[2]**	**1,944.1**	**1,950.5**	**1,956.7**	**1,965.4**	**1,981.4**	**1,999.8**	**2,027.3**	**2,029.2**	**2,048.6**	**2,092.6**	**2,116.2**	**2,111.2**
21 U.S. government securities	273.2	274.0	275.4	276.2	285.3	289.1	292.6	295.2	302.5	306.8	313.4	317.9
22 Other securities	183.9	181.8	182.2	182.5	183.9	192.1	200.7	196.3	194.8	194.6	189.9	190.1
23 Total loans and leases[2]	1,487.1	1,494.7	1,499.0	1,506.7	1,512.1	1,518.7	1,534.0	1,537.7	1,551.3	1,591.2	1,612.9	1,603.2
24 Commercial and industrial	506.9	510.0	508.5	509.4	508.6	508.3	511.2	513.1	519.3	539.4	550.8	547.9
25 Bankers acceptances held[3]	5.0	5.2	5.5	6.0	6.0	5.9	6.1	6.2	6.2	6.3	6.2	6.1
26 Other commercial and industrial	501.9	504.9	503.0	503.4	502.6	502.4	505.2	506.9	513.0	533.2	544.5	541.8
27 U.S. addressees[4]	492.7	495.4	493.3	494.0	493.3	493.1	495.9	497.8	503.8	524.4	535.7r	532.8
28 Non-U.S. addressees[4]	9.2	9.5	9.7	9.4	9.3	9.4	9.3	9.2	9.2	8.8	8.9	9.0
29 Real estate	434.9	439.5	445.2	450.2	455.8	461.7	466.9	472.2	478.1	487.4	496.4r	500.6
30 Individual	296.8	298.6	301.1	303.1	304.9	307.2	310.2	311.4	312.4	316.5	316.8r	313.3
31 Security	49.5	48.5	45.6	42.5	43.0	41.3	41.9r	38.7	41.3	42.2	40.9r	38.8
32 Nonbank financial institutions	31.6	32.2	33.1	34.6	34.3	34.6	35.3	35.5	35.4	36.6	36.1	33.9
33 Agricultural	34.0	33.9	34.1	34.2	34.1	34.1	33.9	33.6	33.2	32.9	32.6	32.3
34 State and political subdivisions	60.2	59.8	59.5	59.4	59.0	59.4	59.4	58.5	57.8	56.9r	57.1	56.5
35 Foreign banks	9.1	9.0	9.1	9.2	9.4	9.1	9.4	9.3	9.3	10.1	10.0	9.7
36 Foreign official institutions	6.8	5.3	5.1	6.4	6.5	6.5	6.4	6.4	6.2	6.2	6.3	6.7
37 Lease financing receivables	19.8	19.9	19.9	20.0	20.0	20.1	20.3	20.3	20.9	21.7	21.9	22.0
38 All other loans	37.5	38.1	37.9	37.7	36.5	36.3	38.9r	38.9	37.4	41.3	44.0r	41.5

1. Data are prorated averages of Wednesday estimates for domestically chartered insured banks, based on weekly sample reports and quarterly universe reports. For foreign-related institutions, data are averages of month-end estimates based on weekly reports from large U.S. agencies and branches and quarterly reports from all U.S. agencies and branches, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Excludes loans to commercial banks in the United States.
3. Includes nonfinancial commercial paper held.
4. United States includes the 50 states and the District of Columbia.

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1986										1987	
	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Total nondeposit funds												
1 Seasonally adjusted[2]	142.1	135.3	137.4	134.3	136.1r	137.9r	142.6r	140.5r	144.2r	144.9r	154.2r	158.2
2 Not seasonally adjusted	144.3	135.6	138.5	132.1	132.9	137.8r	141.9r	139.6r	145.8r	145.1r	153.7r	160.8
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	160.8	160.8	158.8	158.0	165.5	167.4r	166.9r	167.8r	166.0r	164.0r	169.2r	170.1
4 Not seasonally adjusted	163.0	161.1r	159.9	155.7	162.4r	167.3r	166.2r	166.9r	167.5r	164.1r	168.7r	172.8
5 Net balances due to foreign-related institutions, not seasonally adjusted	-18.7	-25.5	-21.3	-23.7	-29.5	-29.5	-24.3	-27.3	-21.8	-19.0	-15.0r	11.9
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[4]	-26.5	-30.2	-29.3	-30.5	-33.8	-31.2	-29.2	-31.9	-28.7	-30.7	-25.6	-23.8
7 Gross due from balances	71.7	75.2	72.9	72.2	73.9	75.2	74.0	73.5	70.8	73.4	70.8	68.4
8 Gross due to balances	45.2	45.1	43.6	41.7	40.1	44.0	44.8	41.6	42.1	42.7	45.2	44.7
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[5]	7.8	4.7	8.0	6.8	4.3	1.7	4.9	4.7	6.9	11.7	10.5	11.9
10 Gross due from balances	60.6	62.5	60.0	62.8	64.2	66.3	67.9	68.3	68.7	70.8	74.6	72.9
11 Gross due to balances	68.4	67.2	67.9	69.6	68.6	67.9	72.7	72.9	75.7	82.5	85.1	84.7
Security RP borrowings												
12 Seasonally adjusted[6]	90.0	90.1	89.9	90.2	95.2r	95.9r	95.9r	97.0r	96.9r	96.9r	99.4r	96.3
13 Not seasonally adjusted	92.1	90.4	91.0	87.9	92.0	95.8r	95.2r	96.1r	98.5r	97.1r	98.9r	98.9
U.S. Treasury demand balances[7]												
14 Seasonally adjusted	16.2	17.0	19.1	17.7	15.4	14.5	16.5	17.1	23.2	21.2	21.3	23.2
15 Not seasonally adjusted	15.7	17.8	21.8	16.1	16.8	11.1	18.2	15.3	15.3	19.2	27.5	28.6
Time deposits, $100,000 or more[8]												
16 Seasonally adjusted	346.5	346.3	341.9	341.8	341.1	344.3	344.2	342.7	343.3	345.7	350.2	351.2
17 Not seasonally adjusted	348.5	343.6	340.5	339.2	338.3	344.0	345.5	343.8	344.1	347.1	351.4	353.3

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

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

Billions of dollars

Account	1986									1987	
	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
ALL COMMERCIAL BANKING INSTITUTIONS[1]											
1 Loans and securities	2,113.4	2,101.3	2,105.5	2,134.0	2,154.4	2,171.1	2,173.2	2,218.1	2,303.7	2,276.4	2,270.4
2 Investment securities	429.5	430.9	432.6	445.7	455.1	464.6	467.4	470.4	474.8	477.3	480.1
3 U.S. government securities	255.8	257.7	259.6	269.6	272.2	275.9	281.8	286.2	291.7	295.3	298.3
4 Other	173.6	173.2	173.0	176.1	183.0	188.7	185.6	184.3	183.1	182.0	181.8
5 Trading account assets	27.8	27.0	27.4	28.7	29.3	27.9	26.0	28.1	27.8	26.4	29.0
6 Total loans	1,656.1	1,643.5	1,645.5	1,659.6	1,670.0	1,678.5	1,679.9	1,719.5	1,801.1	1,772.7	1,761.2
7 Interbank loans	155.7	146.2	139.2	148.6	149.4	145.3	146.8	161.0	173.4	166.0	162.2
8 Loans excluding interbank	1,500.4	1,497.2	1,506.3	1,511.0	1,520.6	1,533.2	1,533.1	1,558.6	1,627.7	1,606.7	1,599.0
9 Commercial and industrial	510.5	506.2	512.3	507.3	510.1	512.1	512.6	520.2	563.5	546.9	547.0
10 Real estate	441.7	446.4	451.4	457.6	463.2	467.7	473.5	479.3	494.8	496.9	501.0
11 Individual	300.4	301.1	304.0	305.6	308.4	310.5	311.8	312.8	319.6	316.0	313.3
12 All other	247.8	243.6	238.7	240.5	238.8	242.9	235.2	246.3	249.9	246.9	237.7
13 Total cash assets	209.9	221.0	196.0	206.2	205.8	196.6	200.4	223.9	270.7	211.2	203.2
14 Reserves with Federal Reserve Banks	25.5	30.2	27.9	28.2	27.9	27.8	31.2	31.7	40.8	32.9	28.0
15 Cash in vault	22.3	23.9	23.0	23.3	23.7	22.9	23.5	22.2	25.7	23.6	23.5
16 Cash items in process of collection	80.7	84.6	67.3	72.1	73.5	66.3	66.2	86.5	111.2	74.4	71.4
17 Demand balances at U.S. depository institutions	34.7	36.8	32.0	33.8	33.6	32.3	32.6	37.7	42.7	33.4	32.4
18 Other cash assets	46.7	45.5	45.8	48.7	47.1	47.4	46.9	45.8	50.4	46.7	48.0
19 Other assets	207.0	195.9	196.6	196.6	196.2	200.8	198.2	201.9	225.3	199.9	200.7
20 Total assets/total liabilities and capital	**2,530.3**	**2,518.3**	**2,498.1**	**2,536.7**	**2,556.4**	**2,568.4**	**2,571.8**	**2,643.9**	**2,799.7**	**2,687.5**	**2,674.3**
21 Deposits	1,798.4	1,807.4	1,791.9	1,819.5	1,833.6	1,830.8	1,843.7	1,896.8	2,014.6	1,894.5	1,891.9
22 Transaction deposits	540.7	542.7	523.3	540.0	544.2	537.4	547.5	594.8	689.6	576.2	567.7
23 Savings deposits	467.8	477.3	482.4	490.8	497.7	504.4	514.8	521.7	533.9	531.1	534.8
24 Time deposits	789.9	787.5	786.3	788.7	791.7	789.0	781.4	780.3	791.1	787.3	789.5
25 Borrowings	390.7	367.4	366.8	379.2	377.3	388.1	380.0	394.1	410.6	429.3	422.2
26 Other liabilities	170.4	173.1	168.5	168.6	174.7	177.5	175.1	180.2	199.8	188.2	185.0
27 Residual (assets less liabilities)	170.8	170.3	170.9	169.4	170.8	172.1	173.1	172.8	174.8	175.4	175.1
MEMO											
28 U.S. government securities (including *trading account*)	274.0	275.1	276.5	288.8	289.8	292.5	298.5	303.6	307.5	313.7	319.5
29 Other securities (including trading account)	183.3	182.8	183.5	185.6	194.6	200.0	194.8	195.0	195.0	190.0	189.6
DOMESTICALLY CHARTERED COMMERCIAL BANKS[2]											
30 Loans and securities	1,993.3	1,985.3	1,990.0	2,014.0	2,029.4	2,039.8	2,046.2	2,090.2	2,150.5	2,132.1	2,125.9
31 Investment securities	416.1	417.1	419.6	432.5	440.2	448.0	450.6	454.4	456.8	459.0	461.1
32 U.S. government securities	248.8	250.2	253.1	263.2	264.5	267.5	272.9	278.1	282.4	286.2	288.9
33 Other	167.2	166.9	166.5	169.4	175.7	180.5	177.8	176.4	174.4	172.8	172.2
34 Trading account assets	27.8	27.0	27.4	28.7	29.3	27.9	26.0	28.1	27.8	26.4	29.0
35 Total loans	1,549.4	1,541.3	1,543.0	1,552.8	1,559.8	1,564.0	1,569.6	1,607.6	1,665.9	1,646.7	1,635.7
36 Interbank loans	129.3	123.3	117.3	122.7	123.1	118.9	122.5	137.8	142.5	138.3	134.5
37 Loans excluding interbank	1,420.1	1,418.0	1,425.8	1,430.1	1,436.7	1,445.1	1,447.1	1,469.9	1,523.4	1,508.4	1,501.2
38 Commercial and industrial	452.3	449.8	452.5	448.4	448.4	447.2	447.2	453.9	486.7	474.3	472.7
39 Real estate	436.3	440.7	445.8	451.9	457.3	461.7	467.6	472.7	487.8	490.4	494.7
40 Individual	300.1	300.8	303.6	305.3	308.1	310.1	311.5	312.4	319.1	315.7	312.9
41 All other	231.4	226.7	223.9	224.6	222.9	226.1	220.8	230.8	229.8	228.1	220.8
42 Total cash assets	194.3	205.8	180.1	187.8	189.3	180.4	183.1	207.6	251.3	194.1	186.5
43 Reserves with Federal Reserve Banks	24.4	28.7	26.3	27.2	26.6	26.9	29.7	29.8	39.6	31.2	27.0
44 Cash in vault	22.2	23.8	22.9	23.2	23.7	22.8	23.4	22.2	25.6	23.6	23.4
45 Cash items in process of collection	80.3	84.2	66.7	71.7	73.1	65.9	65.5	86.1	110.9	74.0	71.0
46 Demand balances at U.S. depository institutions	33.0	35.1	30.2	32.0	31.9	30.5	30.9	35.8	40.3	31.7	30.5
47 Other cash assets	34.3	34.0	34.0	33.6	34.1	34.4	33.6	33.7	34.8	33.7	34.6
48 Other assets	150.3	142.8	144.1	143.2	141.7	145.5	142.7	143.0	166.0	142.9	145.5
49 Total assets/total liabilities and capital	**2,337.9**	**2,334.0**	**2,314.1**	**2,345.0**	**2,360.3**	**2,365.7**	**2,372.1**	**2,440.8**	**2,567.7**	**2,469.1**	**2,457.9**
50 Deposits	1,749.1	1,758.7	1,741.4	1,768.0	1,779.9	1,775.2	1,788.6	1,840.5	1,952.8	1,836.3	1,833.9
51 Transaction deposits	533.1	535.3	515.5	532.1	536.1	529.3	539.7	586.8	680.8	567.9	559.9
52 Savings deposits	465.8	475.2	480.3	488.7	495.5	502.1	512.5	519.2	531.4	528.6	532.3
53 Time deposits	750.1	748.1	745.6	747.2	748.2	743.8	736.5	734.5	740.6	739.7	741.7
54 Borrowings	309.1	294.2	293.5	300.5	295.5	305.2	299.3	312.6	321.6	340.3	334.7
55 Other liabilities	112.0	113.9	111.5	110.3	117.3	116.4	114.2	118.0	121.7	120.2	117.3
56 Residual (assets less liabilities)	167.7	167.2	167.8	166.2	167.7	168.9	169.9	169.6	171.6	172.3	172.0

1. Commercial banking institutions include insured domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.
2. Insured domestically chartered commercial banks include all member banks and insured nonmember banks.

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

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

Millions of dollars, Wednesday figures

Account	1986	1987							
	Dec. 31	Jan. 7r	Jan. 14r	Jan. 21	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25
1 Cash and balances due from depository institutions	134,935	107,770	109,240	112,964r	105,562r	104,240	95,856	117,787	97,060
2 **Total loans, leases and securities, net**	**1,019,096**	**1,021,107**	**1,016,016**	**1,013,579r**	**1,015,586r**	**1,008,942r**	**1,011,174**	**1,008,251**	**1,008,453**
3 U.S. Treasury and government agency	113,806	114,731	114,829	115,516r	113,804r	114,371	113,720	115,658	116,608
4 Trading account	19,896	18,957	19,423	20,951r	18,311r	18,462	17,176	19,158	21,251
5 Investment account, by maturity	93,909	95,774	95,406	94,565r	95,492r	95,909	96,544	96,500	95,357
6 One year or less	17,816	18,939	18,693	18,422	17,594	18,114	18,104	17,465	17,264
7 Over one through five years	42,293	42,548	42,004	41,558r	40,627r	41,304	41,810	42,433	41,739
8 Over five years	33,800	34,287	34,709	34,585	37,272	36,491	36,631	36,602	36,355
9 Other securities	72,190	69,439	68,435	68,120r	68,309r	68,252	67,641	67,680	67,511
10 Trading account	7,227	4,514	3,740	3,554r	3,720r	3,774	3,296	3,453	3,321
11 Investment account	64,963	64,925	64,695	64,566r	64,589r	64,478	64,345	64,227	64,190
12 States and political subdivisions, by maturity	54,659	54,159	53,967	53,798	53,555r	53,242	53,059	52,961	52,887
13 One year or less	8,140	7,573	7,470	7,515	7,383	7,265	7,058	6,997	6,965
14 Over one year	46,519	46,586	46,497	46,283	46,172r	45,977	46,001	45,964	45,922
15 Other bonds, corporate stocks, and securities	10,304	10,766	10,728	10,767r	11,034r	11,236	11,286	11,266	11,303
16 Other trading account assets	5,179	4,337	3,766	4,751	4,326	4,809	4,762	4,960	4,471
17 Federal funds sold[1]	51,363	61,039	63,797	58,961	63,949	58,948	64,078	56,932	59,705
18 To commercial banks	31,372	40,056	41,125	36,185	37,141	35,967	39,753	33,220	35,832
19 To nonbank brokers and dealers in securities	13,858	13,435	14,734	15,364	16,857	15,539	15,454	15,250	15,904
20 To others	6,133	7,548	7,938	7,412	9,951	7,442	8,871	8,462	7,969
21 Other loans and leases, gross[2]	798,314	793,712	787,405	788,426r	787,387r	784,998	783,522	785,625	782,782
22 Other loans, gross[2]	780,374	775,571	769,281	770,370r	769,328r	766,973	765,412	767,398	764,518
23 Commercial and industrial[2]	289,127	286,786	283,179	281,289r	282,255r	284,023	283,002	282,013	281,049
24 Bankers acceptances and commercial paper	2,426	2,356	2,381	2,539	2,471	2,691	2,530	2,634	2,354
25 All other	286,701	284,429	280,798	278,750r	279,784r	281,332	280,472	279,379	278,695
26 U.S. addressees	282,922	280,698	277,103	274,895r	276,024r	277,602	276,731	275,597	274,904
27 Non-U.S. addressees	3,779	3,730	3,695	3,854r	3,760	3,730	3,742	3,782	3,791
28 Real estate loans[2]	209,814	213,495	214,201	214,583r	214,233	214,884	215,669	216,284	215,634
29 To individuals for personal expenditures	145,397	144,917	144,296	143,779r	143,372r	142,860	142,151	141,964	142,070
30 To depository and financial institutions	56,176	53,559	52,717	54,575r	51,916r	50,538	51,388	52,982	50,798
31 Commercial banks in the United States	20,502	20,451	20,575	20,979	20,758	20,102	20,396	20,775	20,795
32 Banks in foreign countries	6,696	5,749	5,475	6,957r	5,732	5,264	5,598	6,556	5,823
33 Nonbank depository and other financial institutions	28,978	27,358	26,668	26,639r	25,426r	25,171	25,394	25,651	24,180
34 For purchasing and carrying securities	14,368	14,163	14,093	14,158	15,434	13,122	12,308	12,657	13,798
35 To finance agricultural production	5,784	5,605	5,503	5,375	5,339	5,348	5,324	5,307	5,324
36 To states and political subdivisions	34,525	34,728	34,931	34,852r	34,859	34,657	34,438	34,446	34,403
37 To foreign governments and official institutions	3,347	3,125	3,205	3,363r	3,264	3,262	3,210	3,212	3,235
38 All other	21,836	19,193	17,155	18,394r	18,655	18,278	17,921	18,532	18,206
39 Lease financing receivables	17,939	18,141	18,124	18,056	18,059	18,025	18,110	18,227	18,264
40 LESS: Unearned income	5,031	4,907	4,920	4,919r	4,901r	4,837	4,831	4,882	4,874
41 Loan and lease reserve[2]	16,725	17,244	17,296	17,275	17,288	17,599	17,719	17,722	17,751
42 Other loans and leases, net[2]	776,558	771,561	765,189	766,232	765,198r	762,562	760,972	763,021	760,158
43 All other assets	141,936	130,856	125,996	123,878r	123,844r	126,871	127,071	125,160	126,676
44 **Total assets**	**1,295,966**	**1,259,733**	**1,251,252**	**1,250,421r**	**1,244,992r**	**1,240,053**	**1,234,101**	**1,251,198**	**1,232,188**
45 Demand deposits	289,619	245,702	233,140	241,051r	228,412r	230,612	215,339	240,695	220,772
46 Individuals, partnerships, and corporations	222,598	191,054	182,609	183,256r	174,114r	175,476	166,303	182,415	170,339
47 States and political subdivisions	6,975	5,905	5,557	6,071	5,311	6,268	4,948	5,386	5,315
48 U.S. government	1,815	2,650	3,158	4,218	2,373	5,152	2,743	2,006	2,118
49 Depository institutions in United States	33,985	27,154	25,293	28,468	25,535	25,820	23,743	30,394	25,767
50 Banks in foreign countries	7,767	7,355	5,860	8,331	7,158	6,314	6,784	7,145	6,662
51 Foreign governments and official institutions	887	803	743	891	789	725	697	715	788
52 Certified and officers' checks	15,592	10,780	9,920	9,816	13,132	10,856	10,120	12,632	9,784
53 Transaction balances other than demand deposits	60,137	61,719	60,228	58,795r	57,282r	59,412	58,382	58,598	57,748
54 Nontransaction balances	509,133	517,245	516,675	516,674	515,414r	516,147	516,709	517,143	518,376
55 Individuals, partnerships and corporations	470,730	479,157	478,055	478,443	476,759r	478,036	478,212	478,876	479,138
56 States and political subdivisions	25,813	25,756	26,250	26,152	26,156	26,093	26,548	26,358	27,131
57 U.S. government	762	780	783	671	680	697	697	678	711
58 Depository institutions in the United States	10,792	10,554	10,520	10,349	10,749	10,203	10,163	10,109	10,281
59 Foreign governments, official institutions and banks	1,035	998	1,067	1,058	1,070	1,117	1,089	1,122	1,115
60 Liabilities for borrowed money	261,730	267,587	270,494	262,372	268,150	260,766	270,696	264,890	262,640
61 Borrowings from Federal Reserve Banks	443	0	0	5	3,447	0	25	0	720
62 Treasury tax-and-loan notes	18,550	17,958	18,993	19,629	19,646	17,667	19,558	19,994	19,454
63 All other liabilities for borrowed money[3]	242,736	249,629	251,501	242,738	245,056	243,099	251,113	244,896	242,466
64 Other liabilities and subordinated note and debentures	89,674	81,362	83,883	84,324r	88,674r	86,288	85,911	82,918	85,993
65 **Total liabilities**	**1,210,292**	**1,173,615**	**1,164,420**	**1,163,216r**	**1,157,932r**	**1,153,226**	**1,147,038**	**1,164,243**	**1,145,529**
66 Residual (total assets minus total liabilities)[4]	85,674	86,118	86,832	87,205r	87,060r	86,826	87,063	86,955	86,659
MEMO									
67 Total loans and leases (gross) and investments adjusted[5]	988,977	982,751	976,532	978,609r	979,875r	975,309	973,574	976,860	974,451
68 Total loans and leases (gross) adjusted[2,5]	797,803	794,244	789,502	790,222r	793,436r	787,877	787,450	788,562	785,861
69 Time deposits in amounts of $100,000 or more	154,365	154,891	155,758	156,149	156,570r	155,579	156,770	156,566	158,500
70 Loans sold outright to affiliates—total[6]	1,598	1,623	1,748	1,764	1,821	1,829	1,796	1,717	2,093
71 Commercial and industrial	1,013	1,053	1,182	1,190	1,260	1,269	1,254	1,192	1,592
72 Other	585	570	566	574	561	560	542	525	501
73 Nontransaction savings deposits (including MMDAs)	227,984	232,269	231,245	231,024	229,668r	231,491	231,048	232,147	231,574

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

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

Millions of dollars, Wednesday figures except as noted

Account	1986	1987							
	Dec. 31[r]	Jan. 7	Jan. 14	Jan. 21	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25
1 Cash and balances due from depository institutions	32,884	23,241	29,606	26,664	32,952	26,884	24,688	33,441	25,306
2 **Total loans, leases and securities, net[1]**	**219,526**	**220,193**	**220,232**	**220,952**	**224,049**	**217,429**	**222,500**	**220,775**	**221,734**
Securities									
3 U.S. Treasury and government agency[2]	0	0	0	0	0	0	0	0	0
4 Trading account[2]	0	0	0	0	0	0	0	0	0
5 Investment account, by maturity	13,529	13,748	13,182	13,179	13,335	13,397	13,416	13,927	13,924
6 One year or less	1,423	1,850	1,569	1,583	1,357	1,307	1,290	1,377	1,688
7 Over one through five years	5,330	4,916	4,637	4,631	4,440	4,642	4,746	5,180	4,608
8 Over five years	6,775	6,982	6,976	6,965	7,538	7,447	7,380	7,370	7,628
9 Other securities[2]	0	0	0	0	0	0	0	0	0
10 Trading account[2]	0	0	0	0	0	0	0	0	0
11 Investment account	16,484	16,230	16,097	16,093	16,154	16,214	16,284	16,275	16,342
12 *States and political subdivisions, by maturity*	14,616	14,050	13,981	13,960	13,940	13,918	13,901	13,909	13,916
13 One year or less	1,696	1,448	1,425	1,597	1,587	1,586	1,467	1,471	1,470
14 Over one year	12,920	12,602	12,556	12,363	12,353	12,332	12,433	12,439	12,446
15 Other bonds, corporate stocks and securities	1,868	2,180	2,116	2,133	2,214	2,295	2,384	2,365	2,426
16 Other trading account assets[2]	0	0	0	0	0	0	0	0	0
Loans and leases									
17 Federal funds sold[3]	20,477	21,706	25,000	24,095	26,680	22,532	28,188	23,929	24,280
18 To commercial banks	10,054	9,450	12,162	10,773	10,076	9,355	13,909	10,232	11,484
19 To nonbank brokers and dealers in securities	5,858	6,184	6,759	7,640	8,583	7,262	6,738	6,808	7,034
20 To others	4,565	6,072	6,079	5,682	8,022	5,916	7,540	6,889	5,762
21 Other loans and leases, gross	175,324	175,035	172,491	174,112	174,402	171,903	171,376	173,437	174,008
22 Other loans, gross	171,026	170,734	168,205	169,805	170,081	167,567	167,000	169,048	169,601
23 Commercial and industrial	67,561	67,488	65,647	64,796	65,909	66,310	66,003	65,889	66,212
24 Bankers acceptances and commercial paper	544	615	590	779	768	810	744	826	625
25 All other	67,016	66,873	65,056	64,017	65,141	65,500	65,259	65,064	65,587
26 U.S. addressees	66,585	66,438	64,598	63,490	64,686	65,032	64,730	64,518	65,001
27 Non-U.S. addressees	432	436	459	527	455	468	529	546	586
28 Real estate loans	37,504	38,244	38,454	38,540	38,541	38,513	38,619	38,979	39,146
29 To individuals for personal expenditures	20,750	20,989	20,829	20,803	20,695	20,667	20,627	20,610	20,603
30 To depository and financial institutions	21,610	22,025	21,368	23,200	21,460	20,285	20,938	21,796	20,760
31 Commercial banks in the United States	11,321	12,451	12,076	12,395	12,204	11,439	11,502	11,689	11,546
32 Banks in foreign countries	3,061	2,982	2,823	4,202	2,979	2,511	2,985	3,839	3,279
33 Nonbank depository and other financial institutions	7,229	6,591	6,468	6,603	6,277	6,334	6,452	6,268	5,935
34 *For purchasing and carrying securities*	6,091	6,430	6,750	6,540	6,980	5,874	5,265	6,001	6,932
35 To finance agricultural production	346	260	236	231	240	265	266	264	257
36 To states and political subdivisions	8,413	8,535	8,769	8,760	8,749	8,682	8,532	8,604	8,620
37 To foreign governments and official institutions	1,072	908	989	1,136	1,062	1,073	1,017	976	1,027
38 All other	7,679	5,856	5,162	5,799	6,446	5,897	5,732	5,929	6,044
39 Lease financing receivables	4,268	4,300	4,286	4,307	4,321	4,336	4,376	4,389	4,406
40 LESS: Unearned income	1,562	1,578	1,582	1,582	1,583	1,555	1,557	1,600	1,595
41 Loan and lease reserve	4,728	4,948	4,957	4,943	4,940	5,062	5,207	5,194	5,225
42 Other loans and leases, net	169,035	168,509	165,952	167,586	167,879	165,286	164,611	166,643	167,187
43 All other assets[4]	79,865	66,894	63,178	62,208	61,762	63,870	62,530	63,814	66,176
44 **Total assets**	**332,275**	**310,328**	**313,016**	**309,825**	**318,762**	**308,184**	**309,718**	**318,030**	**313,216**
Deposits									
45 Demand deposits	78,411	61,673	59,464	64,512	65,564	60,018	54,456	66,579	60,240
46 *Individuals, partnerships, and corporations*	55,129	44,102	43,072	44,768	43,905	41,623	36,570	43,938	41,459
47 States and political subdivisions	1,106	705	719	821	686	907	605	624	610
48 U.S. government	245	380	561	627	439	1,122	452	292	372
49 Depository institutions in the United States	9,213	5,747	5,918	6,313	7,285	5,942	5,797	7,866	7,368
50 Banks in foreign countries	6,453	6,023	4,560	7,011	5,848	5,100	5,549	5,819	5,434
51 Foreign governments and official institutions	681	641	610	734	617	560	549	538	646
52 Certified and officers' checks	5,583	4,074	4,025	4,239	6,783	4,763	4,933	7,501	4,350
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	7,742	7,907	7,753	7,584	7,449	7,672	7,558	7,551	7,440
54 Nontransaction balances	97,844	98,981	98,629	99,180	98,517	99,271	98,981	99,873	99,775
55 Individuals, partnerships and corporations	88,643	89,943	89,513	90,124	89,336	90,290	89,887	90,829	90,551
56 States and political subdivisions	6,064	5,940	6,093	6,177	6,165	6,180	6,302	6,174	6,374
57 U.S. government	50	50	50	37	38	38	32	33	34
58 Depository institutions in the United States	2,524	2,540	2,441	2,322	2,448	2,178	2,184	2,205	2,192
59 Foreign governments, official institutions and banks	563	508	531	520	530	585	576	631	624
60 Liabilities for borrowed money	80,216	80,801	82,980	74,184	81,178	77,602	85,547	82,840	83,370
61 Borrowings from Federal Reserve Banks	0	0	0	0	2,990	0	0	0	450
62 Treasury tax-and-loan notes	4,609	4,506	4,610	4,825	4,824	4,130	4,609	4,824	4,497
63 All other liabilities for borrowed money[5]	75,608	76,295	78,370	69,359	73,364	73,472	80,938	78,017	78,423
64 *Other liabilities and subordinated note and debentures*	39,978	33,037	36,140	36,341	38,053	35,378	34,797	33,099	34,462
65 **Total liabilities**	**304,191**	**282,398**	**284,965**	**281,802**	**290,760**	**279,941**	**281,340**	**289,942**	**285,287**
66 Residual (total assets minus total liabilities)[6]	28,084	27,930	28,050	28,024	28,002	28,242	28,377	28,088	27,929
MEMO									
67 Total loans and leases (gross) and investments adjusted[1,7]	204,440	204,818	202,532	204,311	208,292	203,252	203,854	205,647	205,525
68 Total loans and leases (gross) adjusted[7]	174,427	174,840	173,252	175,039	178,802	173,641	174,153	175,445	175,258
69 Time deposits in amounts of $100,000 or more	35,176	35,727	35,491	36,057	35,885	36,016	36,508	36,774	36,440

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

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

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

Millions of dollars, Wednesday figures

Account	1986 Dec. 31[r]	1987 Jan. 7	Jan. 14	Jan. 21	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25
1 Cash and due from depository institutions	12,012	9,997	9,790	9,990	10,191	10,386	9,967	9,799	9,698
2 Total loans and securities	91,680	85,084	84,241[r]	86,466	86,116	82,671	83,143	84,807	85,991
3 U.S. Treasury and govt. agency securities	6,509	6,713[r]	6,495[r]	6,629[r]	6,428[r]	6,634	6,704	7,002	6,555
4 Other securities	6,101	6,120[r]	6,160[r]	6,258[r]	6,454[r]	6,628	6,771	6,727	6,852
5 Federal funds sold[2]	6,662	4,612	5,513	7,463	6,645	5,190	6,190	5,808	6,069
6 To commercial banks in the United States	5,666	3,308	3,864	5,856	4,880	3,958	5,488	4,826	4,660
7 To others	996	1,303	1,648	1,606	1,765	1,232	702	982	1,408
8 Other loans, gross	72,408	67,639	66,073	66,116	66,588[r]	64,218	63,478	65,270	66,515
9 Commercial and industrial	43,132	40,951	40,183	40,530	40,802[r]	40,111	40,493	41,290	41,914
10 Bankers acceptances and commercial paper	3,099	3,039	2,893	2,988	2,998	2,969	3,161	3,067	2,841
11 All other	40,032	37,912	37,290	37,542	37,805[r]	37,142	37,331	38,223	39,072
12 U.S. addressees	38,006	35,764	35,085	35,324	35,399[r]	35,042	35,158	35,823	36,851
13 Non-U.S. addressees	2,027	2,149	2,205	2,218	2,406[r]	2,100	2,173	2,400	2,222
14 To financial institutions	17,382	16,059	15,974	15,546	15,798	14,684	14,576	15,266	15,639
15 Commercial banks in the United States	12,787	11,916	11,981	11,785	12,044	11,119	11,007	11,723	12,250
16 Banks in foreign countries	1,249	1,092	1,092	990	1,048	996	927	987	949
17 Nonbank financial institutions	3,345	3,051	2,900	2,772	2,706	2,569	2,643	2,556	2,440
18 To foreign govts. and official institutions	548	525	527	556	576	556	573	543	776
19 For purchasing and carrying securities	5,105	3,900	3,496	3,602	3,610	3,119	2,196	2,502	2,769
20 All other	6,242	6,204	5,892	5,883	5,802	5,748	5,639	5,668	5,417
21 Other assets (claims on nonrelated parties)	23,675	22,378	22,688[r]	22,756	22,878[r]	22,408	22,417	21,653	22,121
22 Net due from related institutions	14,531	15,988	16,615[r]	14,980	13,701	16,227	14,627	15,842	14,015
23 Total assets	141,898	133,448	133,334[r]	134,191	132,886	131,692	130,154	132,101	131,826
24 Deposits or credit balances due to other than directly related institutions	42,413	38,694	39,572	39,745	39,225	38,462	38,476	39,316	39,354
25 Transaction accounts and credit balances[3]	3,973	3,191	3,576	3,809	3,488	3,361	3,148	3,446	3,016
26 Individuals, partnerships, and corporations	1,898	1,884	1,843	1,969	1,859	1,958	1,707	1,827	1,824
27 Other	2,075	1,308	1,733	1,840	1,629	1,403	1,441	1,620	1,192
28 Nontransaction accounts[4]	38,440	35,502	35,996	35,936	35,737	35,101	35,329	35,870	36,338
29 Individuals, partnerships, and corporations	31,525	28,774	29,114	29,275	28,868	28,012	27,901	28,500	29,048
30 Other	6,915	6,728	6,882	6,661	6,869	7,089	7,428	7,370	7,290
31 Borrowings from other than directly related institutions	50,880	55,698	53,770	54,113	51,234	55,158	51,822	54,015	50,437
32 Federal funds purchased[5]	21,849	31,088	28,147	28,405	26,191	30,034	26,400	27,256	22,344
33 From commercial banks in the United States	11,551	20,112	18,361	17,123	16,001	19,244	16,436	16,869	12,343
34 From others	10,297	10,976	9,786	11,282	10,190	10,790	9,964	10,387	10,001
35 Other liabilities for borrowed money	29,031	24,610	25,623	25,707	25,042	25,124	25,422	26,759	28,092
36 To commercial banks in the United States	23,776	21,691	22,580	22,133	21,864	21,609	21,952	23,052	23,797
37 To others	5,256	2,919	3,042	3,574	3,178	3,515	3,470	3,707	4,296
38 Other liabilities to nonrelated parties	25,067	24,077	24,521[r]	24,517	24,967	24,590	24,289	23,594	23,991
39 Net due to related institutions	23,538	14,979	15,472	15,817	17,460	13,482	15,566	15,176	18,044
40 Total liabilities	141,898	133,448	133,334	134,191	132,886	131,692	130,154	132,101	131,826
MEMO									
41 Total loans (gross) and securities adjusted[6]	73,227	69,859	68,396[r]	68,824	69,192[r]	67,594	66,648	68,257	69,080
42 Total loans (gross) adjusted[6]	60,617	57,026	55,741	55,938	56,310[r]	54,332	53,172	54,528	55,673

1. Effective Jan. 1, 1986, the reporting panel includes 65 U.S. branches and agencies of foreign banks that include those branches and agencies with assets of $750 million or more on June 30, 1980, plus those branches and agencies that had reached the $750 million asset level on Dec. 31, 1984.
2. Includes securities purchased under agreements to resell.
3. Includes credit balances, demand deposits, and other checkable deposits.
4. Includes savings deposits, money market deposit accounts, and time deposits.
5. Includes securities sold under agreements to repurchase.
6. Exclusive of loans to and federal funds sold to commercial banks in the United States.

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

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

Type of holder	Commercial banks									
	1981	1982	1983	1984	1985		1986			
	Dec.	Dec.	Dec.	Dec.	Sept.[3,4]	Dec.	Mar.	June	Sept.	Dec.
1 **All holders—Individuals, partnerships, and corporations**	**288.9**	**291.8**	**293.5**	**302.7**	**299.3**	**321.0**	**307.4**	**322.4**	**333.6**	n.a.
2 Financial business	28.0	35.4	32.8	31.7	28.1	32.3	31.8	32.3	35.9	n.a.
3 Nonfinancial business	154.8	150.5	161.1	166.3	167.2	178.5	166.6	180.0	185.9	n.a.
4 Consumer	86.6	85.9	78.5	81.5	82.0	85.5	84.0	86.4	86.3	n.a.
5 Foreign	2.9	3.0	3.3	3.6	3.5	3.5	3.4	3.0	3.3	n.a.
6 Other	16.7	17.0	17.8	19.7	18.5	21.2	21.6	20.7	22.2	n.a.

Type of holder	Weekly reporting banks									
	1981	1982	1983	1984	1985		1986			
	Dec.	Dec.	Dec.	Dec.[2]	Sept.[3,4]	Dec.	Mar.	June	Sept.	Dec.[p]
7 **All holders—Individuals, partnerships, and corporations**	**137.5**	**144.2**	**146.2**	**157.1**	**153.6**	**168.6**	**159.7**	**168.5**	**174.7**	**195.1**
8 Financial business	21.0	26.7	24.2	25.3	22.7	25.9	25.5	25.7	28.9	32.5
9 Nonfinancial business	75.2	74.3	79.8	87.1	85.5	94.5	86.8	93.1	94.8	106.4
10 Consumer	30.4	31.9	29.7	30.5	31.6	33.2	32.6	34.9	35.0	37.5
11 Foreign	2.8	2.9	3.1	3.4	3.3	3.1	3.3	2.9	3.2	3.3
12 Other	8.0	8.4	9.3	10.9	10.5	12.0	11.5	11.9	12.8	15.4

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. Figures may not add to totals because of rounding.

2. Beginning in March 1984, these data reflect a change in the panel of weekly reporting banks, and are not comparable to earlier data. Estimates in billions of dollars for December 1983 based on the new weekly reporting panel are: financial business, 24.4; nonfinancial business, 80.9; consumer, 30.1; foreign, 3.1; other, 9.5.

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

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1986 Aug.	1986 Sept.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**166,436**	**187,658**	**237,586**	**300,899**	**330,828**	**326,861r**	**325,406r**	**328,275r**	**322,292r**	**330,828r**	**336,996**
Financial companies[3]											
Dealer-placed paper[4]											
2 Total	34,605	44,455	56,485	78,443	99,980	94,463r	97,799r	99,186r	95,015r	99,980r	101,731
3 Bank-related (not seasonally adjusted)	2,516	2,441	2,035	1,602	2,265	1,799	1,980	2,172	2,031	2,265	2,284
Directly placed paper[5]											
4 Total	84,393	97,042	110,543	135,504	152,385	148,323r	146,293r	147,056r	146,856r	152,385r	157,252
5 Bank-related (not seasonally adjusted)	32,034	35,566	42,105	44,778	40,860	40,415	37,455	38,957	39,205	40,860	45,085
6 Nonfinancial companies[6]	47,437	46,161	70,558	86,952	78,463	84,075r	81,314r	82,033r	80,421r	78,463r	78,013
	Bankers dollar acceptances (not seasonally adjusted)[7]										
7 **Total**	**79,543**	**78,309**	**78,364**	**68,413**	**64,974**	**64,480**	**67,009**	**65,920**	**64,952**	**64,974**	**65,007**
Holder											
8 Accepting banks	10,910	9,355	9,811	11,197	13,423	12,127	13,101	12,569	12,787	13,423	13,236
9 Own bills	9,471	8,125	8,621	9,471	11,707	9,794	11,001	10,178	10,951	11,707	10,570
10 Bills bought	1,439	1,230	1,191	1,726	1,716	2,333	2,101	2,391	1,835	1,716	2,666
Federal Reserve Banks											
11 Own account	1,480	418	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	949	729	671	937	1,317	897	924	1,131	1,052	1,317	983
13 Others	66,204	67,807	67,881	56,279	50,234	51,456	52,984	52,220	51,113	50,234	50,787
Basis											
14 Imports into United States	17,683	15,649	17,845	15,147	14,670	15,796	16,612	15,980	15,354	14,670	14,426
15 Exports from United States	16,328	16,880	16,305	13,204	12,940	12,948	12,693	12,612	12,699	12,940	12,785
16 All other	45,531	45,781	44,214	40,062	37,364	35,736	37,704	37,327	36,899	37,364	37,795

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

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1984—Mar. 19	11.50	1985—Jan. 15	10.50	1984—Jan.	11.00	1985—Aug.	9.50
Apr. 5	12.00	May 20	10.00	Feb.	11.00	Sept.	9.50
May 8	12.50	June 18	9.50	Mar.	11.21	Oct.	9.50
June 25	13.00			Apr.	11.93	Nov.	9.50
Sept. 27	12.75	1986—Mar. 7	9.00	May	12.39	Dec.	9.50
Oct. 17	12.50	Apr. 21	8.50	June	12.60	1986—Jan.	9.50
29	12.00	July 11	8.00	July	13.00	Feb.	9.50
Nov. 9	11.75	Aug. 26	7.50	Aug.	13.00	Mar.	9.10
28	11.25			Sept.	12.97	Apr.	8.83
Dec. 20	10.75			Oct.	12.58	May	8.50
				Nov.	11.77	June	8.50
				Dec.	11.06	July	8.16
				1985—Jan.	10.61	Aug.	7.90
				Feb.	10.50	Sept.	7.50
				Mar.	10.50	Oct.	7.50
				Apr.	10.50	Nov.	7.50
				May	10.31	Dec.	7.50
				June	9.78	1987—Jan.	7.50
				July	9.50		

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

1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1984	1985	1986	1986		1987		1987, week ending				
				Nov.	Dec.	Jan.	Feb.	Jan. 30	Feb. 6	Feb. 13	Feb. 20	Feb. 27
MONEY MARKET RATES												
1 Federal funds[1,2]	10.22	8.10	6.80	6.04	6.91	6.43	6.10	6.13	6.22	6.14	6.21	5.95
2 Discount window borrowing[1,2,3]	8.80	7.69	6.33	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Commercial paper[4,5]												
3 1-month	10.05	7.94	6.62	5.84	6.63	5.95	6.12	5.94	6.01	6.20	6.20	6.08
4 3-month	10.10	7.95	6.49	5.76	6.10	5.84	6.05	5.87	5.93	6.11	6.14	6.04
5 6-month	10.16	8.01	6.39	5.69	5.88	5.76	5.99	5.78	5.87	6.04	6.08	6.00
Finance paper, directly placed[4,5]												
6 1-month	9.97	7.91	6.58	5.79	6.32	5.86	6.02	5.86	5.96	6.14	6.06	5.95
7 3-month	9.73	7.77	6.38	5.67	5.81	5.59	5.88	5.61	5.77	5.94	5.92	5.89
8 6-month	9.65	7.75	6.31	5.58	5.74	5.60	5.79	5.55	5.60	5.84	5.87	5.85
Bankers acceptances[5,6]												
9 3-month	10.14	7.92	6.39	5.67	5.96	5.74	5.99	5.81	5.86	6.06	6.05	6.01
10 6-month	10.19	7.96	6.29	5.59	5.78	5.65	5.93	5.71	5.81	6.00	5.98	5.94
Certificates of deposit, secondary market[7]												
11 1-month	10.17	7.97	6.61	5.80	6.66	5.94	6.10	5.92	5.99	6.14	6.21	6.11
12 3-month	10.37	8.05	6.52	5.76	6.04	5.87	6.10	5.88	5.97	6.13	6.21	6.11
13 6-month	10.68	8.25	6.51	5.76	5.95	5.85	6.10	5.87	5.97	6.14	6.20	6.12
14 Eurodollar deposits, 3-month[8]	10.73	8.28	6.71	5.96	6.23	6.10	6.32	6.14	6.24	6.44	6.36	6.36
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	9.52	7.48	5.98	5.35	5.53	5.43	5.59	5.51	5.62	5.75	5.55	5.45
16 6-month	9.76	7.65	6.03	5.41	5.55	5.44	5.59	5.47	5.61	5.75	5.55	5.43
17 1-year	9.92	7.81	6.08	5.48	5.55	5.46	5.63	5.50	5.59	5.71	5.64	5.57
Auction average[10]												
18 3-month	9.57	7.49	5.97	5.35	5.49	5.45	5.59	5.44	5.58	5.72	5.66	5.40
19 6-month	9.80	7.66	6.02	5.42	5.53	5.47	5.60	5.43	5.59	5.69	5.70	5.41
20 1-year	9.91	7.76	6.07	5.45	5.60	5.44	5.74	n.a.	n.a.	n.a.	n.a.	n.a.
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	10.89	8.43	6.46	5.80	5.87	5.78	5.96	5.82	5.92	6.05	5.98	5.90
22 2-year	11.65	9.27	6.87	6.28	6.27	6.23	6.40	6.26	6.37	6.48	6.39	6.35
23 3-year	11.89	9.64	7.06	6.46	6.43	6.41	6.56	6.46	6.53	6.65	6.57	6.52
24 5-year	12.24	10.13	7.31	6.76	6.67	6.64	6.79	6.66	6.74	6.88	6.81	6.74
25 7-year	12.40	10.51	7.55	7.08	6.97	6.92	7.06	6.96	7.03	7.13	7.09	7.01
26 10-year	12.44	10.62	7.68	7.25	7.11	7.08	7.25	7.15	7.22	7.31	7.28	7.20
27 20-year	12.48	10.97	7.85	7.42	7.28	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 30-year	12.39	10.79	7.80	7.52	7.37	7.39	7.54	7.47	7.50	7.59	7.58	7.50
Composite[13]												
29 Over 10 years (long-term)	11.99	10.75	8.14	7.81	7.67	7.60	7.69	7.67	7.68	7.76	7.71	7.61
State and local notes and bonds												
Moody's series[14]												
30 Aaa	9.61	8.60	6.95	6.19	6.29	6.12	6.05	6.05	6.00	6.10	6.05	6.05
31 Baa	10.38	9.58	7.76	7.13	7.25	6.93	6.98	7.05	7.00	7.10	6.95	6.90
32 *Bond Buyer* series[15]	10.10	9.11	7.32	6.85	6.86	6.61	6.61	6.56	6.57	6.67	6.62	6.59
Corporate bonds												
Seasoned issues[16]												
33 All industries	13.49	12.05	9.71	9.37	9.23	9.04	9.03	9.01	9.02	9.04	9.05	9.01
34 Aaa	12.71	11.37	9.02	8.68	8.49	8.36	8.38	8.37	8.38	8.39	8.40	8.36
35 Aa	13.31	11.82	9.47	9.20	9.02	8.86	8.88	8.83	8.87	8.89	8.90	8.86
36 A	13.74	12.28	9.95	9.51	9.41	9.23	9.20	9.16	9.19	9.22	9.22	9.17
37 Baa	14.19	12.72	10.39	10.07	9.97	9.72	9.65	9.68	9.65	9.66	9.67	9.64
38 A-rated, recently-offered utility bonds[17]	13.81	12.06	9.61	9.31	9.08	8.92	8.82	8.81	8.80	8.88	8.80	8.79
MEMO: Dividend/price ratio[18]												
39 Preferred stocks	11.59	10.49	8.76	8.07	8.18	7.91	7.93	7.89	7.90	7.89	7.94	7.98
40 Common stocks	4.64	4.25	3.48	3.40	3.38	3.17	3.02	3.07	3.03	3.06	2.98	3.00

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

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

1.36 STOCK MARKET Selected Statistics

Indicator	1984	1985	1986	1986 June	1986 July	1986 Aug.	1986 Sept.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.	1987 Feb.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	92.46	108.09	136.00	140.82	138.32	140.91	137.06	136.74	140.84	142.12	151.17	160.23
2 Industrial	108.01	123.79	155.85	163.15	158.06	160.10	156.52	156.56	162.10	163.85	175.60	189.17
3 Transportation	85.63	104.11	119.85	120.65	112.03	111.24	114.06	120.04	122.27	121.26	126.61	135.49
4 Utility	46.44	56.75	71.35	70.69	74.20	77.84	74.56	73.38	75.77	76.07	78.54	78.19
5 Finance	89.28	114.21	147.18	151.73	150.23	152.90	145.56	143.89	142.97	144.29	153.32	158.41
6 Standard & Poor's Corporation (1941–43 = 10)[1]	160.50	186.84	236.34	245.30	240.18	245.00	238.27	237.36	245.09	248.61	264.51	280.94
7 American Stock Exchange[2] (Aug. 31, 1973 = 50)	207.96	229.10	264.38	281.18	269.93	268.55	264.30	257.82	265.14	264.65	289.02	312.61
Volume of trading (thousands of shares)												
8 New York Stock Exchange	91,084	109,191	141,306	126,151	137,709	128,661	150,831	131,155	154,770	148,228	192,419	183,478
9 American Stock Exchange	6,107	8,355	11,846	12,795	10,320	9,885	10,853	8,930	10,513	12,272	14,755	14,962
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Margin credit at broker–dealers**[3]	**22,470**	**28,390**	**36,840**	**32,480**	**33,170**	**34,550**	**34,580**	**36,310**	**37,090**	**36,840**	**34,960**	**35,740**
Free credit balances at brokers[4]												
11 Margin-account[5]	1,755	2,715	4,880	2,585	2,570	3,035	3,395	3,805	3,765	4,880	5,060	4,470
12 Cash-account	10,215	12,840	19,000	13,570	14,600	14,210	14,060	14,445	15,045	19,000	17,395	17,325
	Margin-account debt at brokers (percentage distribution, end of period)[6]											
13 **Total**	**100.0**	**100.0**		**100.0**								
By equity class (in percent)[7]												
14 Under 40	18.0	34.0		31.0								
15 40–49	18.0	20.0	n.a.	20.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 50–59	16.0	19.0		20.0								
17 60–69	9.0	11.0		13.0								
18 70–79	5.0	8.0		8.0								
19 80 or more	6.0	8.0		8.0								
	Special miscellaneous-account balances at brokers (end of period)[6]											
20 **Total balances (millions of dollars)**[8]	**75,840**	**99,310**		**112,401**								
Distribution by equity status (percent)												
21 Net credit status	59.0	58.0	n.a.	59.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt status, equity of												
22 60 percent or more	29.0	31.0		32.0								
23 Less than 60 percent	11.0	11.0		9.0								

Margin requirements (percent of market value and effective date)[9]

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

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half.
3. Beginning July 1983, under the revised Regulation T, margin credit at broker-dealers includes credit extended against stocks, convertible bonds, stocks acquired through exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984, and margin credit at broker-dealers became the total that is distributed by equity class and shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. New series beginning June 1984.
6. In July 1986, the New York Stock Exchange stopped reporting certain data items that were previously obtained in a monthly survey of a sample of brokers and dealers. Data items that are no longer reported include distributions of margin debt by equity status of the account and special miscellaneous-account balances.
7. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
8. 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.
9. 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	1984	1985	1986										1987
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
							Savings and loan associations						
1 **Assets**	**903,488**	**948,781**	**947,302**	**954,869**	**963,274**	**954,226**	**957,952**	**965,035**	**957,303**	**961,939**	**964,198**	**963,163**	
2 Mortgages	555,277	585,462	574,732	575,177	574,992	565,037	565,353	566,438	557,137	557,303	556,780	553,552	
3 Mortgage-backed securities	....	109,303	99,332	103,415	108,324	113,158	113,099	113,619	117,675	121,238	122,420	122,847	
4 Cash and investment securities[1]	124,801	126,712	131,464	132,351	134,881	130,877	132,791	138,864	138,552	138,532	141,504	142,841	
5 Other	223,396	238,833	241,104	247,339	253,400	258,310	259,806	259,731	261,613	266,101	265,914	266,769	
6 **Liabilities and net worth**	**903,488**	**948,781**	**947,302**	**954,869**	**963,274**	**954,226**	**957,952**	**965,035**	**957,303**	**961,939**	**964,198**	**963,163**	
7 Savings capital	725,045	750,071	752,056	750,299	751,138	744,026	747,020	749,020	743,517	742,682	740,095	740,920	n.a.
8 Borrowed money	125,666	138,798	133,407	140,427	145,032	148,054	146,578	148,535	155,735	152,626	156,896	156,814	
9 FHLBB	64,207	73,888	70,464	73,815	73,520	73,553	75,058	75,594	80,364	75,295	75,626	80,129	
10 Other	61,459	64,910	62,943	66,612	71,512	74,501	71,520	72,941	75,371	77,331	81,270	76,685	
11 Other	17,944	19,045	20,078	21,978	24,722	20,792	22.782	24,703	15,463	23,264	24,097	20,557	
12 Net worth[2]	34,833	41,064	41,760	42,163	42,382	41,353	41,571	42,776	42,588	43,365	43,110	42,871	
MEMO													
13 Mortgage loan commitments outstanding[3]	61,305	56,051	54,366	55,818	57,997	57,200	55,687	53,180	51,163	49,887	48,222	41,650	
							FSLIC-insured federal savings banks						
14 **Assets**	**98,559**	**131,868**	**152,823**	**155,686**	**164,129**	**180,124**	**183,317**	**186,810**	**196,224r**	**202,111r**	**204,925r**	**211,629r**	
15 Mortgages	57,429	72,355	85,028	86,598	89,108	99,758	101,758r	103,019r	108,217	110,829r	112,120r	113,563r	
16 Mortgage-backed securities	9,949	15,676	17,851	18,661	19,829	21,598	23,247	24,097	26,440	27,516	28,324r	29,868r	
17 Other	10,971	11,723	13,923	14,590	15,083	16,774	17,027r	17,056	18,488r	18,697r	19,268r	20,140r	
18 **Liabilities and net worth**	**98,559**	**131,868**	**152,823**	**155,686**	**164,129**	**180,124**	**183,317**	**186,810**	**196,224r**	**202,111r**	**204,925r**	**211,629r**	
19 Savings capital	79,572	103,462	119,434	121,133	126,123	138,168	140,610	142,858	149,074	152,834r	154,447	157,868r	n.a.
20 Borrowed money	12,798	19,323	22,747	23,196	25,686	28,502	28,722	29,390	32,319	33,430	33,937	37,079	
21 FHLBB	7,515	10,510	12,064	12,476	12,830	15,301	15,866	16,123	16,853	17,382	17,863	19,897	
22 Other	5,283	8,813	10,683	10,720	12,856	13,201	12,856	13,267	15,466	16,048	16,074	17,432r	
23 Other	1,903	2,732	3,291	3,758	4,338	4,279	4,564	4,914	4,666r	5,330r	5,652	5,260r	
24 Net worth	4,286	6,351	7,349	7,599	7,982	9,175	9,422	9,647	10,163	10,517r	10,889r	11,172r	
MEMO													
25 Mortgage loan commitments outstanding[3]	3,234	5,355	8,330	8,287	8,762	9,410	10,134	9,770	10,221	9,356	9,947r	8,684r	
							Savings banks						
26 **Assets**	**203,898**	**216,776**	**221,256**	**222,542**	**226,495**	**223,367**	**224,569**	**227,011**	**228,854**	**230,919**	**232,577**	**236,374**	
Loans													
27 Mortgage	102,895	110,448	110,271	111,813	112,417	110,958	111,971	113,265	114,188	116,648	117,612	118,792	
28 Other	24,954	30,876	34,873	34,591	35,500	36,692	36,421	37,350	37,298	36,130	36,149	35,005	
Securities													
29 U.S. government	14,643	13,111	12,313	12,013	13,210	12,115	12,297	12,043	12,357	12,585	13,037	14,166	
30 Mortgage-backed securities	19,215	19,481	21,593	21,885	22,546	22,413	22,954	21,161	23,216	23,437	24,051	25,250	
31 State and local government	2,077	2,323	2,306	2,372	2,343	2,281	2,309	2,400	2,407	2,347	2,290	2,174	
32 Corporate and other	23,747	21,199	20,403	20,439	20,260	2,036	20,862	20,602	20,902	21,156	20,749	20,314	
33 Cash	4,954	6,225	5,845	5,570	6,225	5,301	4,651	5,018	4,811	5,195	5,052	6,487	n.a.
34 Other assets	11,413	13,113	13,652	13,859	13,994	13,244	13,104	13,172	13,675	13,421	13,637	13,826	
35 ***Liabilities***	**203,898**	**216,776**	**221,256**	**222,542**	**226,495**	**223,367**	**224,569**	**227,011**	**228,854**	**230,919**	**232,577**	**236,374**	
36 Deposits	180,616	185,972	188,960	189,025	190,310	189,109	188,615	189,937	190,210	190,334	190,858	192,101	
37 Regular[4]	177,418	181,921	184,704	184,580	185,716	183,970	183,433	184,764	185,002	185,254	185,958	186,311	
38 Ordinary savings	33,739	33,018	33,021	33,057	33,577	34,008	34,166	34,530	35,227	36,165	36,739	37,655	
39 Time	104,732	103,311	105,562	105,550	105,146	103,083	102,374	102,668	102,191	101,125	101,240r	100,847	
40 Other	3,198	4,051	4,256	4,445	4,594	5,139	5,182	5,173	5,208	5,080	4,900	5,790	
41 Other liabilities	12,504	17,414	18,412	19,074	21,384	19,226	20,641	21,360	21,947	23,319	24,254	24,992	
42 General reserve accounts	10,510	12,823	13,548	14,114	14,519	14,731	15,084	15,427	16,319	16,896	17,146	17,988	

1.37—Continued

Account	1984	1985	1986										1987
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
	Credit unions[5]												
43 **Total assets/liabilities and capital**	**93,036**	**118,010**	**126,653**	**128,229**	**132,415**	**134,703**	**137,901**	**139,233**	**140,496**	**143,662**	**145,653**	**147,726**	n.a.
44 Federal	63,205	77,861	82,275	83,543	86,289	87,579	89,539	90,367	91,981	93,257	94,638	95,483	n.a.
45 State	29,831	40,149	44,378	44,686	46,126	47,124	48,362	48,866	48,515	50,405	51,015	52,243	n.a.
46 Loans outstanding	62,561	73,513	75,300	76,385	76,774	77,847	79,647	80,656	81,820	83,388	84,635	86,137	n.a.
47 Federal	42,337	47,933	48,633	49,756	49,950	50,613	51,331	52,007	53,042	53,434	53,877	55,304	n.a.
48 State	20,224	25,580	26,667	26,629	26,824	27,234	28,316	28,649	28,778	29,954	30,758	30,833	n.a.
49 Savings	84,348	105,963	114,579	116,703	120,331	122,952	125,331	126,268	128,125	130,483	131,778	134,327	n.a.
50 Federal	57,539	70,926	75,698	77,112	79,479	80,975	82,596	83,132	84,607	86,158	87,009	87,954	n.a.
51 State	26,809	35,037	38,881	39,591	40,852	41,977	42,735	43,136	43,518	44,325	44,769	46,373	n.a.
	Life insurance companies												
52 **Assets**	**722,979**	**825,901**	**848,535**	**855,605**	**863,610**	**872,359**	**877,919**	**887,255**	**892,304**	**860,682r**	**910,691**	n.a.	n.a.
Securities													
53 Government	63,899	75,230	77,965	78,494	79,051	78,284	78,722	79,188	81,636	82,047r	84,858	n.a.	n.a.
54 United States[6]	42,204	51,700	54,289	54,705	55,120	54,197	54,321	54,487	56,698r	57,511r	59,802	n.a.	n.a.
55 State and local	8,713	9,708	9,674	9,869	9,930	10,114	10,350	10,472	10,606	10,212r	10,712	n.a.	n.a.
56 Foreign[7]	12,982	13,822	14,002	13,920	14,001	13,973	14,051	14,229	14,332	14,324r	14,344	n.a.	n.a.
57 Business	359,333	423,712	440,963	445,573	450,279	455,119	455,013	463,135	462,540	467,433r	473,860	n.a.	n.a.
58 Bonds	295,998	346,216	357,196	361,306	364,122	367,966	369,704	374,670	378,267	381,381r	386,293	n.a.	n.a.
59 Stocks	63,335	77,496	83,767	84,267	86,157	87,153	85,309	88,465	84,273	86,052r	87,567	n.a.	n.a.
60 Mortgages	156,699	171,797	174,823	175,951	177,554	180,041	182,542	183,943	185,268	186,976r	189,460	n.a.	n.a.
61 Real estate	25,767	28,822	29,804	30,059	30,025	30,350	31,151	31,844	31,725	31,918r	32,184	n.a.	n.a.
62 Policy loans	54,505	54,369	54,273	54,272	54,351	57,342	54,249	54,247	54,273	54,199r	54,152	n.a.	n.a.
63 Other assets	63,776	71,971	57,753	57,492	57,802	58,290	58,792	57,905	58,086	58,256r	58,006	n.a.	n.a.

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."
2. Includes net undistributed income accrued by most associations.
3. As of July 1985, data include loans in process.
4. Excludes checking, club, and school accounts.
5. Data include all federally insured credit unions, both federal and state chartered, serving natural persons.
6. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
7. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE. *Savings and loan associations:* Estimates by the FHLBB for all associations in the United States based on annual benchmarks for non-FSLIC-insured associations and the experience of FSLIC-insured associations.

FSLIC-insured federal savings banks: Estimates by the FHLBB for federal savings banks insured by the FSLIC and based on monthly reports of federally insured institutions.

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

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1984	Fiscal year 1985	Fiscal year 1986	Calendar year 1986 Sept.	Oct.	Nov.	Dec.	1987 Jan.	Feb.
U.S. budget[1]									
1 Receipts, total	666,457	734,057	769,091	78,013	59,012	52,967	78,035	81,771	55,463
2 On-budget	500,382	547,886	568,862	59,978	43,865	38,158	60,694	62,981	37,919
3 Off-budget	166,075	186,171[r]	200,228	18,035	15,147	14,809	17,341	18,790	17,544
4 Outlays, total	851,781[r]	946,316[r]	989,815[r]	81,750	84,267	79,973	90,112	83,942	83,828
5 On-budget	685,968	769,509[r]	806,318[r]	65,614	68,780	63,639	75,623	68,176	67,138
6 Off-budget	165,813	176,807	183,498	16,136	15,486	16,334	14,489	15,766	16,690
7 Surplus, or deficit (-), total	-185,324[r]	-212,260[r]	-220,725[r]	-3,737	-25,255	-27,006	-12,077	-2,170	-28,366
8 On-budget	-185,586	-221,623[r]	-237,455[r]	-5,636	-24,915	-25,481	-14,930	-5,195	-29,219
9 Off-budget	262	9,363	16,371	1,898	-340	-1,524	2,853	3,024	854
Source of financing (total)									
10 Borrowing from the public	170,817	197,269	236,284[r]	22,188	5,936	40,352	22,824	4,353	15,248
11 Cash and monetary assets (decrease, or increase (-))[2]	6,631[r]	13,367[r]	-14,324[r]	-21,313	18,131	-2,721	-14,751	-9,564	16,574
12 Other[3]	7,875[r]	1,630[r]	-1,235[r]	2,862	1,188	-10,625	4,004	7,381	-3,456
MEMO									
13 Treasury operating balance (level, end of period)	30,426[r]	17,060	31,384	31,384	13,616	17,007	30,945	41,307	24,816
14 Federal Reserve Banks	8,514[r]	4,174	7,514	7,514	2,491	2,529	7,588	15,746	3,482
15 Tax and loan accounts	21,913[r]	12,886	23,870	23,870	11,126	14,478	23,357	25,561	21,334

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

2. Includes U.S. Treasury operating cash accounts; SDRs; reserve position on the U.S. quota in the IMF; loans to International Monetary Fund; and other cash and monetary assets.

3. 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" and the *Budget of the U.S. Government*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1985	Fiscal year 1986	Calendar year 1985 H1	Calendar year 1985 H2	Calendar year 1986 H1	Calendar year 1986 H2	Calendar year 1986 Dec.	Calendar year 1987 Jan.	Calendar year 1987 Feb.
RECEIPTS									
1 All sources	**734,057**	**769,091**	**380,618**	**364,790**	**394,345**	**387,524**	**78,035**	**81,771**	**55,463**
2 Individual income taxes, net	334,531	348,959	166,783	169,987	169,444	183,156	33,584	46,466	22,805
3 Withheld	298,941	314,838	149,288	155,725	153,919	164,071	30,733	26,375	25,486
4 Presidential Election Campaign Fund	35	36	29	6	31	4	0	0	2
5 Nonwithheld	101,328	105,994	76,155	22,295	78,981	27,733	3,585	20,254	1,320
6 Refunds	65,743	71,873	58,684	8,038	63,488	8,652	734	163	4,003
Corporation income taxes									
7 Gross receipts	77,413	80,442	42,193	36,528	41,946	42,108	16,531	4,332	2,369
8 Refunds	16,082	17,298	8,370	7,751	9,557	8,230	839	872	1,433
9 Social insurance taxes and contributions, net	265,163	283,901	144,598	128,017	156,714	134,006	22,267	25,664	25,590
10 Employment taxes and contributions[1]	234,646	255,062	126,038	116,276	139,706	122,246	21,625	24,266	22,594
11 Self-employment taxes and contributions[2]	10,468	11,840	9,482	985	10,581	1,338	0	795	809
12 Unemployment insurance	25,758	24,098	16,213	9,281	14,674	9,328	196	1,024	2,633
13 Other net receipts[3]	4,759	4,742	2,350	2,458	2,333	2,429	446	375	364
14 Excise taxes	35,992	32,919	17,259	18,470	15,944	15,947	3,003	2,840	2,291
15 Customs deposits	12,079	13,323	5,807	6,354	6,369	7,282	1,098	1,135	1,052
16 Estate and gift taxes	6,422	6,958	3,204	3,323	3,487	3,649	695	652	553
17 Miscellaneous receipts[4]	18,539	19,887	9,144	9,861	10,002	9,605	1,696	1,554	2,235
OUTLAYS									
18 All types	**946,223**	**989,789**	**463,842**	**487,188**	**486,037**	**504,785**	**89,158**	**83,942**	**83,828**
19 National defense	252,748	273,369	124,186	134,675	135,367	138,544	24,401	22,057	23,475
20 International affairs	16,176	14,471	6,675	8,367	5,384	8,876	1,140	358	1,319
21 General science, space, and technology	8,627	9,017	4,230	4,727	12,519	4,594	843	562	791
22 Energy	5,685	4,792	680	3,305	2,484	2,735	485	390	189
23 Natural resources and environment	13,357	13,508	5,892	7,553	6,245	7,141	1,253	1,003	871
24 Agriculture	25,565	31,169	11,705	15,412	14,482	16,160	3,751	4,063	2,293
25 Commerce and housing credit	4,229	4,258	−260	644	860	3,647	−314	717	−334
26 Transportation	25,838	28,058	11,440	15,360	12,658	14,745	2,409	1,870	1,697
27 Community and regional development	7,680	7,510	3,408	3,901	3,169	3,494	548	477	380
28 Education, training, employment, social services	29,342	29,662	14,149	14,481	14,712	15,268	2,896	2,358	2,669
29 Health	33,542	35,936	16,945	17,237	17,872	19,814	3,032	3,148	3,166
30 Social security and medicare	254,446	190,850	128,351	129,037	135,214	138,296	23,378	22,640	23,081
31 Income security	128,200	120,686	65,246	59,457	60,786	59,628	11,625	11,301	10,551
32 Veterans benefits and services	26,352	26,614	11,956	14,527	12,193	14,497	3,641	2,227	2,053
33 Administration of justice	6,277	6,555	3,016	3,212	3,352	3,360	684	482	619
34 General government	5,228	6,796	2,857	3,634	3,566	2,786	895	166	631
35 General-purpose fiscal assistance	6,353	6,430	2,659	3,391	2,179	2,767	226	−21	120
36 Net interest[5]	129,436	135,284	65,143	67,448	68,054	65,816	10,958	12,583	12,967
37 Undistributed offsetting receipts[6]	−32,759	−33,244	−14,436	−17,953	−17,193	−17,426	−2,694	−2,440	−2,708

1. Old-age, disability, and hospital insurance, and railroad retirement accounts.
2. Old-age, disability, and hospital insurance.
3. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. Net interest function includes interest received by trust funds.
6. 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 1988*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1984		1985				1986		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**1,576.7**	**1,667.4**	**1,715.1**	**1,779.0**	**1,827.5**	**1,950.3**	**1,991.1**	**2,063.6**	**2,129.5**
2 Public debt securities	1,572.3	1,663.0	1,710.7	1,774.6	1,823.1	1,945.9	1,986.8	2,059.3	2,125.3
3 Held by public	1,309.2	1,373.4	1,415.2	1,460.5	1,506.6	1,597.1	1,634.3	1,684.9	1,742.4
4 Held by agencies	263.1	289.6	295.5	314.2	316.5	348.9	352.6	374.4	382.9
5 Agency securities	4.5	4.5	4.4	4.4	4.4	4.4	4.3	4.3	4.2
6 Held by public	3.4	3.4	3.3	3.3	3.3	3.3	3.2	3.2	3.2
7 Held by agencies	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
8 **Debt subject to statutory limit**	**1,573.0**	**1,663.7**	**1,711.4**	**1,775.3**	**1,823.8**	**1,932.4**	**1,973.3**	**2,060.0**	**2,111.0**
9 Public debt securities	1,571.7	1,662.4	1,710.1	1,774.0	1,822.5	1,931.1	1,972.0	2,058.7	2,109.7
10 Other debt[1]	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
11 MEMO: Statutory debt limit	1,573.0	1,823.8	1,823.8	1,823.8	1,823.8	2,078.7	2,078.7	2,078.7	2,111.0

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

NOTE. Data from *Treasury Bulletin* and *Daily Treasury Statement* (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	1982	1983	1984	1985	1985	1986		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**1,197.1**	**1,410.7**	**1,663.0**	**1,945.9**	**1,945.9**	**1,986.8**	**2,059.3**	**2,125.3**
By type								
2 Interest-bearing debt	1,195.5	1,400.9	1,660.6	1,943.4	1,943.4	1,984.2	2,056.7	2,122.7
3 Marketable	881.5	1,050.9	1,247.4	1,437.7	1,437.7	1,472.8	1,498.2	1,564.3
4 Bills	311.8	343.8	374.4	399.9	399.9	393.2	396.9	410.7
5 Notes	465.0	573.4	705.1	812.5	812.5	842.5	869.3	896.9
6 Bonds	104.6	133.7	167.9	211.1	211.1	223.0	232.3	241.7
7 Nonmarketable[1]	314.0	350.0	413.2	505.7	505.7	511.4	558.5	558.4
8 State and local government series	25.7	36.7	44.4	87.5	87.5	88.5	98.2	102.4
9 Foreign issues[2]	14.7	10.4	9.1	7.5	7.5	6.7	5.3	4.1
10 Government	13.0	10.4	9.1	7.5	7.5	6.7	5.3	4.1
11 Public	1.7	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	68.0	70.7	73.1	78.1	78.1	79.8	82.3	85.6
13 Government account series[3]	205.4	231.9	286.2	332.2	332.2	336.0	372.3	365.9
14 Non-interest-bearing debt	1.6	9.8	2.3	2.5	2.5	2.6	2.6	.4
By holder[4]								
15 U.S. government agencies and trust funds	209.4	236.3	289.6	348.9	348.9	352.6	374.4	382.9
16 Federal Reserve Banks	139.3	151.9	160.9	181.3	181.3	184.8	183.8	190.8
17 Private investors	848.4	1,022.6	1,212.5	1,417.2	1,417.2	1,473.1	1,502.7	1,553.3
18 Commercial banks	131.4	188.8	183.4	192.2	192.2	195.1	197.2	212.5
19 Money market funds	42.6	22.8	25.9	25.1	25.1	29.9	22.8	24.9
20 Insurance companies	39.1	56.7	76.4	93.2	93.2	95.8	n.a.	n.a.
21 Other companies	24.5	39.7	50.1	59.0	59.0	59.6	59.8	67.0
22 State and local governments	127.8	155.1	179.4	n.a.	n.a.	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	68.3	71.5	74.5	79.8	79.8	81.4	83.8	87.1
24 Other securities	48.2	61.9	69.3	75.0	75.0	76.2	73.9	69.0
25 Foreign and international[5]	149.5	166.3	192.9	214.6	214.6	225.4	239.8	256.3
26 Other miscellaneous investors[6]	217.0	259.8	360.6	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. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
3. Held almost entirely by U.S. government agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Consists of investments of foreign and international accounts. Excludes non-interest-bearing notes issued to the International Monetary Fund.
6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. government deposit accounts, and U.S. government-sponsored agencies.

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

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

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

	Item	1984	1985	1986	1986 Dec.	1987 Jan.[r]	1987 Feb.	1987 Jan. 21	1987 Jan. 28	1987 Feb. 4	1987 Feb. 11	1987 Feb. 18	1987 Feb. 25
	Immediate delivery[2]												
1	U.S. government securities	52,778	75,331	95,422	88,650	112,317	124,519	117,570	107,280	116,597	123,689	124,336	135,383
	By maturity												
2	Bills	26,035	32,900	34,249	33,166	45,127	48,972	49,542	38,226	46,002	46,166	55,324	53,627
3	Other within 1 year	1,305	1,811	2,116	2,353	3,013	2,815	2,588	2,484	3,485	2,755	2,635	2,639
4	1–5 years	11,733	18,361	24,664	22,022	24,698	30,231	27,596	24,063	29,176	28,925	30,459	33,226
5	5–10 years	7,606	12,703	20,435	19,383	23,967	24,326	22,851	25,443	23,809	25,983	18,301	25,662
6	Over 10 years	6,099	9,556	13,959	11,726	15,512	18,174	14,992	17,065	14,125	19,861	17,618	20,228
	By type of customer												
7	U.S. government securities dealers	2,919	3,336	3,646	3,269	3,437	4,082	4,490	2,991	4,715	3,286	4,495	3,703
8	U.S. government securities brokers	25,580	36,222	49,355	44,050	59,844	67,913	61,034	59,714	63,594	70,388	69,404	72,620
9	All others[3]	24,278	35,773	42,205	40,783	48,338	51,853	52,045	44,574	48,287	50,014	50,437	59,059
10	Federal agency securities	7,846	11,640	16,726	20,159	21,416	22,764	26,100	26,124	18,175	18,837	24,297	29,892
11	Certificates of deposit	4,947	4,016	4,352	3,676	6,105	4,750	5,999	6,934	5,216	4,914	5,160	4,830
12	Bankers acceptances	3,243	3,242	3,273	2,529	3,390	3,272	3,366	2,795	3,421	2,736	3,413	3,721
13	Commercial paper	10,018	12,717	16,645	16,516	19,339	16,513	20,212	17,173	18,618	14,331	17,114	16,691
	Futures transactions[4]												
14	Treasury bills	6,947	5,561	3,311	1,909	2,879	4,898	2,851	3,070	4,076	2,923	3,830	8,005
15	Treasury coupons	4,503	6,069	7,170	5,519	7,029	8,092	6,982	7,324	5,885	9,625	7,175	8,266
16	Federal agency securities	262	240	12	0	0	0	0	0	0	0	0	0
	Forward transactions[5]												
17	U.S. government securities	1,364	1,283	1,873	2,066	2,055	4,074	2,862	1,927	3,621	7,289	2,254	3,405
18	Federal agency securities	2,843	3,857	7,823	9,933	10,696	11,440	15,903	9,896	7,558	12,155	14,374	11,582

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

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

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

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

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

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

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

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

Averages of daily figures, in millions of dollars

Item	1984	1985	1986	1986	1987		1987				
				Dec.	Jan.	Feb.	Jan. 28	Feb. 4	Feb. 11	Feb. 18	Feb. 25
	Positions										
Net immediate[2]											
1 U.S. government securities	5,429	7,391	13,049	10,219	13,180r	6,080	15,400	5,640	1,813	3,884	8,315
2 Bills	5,500	10,075	12,726	10,979	13,384r	7,387	13,895	8,634	5,064	7,253	8,224
3 Other within 1 year	63	1,050	3,698	2,969	3,462r	3,709	3,803	4,121	4,329	3,439	3,234
4 1–5 years	2,159	5,154	9,297	6,815	9,209r	7,399	11,940	9,151	8,231	4,952	6,028
5 5–10 years	1,119	6,202	9,504	−6,977	−7,180r	−5,890	−7,983	−8,351	−8,626	−5,666	−3,532
6 Over 10 years	−1,174	−2,686	−3,169	−3,567	5,695r	−6,526	−6,255	−7,914	−7,186	6,094	−5,639
7 Federal agency securities	15,294	22,860	33,075	34,694	31,255r	32,065	31,730	29,526	31,926	33,959	32,223
8 Certificates of deposit	7,369	9,192	10,533	10,049	9,439	9,668	9,795	10,159	9,727	10,090	9,516
9 Bankers acceptances	3,874	4,586	5,533	5,072	4,756	4,934	5,370	5,278	4,740	5,396	4,862
10 Commercial paper	3,788	5,570	8,087	9,789	9,973	9,215	10,906	11,335	9,603	8,088	8,639
Futures positions											
11 Treasury bills	−4,525	−7,322	−18,063	−16,170	15,293	−13,483	14,340	−13,814	−13,073	−12,349	−13,861
12 Treasury coupons	1,794	4,465	3,493	3,359	5,229r	6,669	6,393	7,362	7,065	6,958	6,376
13 Federal agency securities	233	−722	−153	−89	−92	−94	−93	−93	−93	−94	95
Forward positions											
14 U.S. government securities	1,643	−911	2,303	−2,101	183	357	2,434	968	1,874	838	−356
15 Federal agency securities	−9,205	−9,420	−11,920	−17,058	−16,648r	−16,439	−16,036	−15,545	−18,975	18,585	−13,833
	Financing[3]										
Reverse repurchase agreements[4]											
16 Overnight and continuing	44,078	68,035	98,954	109,241	131,592	128,668	140,251	126,044	128,948	131,738	125,240
17 Term agreements	68,357	80,509	108,693	123,297	126,179	132,531	130,895	137,017	148,624	122,442	126,149
Repurchase agreements[5]											
18 Overnight and continuing	75,717	101,410	141,735	149,315	175,858	174,370	188,496	170,746	170,489	176,452	174,867
19 Term agreements	57,047	70,076	102,640	120,500	115,452	115,522	119,064	119,890	131,038	105,108	109,751

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

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

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1983	1984	1985	1986					1987
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 **Federal and federally sponsored agencies**	**240,068**	**271,220**	**293,905**	**299,211**	**302,411**	**305,199r**	**305,097**	n.a.	
2 Federal agencies	33,940	35,145	36,390	36,132	36,473	36,716	36,952	36,958	
3 Defense Department[1]	243	142	71	40	37	36	35	33	
4 Export-Import Bank[2,3]	14,853	15,882	15,678	14,953	14,274	14,274	14,274	14,211	
5 Federal Housing Administration[4]	194	133	115	115	117	123	124	138	n.a.
6 Government National Mortgage Association participation certificates[5]	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	
7 Postal Service[6]	1,404	1,337	1,940	1,854	3,104	3,104	3,104	3,104	
8 Tennessee Valley Authority	14,970	15,435	16,347	16,931	16,702	16,940	17,176	17,222	
9 United States Railway Association[6]	111	51	74	74	74	74	74	85	
10 Federally sponsored agencies[7]	206,128	236,075	257,515	263,079	265,938	268,483r	268,145	n.a.	n.a.
11 Federal Home Loan Banks	48,930	65,085	74,447	85,997	87,133	87,146	86,891	88,752	
12 Federal Home Loan Mortgage Corporation	6,793	10,270	11,926	12,801	13,548	14,007	13,606	n.a.	n.a.
13 Federal National Mortgage Association	74,594	83,720	93,896	92,286	91,629	93,272	93,477	93,563	92,588
14 Farm Credit Banks	72,816	71,193	68,851	61,575	63,073	63,079	62,693	62,328	59,984
15 Student Loan Marketing Association[8]	3,402	5,745	8,395	10,420	10,555	10,979r	11,478	12,171	11,784
MEMO									
16 **Federal Financing Bank debt**[9]	**135,791**	**145,217**	**153,373**	**156,132**	**156,873**	**157,371**	**157,452**	157,510	
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	14,789	15,852	15,670	14,947	14,268	14,268	14,268	14,205	
18 Postal Service[6]	1,154	1,087	1,690	1,604	2,854	2,854	2,854	2,854	
19 Student Loan Marketing Association	5,000	5,000	5,000	5,000	4,970	4,970	4,970	4,970	n.a.
20 Tennessee Valley Authority	13,245	13,710	14,622	15,306	15,077	15,515	15,751	15,797	
21 United States Railway Association[6]	111	51	74	74	74	74	74	85	
Other Lending[10]									
22 Farmers Home Administration	55,266	58,971	64,234	65,274	65,374	65,374	65,374	65,374	
23 Rural Electrification Administration	19,766	20,693	20,654	21,398	21,460	21,506	21,531	21,680	
24 Other	26,460	29,853	31,429	32,529	32,796	32,810	32,630	32,545	

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

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1984r	1985r	1986	1986 July	Aug.	Sept.	Oct.	Nov.	Dec.	1987 Jan.	Feb.
1 **All issues, new and refunding**[1]	**106,641**	**214,189**	**134,606**	**19,833**	**25,965**	**4,532**	**8,825**	**10,085**	**14,082**	**6,829**	**7,955**
Type of issue											
2 General obligation	26,485	52,622	44,801	6,531	5,931	1,267	2,104	1,427	4,254	960	3,198
3 Revenue	80,156	161,567	89,806	13,302	20,034	3,265	6,721	8,658	9,828	5,869	4,757
Type of issuer											
4 State	9,129	13,004	14,935	2,879	2,121	9	697	111	961	153	1,287
5 Special district and statutory authority[2]	63,550	134,363	79,291	10,589	15,714	3,275	5,757	7,761	9,414	5,044	5,191
6 Municipalities, counties, townships	33,962	66,822	40,374	6,365	8,125	1,248	2,371	2,213	3,707	1,632	1,477
7 **Issues for new capital, total**	**94,050**	**156,050**	**79,195**	**13,165**	**17,810**	**2,558**	**3,789**	**4,085**	**8,831**	**2,556**	**3,026**
Use of proceeds											
8 Education	7,553	16,658	16,948	2,800	2,926	558	928	1,486	1,588	823	1,211
9 Transportation	7,552	12,070	11,666	3,164	1,460	827	1,195	976	588	146	603
10 Utilities and conservation	17,844	26,852	35,383	4,425	6,292	1,365	2,396	3,239	2,330	2,574	2,720
11 Social welfare	29,928	63,181	17,332	1,186	2,554	812	2,098	2,635	3,944	1,670	857
12 Industrial aid	15,415	12,892	5,594	975	489	138	499	331	2,159	101	52
13 Other purposes	15,758	24,398	47,433	7,281	12,245	832	1,708	1,418	3,473	1,515	2,512

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

SOURCES. Securities Data Company beginning April 1986. Public Securities Association for earlier data. This new data source began with the November BULLETIN.

1.46 NEW SECURITY ISSUES Corporations

Millions of dollars

Type of issue or issuer, or use	1984	1985	1986r	1986 June	July	Aug.	Sept.	Oct.	Nov.	Dec.r	1987 Jan.
1 **All issues**[1]	**132,531**	**201,269**	**294,220**	**25,776**	**21,093**	**24,245**	**16,093**	**28,582**	**28,867**	**25,043**	**22,354**
2 **Bonds**[2]	**109,903**	**165,754**	**232,390**	**20,756**	**16,766**	**18,481**	**12,830**	**23,476**	**22,268**	**18,795**	**19,439**
Type of offering											
3 Public	73,579	119,559	232,390	20,756	16,766	18,481	12,830	23,476	22,268	18,795	19,439
4 Private placement	36,324	46,195	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	24,607	52,228	52,848	5,368	2,535	4,536	2,345	2,055	3,378	3,276	3,901
6 Commercial and miscellaneous	13,726	15,140	19,221	2,056	3,409	1,045	1,405	1,067	1,213	2,067	1,074
7 Transportation	4,694	5,743	4,262	250	497	550	375	170	0	70	0
8 Public utility	10,679	12,957	25,585	1,948	1,470	2,098	1,915	2,537	2,587	2,498	1,340
9 Communication	2,997	10,456	13,430	810	465	1,615	417	1,255	1,158	776	65
10 Real estate and financial	53,199	69,232	117,048	10,324	8,390	8,638	6,373	16,392	13,933	10,109	13,059
11 **Stocks**[3]	**22,628**	**35,515**	**61,830**	**5,020**	**4,327**	**5,764**	**3,263**	**5,106**	**6,599**	**6,248**	**2,915**
Type											
12 Preferred	4,118	6,505	11,514	1,284	726	1,290	402	817	1,390	1,293	429
13 Common	18,510	29,010	50,316	3,736	3,601	4,474	2,861	4,289	5,209	4,955	2,486
Industry group											
14 Manufacturing	4,054	5,700	14,234	1,132	746	982	250	570	2,565	1,781	365
15 Commercial and miscellaneous	6,277	9,149	9,252	421	917	803	1,009	1,271	535	709	148
16 Transportation	589	1,544	2,392	154	179	57	28	511	15	183	0
17 Public utility	1,624	1,966	3,791	406	305	208	174	410	218	873	237
18 Communication	419	978	1,504	140	107	379	0	59	104	101	16
19 Real estate and financial	9,665	16,178	30,657	2,767	2,073	3,335	1,802	2,285	3,162	2,601	2,149

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

SOURCES. IDD Information Services, Inc., 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	1985	1986[r]	1986							1987
			June	July	Aug.	Sept.	Oct.	Nov.	Dec.[r]	Jan.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	222,670	411,740	30,619	35,684	32,636	34,690	37,150	33,672	44,796	49,966
2 Redemptions of own shares[3]	132,440	239,396	18,921	21,508	20,102	21,338	20,782	20,724	34,835	26,570
3 Net sales	90,230	172,344	11,698	14,176	12,534	13,352	16,368	12,948	9,961	23,396
4 Assets[4]	251,695	424,156	356,040	360,050	387,547	381,872	402,644	416,939	424,156	464,251
5 Cash position[5]	20,607	30,716	28,083	28,080	28,682	29,540	30,826	29,579	30,716	34,552
6 Other	231,088	393,440	327,957	331,970	358,865	352,332	371,818	387,360	393,440	429,699

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	1984	1985	1986	1985[r]				1986			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Corporate profits with inventory valuation and capital consumption adjustment	264.7	280.6	300.5	266.4	274.3	296.3	285.6	296.4	293.1	302.0	310.4
2 Profits before tax	235.7	223.1	237.3	213.8	213.8	229.2	235.8	222.5	227.7	240.4	258.8
3 Profits tax liability	95.4	91.8	103.4	87.8	87.1	95.8	96.4	95.7	99.0	104.4	114.6
4 Profits after tax	140.3	131.4	133.9	126.0	126.7	133.4	139.4	126.9	128.8	135.9	144.2
5 Dividends	78.3	81.6	87.8	80.9	81.4	81.6	82.5	85.2	87.5	88.8	89.7
6 Undistributed profits	62.0	49.8	46.1	45.1	45.3	51.8	57.0	41.7	41.2	47.2	54.5
7 Inventory valuation	−5.5	−.6	6.5	−.5	1.6	6.1	−9.4	16.5	10.6	6.1	−7.2
8 Capital consumption adjustment	34.5	58.1	56.6	53.2	58.9	61.0	59.2	57.3	54.8	55.5	58.8

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

1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities

Billions of dollars, except for ratio

Account	1980	1981	1982	1983	1984	1985				1986
						Q1	Q2	Q3	Q4	Q1
1 **Current assets**	**1,328.3**	**1,419.6**	**1,437.1**	**1,575.9**	**1,703.0**	**1,722.7**	**1,734.6**	**1,763.0**	**1,784.6**	**1,795.7**
2 Cash	127.0	135.6	147.8	171.8	173.6	167.5	167.1	176.3	189.2	195.3
3 U.S. government securities	18.7	17.7	23.0	31.0	36.2	35.7	35.4	32.6	33.0	31.0
4 Notes and accounts receivable	507.5	532.5	517.4	583.0	633.1	650.3	654.1	661.0	671.5	663.4
5 Inventories	543.0	584.0	579.0	603.4	656.9	665.7	666.7	675.0	666.0	679.6
6 Other	132.1	149.7	169.8	186.7	203.2	203.5	211.2	218.0	224.9	226.3
7 **Current liabilities**	**890.6**	**971.3**	**986.0**	**1,059.6**	**1,163.6**	**1,174.1**	**1,182.9**	**1,211.9**	**1,233.6**	**1,222.3**
8 Notes and accounts payable	514.4	547.1	550.7	595.7	647.8	636.9	651.7	670.4	682.7	668.4
9 Other	376.2	424.1	435.3	463.9	515.8	537.1	531.2	541.5	550.9	553.9
10 **Net working capital**	**437.8**	**448.3**	**451.1**	**516.3**	**539.5**	**548.6**	**551.7**	**551.1**	**551.0**	**573.4**
11 MEMO: Current ratio[1]	1.492	1.462	1.458	1.487	1.464	1.467	1.466	1.455	1.447	1.469

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

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry	1984	1985	1986[1]	1985			1986				1987
				Q2	Q3	Q4	Q1	Q2	Q3	Q4[1]	Q1[1]
1 **Total nonfarm business**	**354.44**	**387.13**	**380.69**	**387.86**	**389.23**	**397.88**	**377.94**	**375.92**	**374.55**	**394.34**	**386.82**
Manufacturing											
2 Durable goods industries	66.24	73.27	69.96	74.34	72.99	75.47	68.01	68.33	69.31	74.17	67.86
3 Nondurable goods industries	72.58	80.21	74.81	79.91	81.48	82.79	76.02	73.35	69.89	80.00	73.36
Nonmanufacturing											
4 Mining	16.86	15.88	11.24	16.56	15.89	15.25	12.99	11.22	10.15	10.62	10.36
Transportation											
5 Railroad	6.79	7.08	6.72	7.38	7.79	6.74	6.22	6.77	7.31	6.60	6.37
6 Air	3.56	4.79	6.04	3.71	5.17	6.07	6.58	5.77	5.69	6.12	7.22
7 Other	6.17	6.15	5.87	6.35	5.85	6.34	5.42	5.74	6.03	6.30	6.26
Public utilities											
8 Electric	37.03	36.11	33.96	36.00	35.58	36.38	34.21	33.81	33.91	33.91	33.34
9 Gas and other	10.44	12.71	12.57	12.61	12.86	13.41	12.82	12.74	11.99	12.72	12.97
10 Commercial and other[2]	134.75	150.93	159.50	150.99	151.62	155.42	155.67	158.18	160.25	163.91	169.08

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1982r	1983r	1984r	1985r			1986r			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	75.3	83.3	89.9	97.9	108.6	113.4	117.2	125.1	137.1	136.6
2 Business	100.4	113.4	137.8	147.3	143.7	158.3	165.9	167.7	161.0	174.2
3 Real estate	18.7	20.5	23.8	25.9	26.3	28.9	29.9	30.8	32.1	33.6
4 Total	194.3	217.3	251.5	271.1	278.6	300.6	312.9	323.6	330.2	344.4
Less:										
5 Reserves for unearned income	29.9	30.3	33.8	35.7	38.0	39.2	40.0	40.7	42.4	41.5
6 Reserves for losses	3.3	3.7	4.2	4.5	4.6	4.9	5.0	5.1	5.4	5.8
7 Accounts receivable, net	161.1	183.2	213.5	230.9	236.0	256.5	268.0	277.8	282.5	297.1
8 All other	30.4	34.4	35.7	39.8	46.3	45.3	48.8	49.5	60.0	58.6
9 Total assets	**191.5**	**217.6**	**249.2**	**270.7**	**282.3**	**301.9**	**316.8**	**327.2**	**342.5**	**355.7**
LIABILITIES										
10 Bank loans	16.5	18.3	20.0	18.7	18.9	21.1	20.0	22.2	24.7	30.3
11 Commercial paper	51.4	60.5	73.1	82.2	93.2	99.2	104.3	108.4	112.8	117.7
Debt										
12 Other short-term	11.9	11.1	12.9	12.7	12.4	12.5	13.4	15.3	16.0	17.2
13 Long-term	63.7	67.7	77.2	85.0	85.5	92.5	99.9	102.0	105.3	106.3
14 All other liabilities	21.6	31.2	34.5	38.7	38.2	41.0	42.4	41.1	44.2	44.7
15 Capital, surplus, and undivided profits	26.4	28.9	31.5	33.4	34.1	35.7	36.7	38.1	39.4	39.5
16 Total liabilities and capital	**191.5**	**217.6**	**249.2**	**270.7**	**282.3**	**301.9**	**316.8**	**327.2**	**342.5**	**355.7**

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

Revised data will be available in the Board's forthcoming *Annual Statistical Digest*.

1.52 DOMESTIC FINANCE COMPANIES Business Credit[1]

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Jan. 31, 1987[2]	Changes in accounts receivable			Extensions			Repayments		
		1986r		1987	1986r		1987	1986r		1987
		Nov.	Dec.	Jan.	Nov.	Dec.	Jan.	Nov.	Dec.	Jan.
1 Total	**173,637**	**921**	**1,558**	**255**	**27,576**	**30,501**	**26,183**	**26,655**	**28,943**	**25,928**
Retail financing of installment sales										
2 Automotive (commercial vehicles)	26,267	206	−570	184	997	861	801	791	1,431	617
3 Business, industrial, and farm equipment	22,740	−96	−100	−424	1,500	1,407	1,086	1,596	1,506	1,510
Wholesale financing										
4 Automotive	22,395	308	−1,717	−301	9,813	9,347	8,551	9,505	11,064	8,852
5 Equipment	5,229	62	170	−27	701	811	600	639	641	628
6 All other	8,347	84	37	993	2,903	2,989	3,312	2,819	2,952	2,318
Leasing										
7 Automotive	19,670	134	1,553	−368	967	1,896	1,265	833	343	1,633
8 Equipment	39,276	−316	1,634	834	833	1,817	1,008	1,149	183	174
9 Loans on commercial accounts receivable and factored commercial accounts receivable	16,059	185	−203	−22	8,462	8,945	7,841	8,277	9,148	7,862
10 All other business credit	13,654	354	753	−615	1,400	2,428	1,719	1,046	1,675	2,334

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

2. Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1984	1985	1986	1986					1987	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	96.8	104.1	118.1	117.9	124.0	127.5	124.2	124.8	132.6r	132.6
2 Amount of loan (thousands of dollars)	73.7	77.4	86.2	84.8	90.4	93.9	92.5	93.2	97.3r	97.2
3 Loan/price ratio (percent)	78.7	77.1	75.2	74.5	75.2	75.6	76.2	76.4	75.5r	75.5
4 Maturity (years)	27.8	26.9	26.6	26.5	27.1	27.9	27.3	27.4	27.7r	27.7
5 Fees and charges (percent of loan amount)[2]	2.64	2.53	2.48	2.40	2.49	2.66	2.64	2.46	2.23r	2.22
6 Contract rate (percent per annum)	11.87	11.12	9.82	9.84	9.74	9.57	9.45	9.28	9.14r	8.89
Yield (percent per annum)										
7 FHLBB series[3]	12.37	11.58	10.25	10.26	10.17	10.02	9.91	9.69	9.51r	9.25
8 HUD series[4]	13.80	12.28	10.07	9.88	9.96	9.89	9.47	9.33	9.09	9.04
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	13.81	12.24	9.91	9.80	9.90	9.80	9.26	9.21	8.79	8.81
10 GNMA securities[6]	13.13	11.61	9.30	9.11	9.17	9.06	8.83	8.62	8.46	8.28
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	83,339	94,574	98,048	96,675	97,717	98,402	98,210	97,895	96,382	95,514
12 FHA/VA-insured	35,148	34,244	29,683	28,451	26,658	25,435	24,300	23,121	22,155	22,042
13 Conventional	48,191	60,331	68,365	68,224	71,059	72,967	73,910	74,774	74,227	73,472
Mortgage transactions (during period)										
14 Purchases	16,721	21,510	30,826	3,800	4,649	3,784	2,549	2,336	1,346r	979
15 Sales	978	1,301	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mortgage commitments[7]										
16 Contracted (during period)	21,007	20,155	32,987	3,840	4,248	2,375	1,811	1,272	948	912
17 Outstanding (end of period)	6,384	3,402	3,386	7,671	7,252	5,740	4,625	3,386	2,258	2,175
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	9,283	12,399		14,010	13,359	12,905	12,315	11,564		
19 FHA/VA	910	841		739	729	722	707	694		
20 Conventional	8,373	11,558		13,271	12,630	12,183	11,607	10,870		
Mortgage transactions (during period)										
21 Purchases	21,886	44,012	n.a.	10,458	12,486	11,566	9,862	11,305	n.a.	n.a.
22 Sales	18,506	38,905		10,132	13,072	11,417	10,510	11,169		
Mortgage commitments[9]										
23 Contracted (during period)	32,603	48,989		13,707	10,658	9,356	11,233	8,742		
24 Outstanding (end of period)	13,318	16,613		n.a.	n.a.	n.a.	n.a.	n.a.		

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

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

	Type of holder, and type of property	1984	1985	1986	1985	1986			
					Q4	Q1	Q2	Q3	Q4
1	**All holders**	**2,036,158**	**2,268,423**	**2,560,310r**	**2,268,423**	**2,317,641**	**2,385,417**	**2,466,597**	**2,560,310r**
2	1- to 4-family	1,320,444	1,468,273	1,667,879r	1,468,273	1,496,282	1,545,311	1,605,598	1,667,879r
3	Multifamily	185,414	213,816	244,312r	213,816	221,587	229,186	236,595	244,312r
4	Commercial	418,300	480,719	549,358r	480,719	495,879	509,337	524,235	549,358r
5	Farm	112,000	105,615	98,761r	105,615	103,893	101,583	100,169	98,761r
6	Selected financial institutions	1,272,206	1,391,894	1,506,866r	1,391,894	1,410,344	1,436,865	1,465,757	1,506,866r
7	Commercial banks[1]	379,498	429,196	502,308r	429,196	441,096	455,965	474,542	502,308r
8	1- to 4-family	196,163	213,434	238,171r	213,434	216,290	221,644	229,340	238,171r
9	Multifamily	20,264	23,373	30,456r	23,373	25,389	26,840	28,250	30,456r
10	Commercial	152,894	181,032	220,944r	181,032	187,620	195,247	204,480	220,944r
11	Farm	10,177	11,357	12,737r	11,357	11,797	12,234	12,472	12,737r
12	Savings banks	154,441	177,263	224,901	177,263	188,154	203,398	215,036	224,901
13	1- to 4-family	107,302	121,879	155,229	121,879	131,381	142,174	149,786	155,229
14	Multifamily	19,817	23,329	30,291	23,329	23,980	26,543	28,400	30,291
15	Commercial	27,291	31,973	39,277	31,973	32,707	34,577	36,762	39,277
16	Farm	31	82	104	82	86	104	88	104
17	Savings and loan associations	555,277	583,236	553,552	583,236	574,732	565,037	557,139	553,552
18	1- to 4-family	421,489	432,422	404,034	432,422	420,073	413,865	408,152	404,034
19	Multifamily	55,750	66,410	67,282	66,410	67,140	66,020	65,827	67,282
20	Commercial	77,605	83,798	81,734	83,798	86,860	84,618	82,644	81,734
21	Farm	433	606	502	606	659	534	516	502
22	Life insurance companies	156,699	171,797	190,869	171,797	174,823	180,041	185,269	190,869
23	1- to 4-family	14,120	12,381	13,027	12,381	12,605	12,608	12,927	13,027
24	Multifamily	18,938	19,894	20,709	19,894	20,009	20,181	20,709	20,709
25	Commercial	111,175	127,670	145,863	127,670	130,569	135,924	140,213	145,863
26	Farm	12,466	11,852	11,270	11,852	11,640	11,328	11,420	11,270
27	Finance companies[2]	26,291	30,402	35,236	30,402	31,539	32,424	33,771	35,236
28	Federal and related agencies	158,993	166,928	157,098r	166,928	165,041	161,398	159,505	157,098r
29	Government National Mortgage Association	2,301	1,473	889r	1,473	1,533	876	887	889r
30	1- to 4-family	585	539	47	539	527	49	48	47
31	Multifamily	1,716	934	842r	934	1,006	827	839	842r
32	Farmers Home Administration	1,276	733	480	733	704	570	457	480
33	1- to 4-family	213	183	140	183	217	146	132	140
34	Multifamily	119	113	50	113	33	66	57	50
35	Commercial	497	159	120	159	217	111	115	120
36	Farm	447	278	170	278	237	247	153	170
37	Federal Housing and Veterans Administration	4,816	4,920	4,956r	4,920	4,964	5,094	4,966	4,956r
38	1- to 4-family	2,048	2,254	2,360r	2,254	2,309	2,449	2,331	2,360r
39	Multifamily	2,768	2,666	2,596	2,666	2,655	2,645	2,635	2,596
40	Federal National Mortgage Association	87,940	98,282	97,895	98,282	98,795	97,295	97,717	97,895
41	1- to 4-family	82,175	91,966	90,718	91,966	92,315	90,460	90,508	90,718
42	Multifamily	5,765	6,316	7,177	6,316	6,480	6,835	7,209	7,177
43	Federal Land Banks	52,261	47,498	40,719	47,498	45,422	43,369	42,119	40,719
44	1- to 4-family	3,074	2,798	2,396	2,798	2,673	2,552	2,478	2,396
45	Farm	49,187	44,700	38,323	44,700	42,749	40,817	39,641	38,323
46	Federal Home Loan Mortgage Corporation	10,399	14,022	12,159	14,022	13,623	14,194	13,359	12,159
47	1- to 4-family	9,654	11,881	10,927	11,881	12,231	11,890	11,127	10,927
48	Multifamily	745	2,141	1,232	2,141	1,392	2,304	2,232	1,232
49	Mortgage pools or trusts[3]	332,057	415,042	576,797	415,042	440,701	475,615	522,721	576,797
50	Government National Mortgage Association	179,981	212,145	260,869	212,145	220,348	229,204	241,230	260,869
51	1- to 4-family	175,589	207,198	255,132	207,198	215,148	223,838	235,664	255,132
52	Multifamily	4,392	4,947	5,737	4,947	5,200	5,366	5,566	5,737
53	Federal Home Loan Mortgage Corporation	70,822	100,387	170,393	100,387	110,337	125,903	146,871	170,393
54	1- to 4-family	70,253	99,515	165,856	99,515	108,020	123,676	143,734	165,856
55	Multifamily	569	872	4,537	872	2,317	2,227	3,137	4,537
56	Federal National Mortgage Association	36,215	54,987	97,174	54,987	62,310	72,377	86,359	97,174
57	1- to 4-family	35,965	54,036	95,791	54,036	61,117	71,153	85,171	95,791
58	Multifamily	250	951	1,383	951	1,193	1,224	1,188	1,383
59	Farmers Home Administration	45,039	47,523	48,361	47,523	47,706	48,131	48,261	48,361
60	1- to 4-family	21,813	22,186	21,682	22,186	22,082	21,987	21,782	21,682
61	Multifamily	5,841	6,675	7,453	6,675	6,943	7,170	7,353	7,453
62	Commercial	7,559	8,190	8,459	8,190	8,150	8,347	8,409	8,459
63	Farm	9,826	10,472	10,767	10,472	10,531	10,627	10,717	10,767
64	Individuals and others[4]	272,902	294,559	319,549	294,559	301,555	311,539	318,614	319,549
65	1- to 4-family	153,710	165,199	177,133	165,199	167,755	174,396	178,647	177,133
66	Multifamily	48,480	55,195	64,567	55,195	57,850	60,938	63,193	64,567
67	Commercial	41,279	47,897	52,961	47,897	49,756	50,513	51,612	52,961
68	Farm	29,433	26,268	24,888	26,268	26,194	25,692	25,162	24,888

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Assumed to be entirely 1- to 4-family loans.
3. Outstanding principal balances of mortgage pools backing securities insured or guaranteed by the agency indicated.
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 other U.S. agencies.

NOTE. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

1.55 CONSUMER INSTALLMENT CREDIT[1,4] Total Outstanding, and Net Change, seasonally adjusted

Millions of dollars

Holder, and type of credit	1985	1986	1986 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1987 Jan.
	Amounts outstanding (end of period)										
1 **Total**	**522,805**	**577,784**	**546,762**	**551,770**	**558,059**	**563,660**	**571,280**	**576,874**	**577,656**	**577,784**	**578,325**
By major holder											
2 Commercial banks	242,084	261,604	252,383	253,378	255,744	257,482	258,990	260,940	262,949	261,604	261,941
3 Finance companies[2]	113,070	136,494	122,472	125,146	127,380	129,265	135,516	138,038	136,314	136,494	135,645
4 Credit unions	72,119	77,857	73,733	74,243	74,865	75,637	76,299	76,995	77,508	77,857	78,038
5 Retailers[3]	38,864	40,586	39,900	39,983	40,158	40,379	40,455	40,565	40,496	40,586	40,617
6 Savings institutions	52,433	58,037	54,696	55,569	56,500	57,524	56,687	57,046	57,168	58,037	58,809
7 Gasoline companies	4,235	3,205	3,579	3,452	3,411	3,372	3,333	3,289	3,221	3,205	3,276
By major type of credit											
8 Automobile	208,057	245,055	221,012	224,407	227,822	231,200	239,014	243,400	243,005	245,055	246,078
9 Commercial banks	93,003	100,709	94,949	95,265	95,972	96,871	98,057	99,385	100,221	100,709	102,150
10 Credit unions	35,635	39,029	36,962	37,217	37,529	37,916	38,248	38,597	38,854	39,029	39,120
11 Finance companies	70,091	93,274	78,572	80,945	83,066	84,868	91,241	93,786	92,188	93,274	92,606
12 Savings institutions	9,328	12,043	10,529	10,980	11,255	11,545	11,468	11,632	11,742	12,043	12,203
13 Revolving	122,021	134,938	129,623	130,737	132,181	133,180	133,123	133,816	134,391	134,938	134,574
14 Commercial banks	75,866	85,652	82,029	82,911	83,987	84,545	84,430	84,868	85,426	85,652	85,073
15 Retailers	34,695	36,240	35,606	35,678	35,827	36,028	36,086	36,190	36,137	36,240	36,277
16 Gasoline companies	4,235	3,205	3,579	3,452	3,411	3,372	3,333	3,289	3,221	3,205	3,276
17 Savings institutions	5,705	7,713	6,663	6,899	7,105	7,325	7,308	7,445	7,529	7,713	7,816
18 Credit unions	1,520	2,128	1,746	1,797	1,851	1,910	1,966	2,024	2,078	2,128	2,133
19 Mobile home	25,488	25,710	25,673	25,806	25,891	25,939	25,732	25,784	25,731	25,710	25,841
20 Commercial banks	9,538	8,812	9,231	9,188	9,126	9,055	9,016	9,025	8,951	8,812	8,792
21 Finance companies	9,391	9,028	9,425	9,450	9,414	9,337	9,216	9,149	9,091	9,028	9,074
22 Savings institutions	6,559	7,870	7,017	7,168	7,351	7,547	7,500	7,610	7,689	7,870	7,974
23 Other	167,239	172,081	170,454	170,820	172,165	173,341	173,411	173,874	174,529	172,081	171,833
24 Commercial banks	63,677	66,431	66,174	66,014	66,659	67,011	67,487	67,662	68,351	66,431	65,926
25 Finance companies	33,588	34,192	34,475	34,751	34,900	35,061	35,059	35,104	35,035	34,192	33,965
26 Credit unions	34,964	36,700	35,025	35,229	35,485	35,811	36,085	36,374	36,576	36,700	36,786
27 Retailers	4,169	4,346	4,294	4,305	4,331	4,351	4,369	4,375	4,359	4,346	4,340
28 Savings institutions	30,841	30,412	30,486	30,521	30,790	31,107	30,411	30,359	30,208	30,412	30,816
	Net change (during period)										
29 **Total**	**76,622**	**54,979**	**4,237**	**5,008**	**6,289**	**5,601**	**7,620**	**5,594**	**782**	**128**	**541**
By major holder											
30 Commercial banks	32,926	19,520	1,223	995	2,366	1,738	1,508	1,950	2,009	-1,345	337
31 Finance companies[2]	23,566	23,424	2,029	2,674	2,234	1,885	6,251	2,522	-1,724	180	-849
32 Credit unions	6,493	5,738	249	510	622	772	662	696	513	349	181
33 Retailers[3]	1,660	1,722	290	83	175	221	76	110	-69	90	31
34 Savings institutions	12,103	5,604	694	873	931	1,024	-837	359	122	869	772
35 Gasoline companies	126	-1,030	-248	-127	-41	-39	-39	-44	-68	-16	71
By major type of credit											
36 Automobile	35,705	36,998	2,991	3,395	3,415	3,378	7,814	4,386	-395	2,050	1,023
37 Commercial banks	9,103	7,706	471	316	707	899	1,186	1,328	836	488	1,441
38 Credit unions	5,330	3,394	125	255	312	387	332	349	257	175	91
39 Finance companies	17,840	23,183	1,991	2,373	2,121	1,802	6,373	2,545	-1,598	1,086	-668
40 Savings institutions	3,432	2,715	404	451	275	290	-77	164	110	301	160
41 Revolving	22,401	12,917	718	1,114	1,444	999	-57	693	575	547	-364
42 Commercial banks	17,721	9,786	453	882	1,076	558	-115	438	558	226	-579
43 Retailers	1,488	1,545	258	72	149	201	58	104	53	103	37
44 Gasoline companies	126	-1,030	-248	-127	-41	-39	-39	-44	-68	-16	71
45 Savings institutions	2,771	2,008	211	236	206	220	-17	137	84	184	103
46 Credit unions	547	608	44	51	54	59	56	58	54	50	5
47 Mobile home	778	222	-30	133	85	48	207	52	-53	-21	131
48 Commercial banks	-85	-726	-53	-43	-62	-71	-39	9	-74	139	-20
49 Finance companies	-405	-363	-103	25	-36	-77	-121	67	-58	-63	46
50 Savings institutions	1,268	1,311	126	151	183	196	-47	110	79	181	104
51 Other	17,738	4,842	558	366	1,345	1,176	70	463	655	-2,448	-248
52 Commercial banks	6,187	2,754	352	-160	645	352	476	175	689	-1,920	-505
53 Finance companies	6,131	604	142	276	149	161	2	45	-69	-843	-227
54 Credit unions	616	1,736	80	204	256	326	274	289	202	124	86
55 Retailers	172	177	32	11	26	20	18	6	-16	-13	-6
56 Savings institutions	4,632	429	-48	35	269	317	-696	-52	-151	204	404

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

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

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

4. All data have been revised.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1984	1985	1986	1986 July	1986 Aug.	1986 Sept.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	13.71	12.91	11.33	n.a.	11.00	n.a.	n.a.	10.58	n.a.	n.a.
2 24-month personal	16.47	15.94	14.82	n.a.	14.70	n.a.	n.a.	14.19	n.a.	n.a.
3 120-month mobile home[2]	15.58	14.96	13.99	n.a.	13.95	n.a.	n.a.	13.49	n.a.	n.a.
4 Credit card	18.77	18.69	18.26	n.a.	18.15	n.a.	n.a.	18.09	n.a.	n.a.
Auto finance companies										
5 New car	14.62	11.98	9.44	9.31	9.29	5.40	6.12	11.83	11.71	11.65
6 Used car	17.85	17.59	15.95	15.83	15.56	15.23	15.17	15.20	15.12	14.62
OTHER TERMS[3]										
Maturity (months)										
7 New car	48.3	51.5	50.0	49.9	50.4	44.5	45.3	53.4	53.3	53.8
8 Used car	39.7	41.4	42.6	42.8	42.9	42.5	42.2	42.6	42.7	44.8
Loan-to-value ratio										
9 New car	88	91	91	89	90	92	92	93	93	94
10 Used car	92	94	97	97	97	98	97	97	98	98
Amount financed (dollars)										
11 New car	9,333	9,915	10,665	10,748	10,756	11,162	11,340	11,160	10,835	10,902
12 Used car	5,691	6,089	6,555	6,614	6,569	6,763	6,746	6,946	7,168	7,067

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

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

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1981	1982	1983	1984	1985	1986	1984		1985		1986	
							H1	H2	H1	H2	H1	H2
					Nonfinancial sectors							
1 **Total net borrowing by domestic nonfinancial sectors**	**375.8**	**387.4**	**548.8**	**756.3**	**869.3**	**827.7**	**727.8**	**784.8**	**732.6**	**1,006.1**	**705.2**	**950.7**
By sector and instrument												
2 U.S. government	87.4	161.3	186.6	198.8	223.6	214.3	181.3	216.3	201.8	245.5	211.3	217.5
3 Treasury securities	87.8	162.1	186.7	199.0	223.7	214.7	181.5	216.4	201.9	245.5	211.4	218.0
4 Agency issues and mortgages	.5	.9	.1	.2	-.1	.3	.2	.1	-.1	-.1	-.1	.5
5 Private domestic nonfinancial sectors	288.5	226.2	362.2	557.5	645.7	613.3	546.5	568.5	530.8	760.6	494.0	733.2
6 Debt capital instruments	155.5	148.3	252.8	314.0	461.7	447.0	298.4	329.6	355.4	568.0	384.3	509.7
7 Tax-exempt obligations	23.4	44.2	53.7	50.4	152.4	48.5	42.8	58.0	67.5	237.3	15.9	81.1
8 Corporate bonds	22.8	18.7	16.0	46.1	73.9	109.2	31.2	61.1	72.7	75.1	129.2	89.1
9 Mortgages	109.3	85.4	183.0	217.5	235.4	289.4	224.5	210.5	215.2	255.7	239.2	339.5
10 Home mortgages	72.2	50.5	117.1	129.9	150.3	200.6	135.2	124.7	133.1	167.5	156.4	244.7
11 Multifamily residential	4.8	5.4	14.1	25.1	29.2	30.4	27.5	22.7	24.6	33.7	30.9	29.9
12 Commercial	22.2	25.2	49.0	63.3	62.4	64.4	62.9	63.7	60.3	64.4	59.3	69.5
13 Farm	10.0	4.2	2.8	.8	6.4	6.0	1.1	-.5	2.8	10.0	7.4	-4.6
14 Other debt instruments	133.0	77.9	109.5	243.5	184.0	166.3	248.1	238.9	175.4	192.6	109.6	223.5
15 Consumer credit	22.6	17.7	56.8	95.0	96.6	67.9	98.7	91.3	97.3	95.9	75.3	61.2
16 Bank loans n.e.c.	57.0	52.9	25.8	80.1	41.3	80.2	91.9	68.4	24.9	57.7	22.0	138.4
17 Open market paper	14.7	6.1	.8	21.7	14.6	9.3	24.8	18.7	12.3	16.9	15.7	-2.9
18 Other	38.7	13.4	27.7	46.6	31.4	27.4	32.7	60.5	40.9	22.0	28.1	26.8
19 By borrowing sector	288.5	226.2	362.2	557.5	645.7	613.3	546.5	568.5	530.8	760.6	494.0	733.2
20 State and local governments	6.8	21.5	34.0	27.4	107.8	60.0	25.2	29.6	56.8	158.7	35.7	84.2
21 Households	121.4	88.4	188.0	239.5	295.0	291.2	232.8	246.2	253.6	336.4	231.8	351.1
22 Farm	16.6	6.8	4.3	.1	13.6	-11.7	-.4	.5	-5.9	21.3	15.2	8.3
23 Nonfarm noncorporate	38.5	40.2	76.6	97.1	92.8	100.7	101.4	92.7	85.6	99.9	95.7	105.7
24 Corporate	105.2	69.2	59.3	193.4	163.7	173.2	187.4	199.5	140.7	186.8	145.9	200.5
25 Foreign net borrowing in United States	23.5	16.0	17.4	6.1	1.7	14.4	35.5	23.3	-4.1	7.5	24.3	4.4
26 Bonds	5.4	6.7	3.1	1.3	4.0	5.2	1.1	1.5	5.5	2.6	7.1	3.3
27 Bank loans n.e.c.	3.0	5.5	3.6	6.6	2.8	2.1	2.2	11.1	6.1	.4	1.4	5.6
28 Open market paper	3.9	1.9	6.5	6.2	6.2	11.5	18.0	5.6	4.2	8.2	20.6	2.4
29 U.S. government loans	11.1	13.0	4.1	5.3	5.7	.2	18.7	8.1	7.8	3.6	-4.8	4.4
30 **Total domestic plus foreign**	**399.3**	**403.4**	**566.2**	**762.4**	**871.0**	**842.0**	**763.3**	**761.5**	**728.4**	**1,013.5**	**729.5**	**955.1**
					Financial sectors							
31 **Total net borrowing by financial sectors**	**101.9**	**90.1**	**94.0**	**139.0**	**186.9**	**242.0**	**134.2**	**143.8**	**154.8**	**218.9**	**189.0**	**295.0**
By instrument												
32 U.S. government related	47.4	64.9	67.8	74.9	101.5	171.1	69.8	80.0	92.9	110.2	129.5	212.7
33 Sponsored credit agency securities	30.5	14.9	1.4	30.4	20.6	12.4	29.1	31.8	25.3	15.9	4.4	20.5
34 Mortgage pool securities	15.0	49.5	66.4	44.4	79.9	159.0	40.7	48.2	67.6	92.1	124.3	193.7
35 Loans from U.S. government	1.9	.4	......	......	1.1	.4	......	......	......	2.2	.8	1.5
36 Private financial sectors	54.5	25.2	26.2	64.1	85.3	71.0	64.4	63.8	61.9	108.8	59.6	82.4
37 Corporate bonds	4.4	12.5	12.1	23.3	36.5	22.3	17.3	29.3	35.3	37.7	28.7	15.9
38 Mortgages	*	.1	*	.4	.1	.1	.4	.4	*	.1	.6	-.5
39 Bank loans n.e.c.	1.2	1.9	-.1	.7	2.6	3.6	.1	1.4	.9	4.2	2.4	4.7
40 Open market paper	32.7	9.9	21.3	24.1	32.0	25.2	31.1	17.0	13.9	50.1	14.4	36.1
41 Loans from Federal Home Loan Banks	16.2	.8	7.0	15.7	14.2	19.8	15.7	15.7	11.7	16.7	13.5	26.2
By sector												
42 Sponsored credit agencies	32.4	15.3	1.4	30.4	21.7	12.1	29.1	31.8	25.3	18.1	5.2	18.9
43 Mortgage pools	15.0	49.5	66.4	44.4	79.9	159.0	40.7	48.2	67.6	92.1	124.3	193.7
44 Private financial sectors	54.5	25.2	26.2	64.1	85.3	71.0	64.4	63.8	61.9	108.8	59.6	82.4
45 Commercial banks	11.6	11.7	5.0	7.3	-4.9	-2.2	15.4	.9	-9.2	.6	6.7	2.3
46 Bank affiliates	9.2	6.8	12.1	15.6	14.5	4.5	23.7	7.5	13.7	15.3	1.7	7.2
47 Savings and loan associations	15.5	2.5	-2.1	22.7	22.3	31.3	20.2	25.1	12.1	32.6	23.1	39.5
48 Finance companies	18.5	4.3	11.4	17.8	52.8	36.9	4.3	31.3	44.8	60.9	40.6	33.2
49 REITs	-.2	*	-.2	.8	.5	.5	.8	.8	.5	.5	.9	.1
					All sectors							
50 **Total net borrowing**	**501.3**	**493.5**	**660.2**	**901.4**	**1057.8**	**1084.1**	**897.5**	**905.3**	**833.3**	**1,232.4**	**918.6**	**1250.1**
51 U.S. government securities	133.0	225.9	254.4	273.8	324.2	385.8	251.2	296.4	294.8	353.5	340.0	431.7
52 State and local obligations	23.4	44.2	53.7	50.4	152.4	48.5	42.8	58.0	67.5	237.3	15.9	81.1
53 Corporate and foreign bonds	32.6	37.8	31.2	70.7	114.4	136.6	49.6	91.9	113.5	115.3	165.0	108.3
54 Mortgages	109.2	85.4	183.0	217.8	235.4	289.4	224.8	210.8	215.2	255.7	239.7	339.0
55 Consumer credit	22.6	17.7	56.8	95.0	96.6	67.9	98.7	91.3	97.3	95.9	75.3	61.2
56 Bank loans n.e.c.	61.2	49.3	29.3	74.2	41.0	81.7	89.6	58.8	19.8	62.3	25.9	137.5
57 Open market paper	51.3	5.7	26.9	52.0	52.8	27.4	73.8	30.1	30.4	75.2	19.3	35.5
58 Other loans	68.0	27.6	24.8	67.6	41.0	46.7	67.1	68.1	44.8	37.3	37.5	55.8
					External corporate equity funds raised in United States							
59 **Total new share issues**	**-3.3**	**33.6**	**67.0**	**-31.1**	**37.5**	**115.3**	**-40.1**	**-22.2**	**33.3**	**41.6**	**149.6**	**81.1**
60 Mutual funds	6.0	16.8	32.1	38.0	103.4	187.6	39.3	36.6	93.6	113.1	201.5	173.6
61 All other	9.3	16.8	34.9	-69.1	-65.9	-72.3	-79.4	-58.8	-60.4	71.5	-52.0	-92.6
62 Nonfinancial corporations	-11.5	11.4	28.3	77.0	81.6	-80.8	-84.5	-69.4	-75.7	-87.5	-68.7	92.7
63 Financial corporations	1.9	4.0	2.7	6.7	11.7	6.7	5.9	7.6	11.0	12.4	8.3	5.1
64 Foreign shares purchased in United States	.3	1.5	3.9	1.2	4.0	1.8	-.7	3.0	4.3	3.6	8.5	-4.9

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	1981	1982	1983	1984	1985	1986	1984 H1	1984 H2	1985 H1	1985 H2	1986 H1	1986 H2
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**375.8**	**387.4**	**548.8**	**756.3**	**869.3**	**827.7**	**727.8**	**784.8**	**732.6**	**1,006.1**	**705.2**	**950.7**
By public agencies and foreign												
2 Total net advances	104.4	115.4	115.3	154.6	203.3	313.0	132.5	176.6	201.8	204.9	261.3	364.6
3 U.S. government securities	17.1	22.7	27.6	36.0	47.2	85.5	26.8	45.2	53.1	41.3	77.4	93.5
4 Residential mortgages	23.5	61.0	76.1	56.5	94.6	156.5	52.7	60.2	85.6	103.7	121.0	191.9
5 FHLB advances to savings and loans	16.2	.8	−7.0	15.7	14.2	19.8	15.7	15.7	11.7	16.7	13.5	26.2
6 Other loans and securities	47.7	30.8	18.6	46.5	47.3	51.2	37.5	55.5	51.4	43.2	49.4	53.0
Total advanced, by sector												
7 U.S. government	24.0	15.9	9.7	17.4	17.8	14.2	9.0	25.7	28.8	6.7	14.6	13.8
8 Sponsored credit agencies	48.2	65.5	69.8	73.3	101.5	170.6	74.0	72.5	98.2	104.9	127.3	214.0
9 Monetary authorities	9.2	9.8	10.9	8.4	21.6	30.2	8.8	8.0	23.7	19.5	9.8	50.6
10 Foreign	23.0	24.1	24.9	55.5	62.4	98.0	40.7	70.4	51.0	73.8	109.7	86.2
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	47.4	64.9	67.8	74.9	101.5	171.1	69.8	80.0	92.9	110.2	129.5	212.7
12 Foreign	23.5	16.0	17.4	6.1	1.7	14.4	35.5	−23.3	−4.1	7.5	24.3	4.4
Private domestic funds advanced												
13 Total net advances	342.3	352.9	518.7	682.7	769.2	700.1	700.5	664.9	619.6	918.8	597.7	803.2
14 U.S. government securities	115.9	203.1	226.9	237.8	277.0	300.3	224.4	251.2	241.7	312.2	262.5	338.2
15 State and local obligations	23.4	44.2	53.7	50.4	152.4	48.5	42.8	58.0	67.5	237.3	15.9	81.1
16 Corporate and foreign bonds	19.8	14.8	14.6	32.6	41.2	75.3	25.6	39.6	49.7	32.7	96.4	54.3
17 Residential mortgages	53.5	−5.3	55.0	98.5	84.8	74.5	109.9	87.0	72.0	97.5	66.2	82.7
18 Other mortgages and loans	145.9	96.9	161.5	279.1	228.1	221.3	313.6	244.7	200.4	255.9	170.1	273.0
19 Less: Federal Home Loan Bank advances	16.2	.8	−7.0	15.7	14.2	19.8	15.7	15.7	11.7	16.7	13.5	26.2
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	320.2	261.9	391.9	550.5	554.4	659.2	581.8	519.1	471.3	637.4	572.5	746.6
21 Commercial banking	106.5	110.2	144.3	168.9	186.3	203.2	184.2	153.5	133.8	238.8	106.9	299.8
22 Savings institutions	26.2	21.8	135.6	149.2	83.4	109.6	173.5	124.9	63.0	103.9	101.4	117.8
23 Insurance and pension funds	93.5	86.2	97.8	124.0	141.0	137.3	144.5	103.5	121.8	160.1	124.6	150.1
24 Other finance	94.0	43.7	14.1	108.3	143.6	209.1	79.5	137.2	152.7	134.5	239.6	178.8
25 Sources of funds	320.2	261.9	391.9	550.5	554.4	659.2	581.8	519.1	471.3	637.4	572.5	746.6
26 Private domestic deposits and RPs	214.5	195.2	212.2	317.6	204.8	253.3	300.2	334.9	203.0	206.6	224.5	282.3
27 Credit market borrowing	54.5	25.2	26.2	64.1	85.3	71.0	64.4	63.8	61.9	108.8	59.6	82.4
28 Other sources	51.2	41.5	153.4	168.8	264.2	334.9	217.2	120.4	206.5	322.0	288.4	381.9
29 Foreign funds	−23.7	−31.4	16.3	5.4	17.7	14.7	3.0	7.8	11.2	24.3	.9	28.6
30 Treasury balances	−1.1	6.1	−5.3	4.0	10.3	1.9	−.1	8.2	14.4	6.1	−5.5	9.4
31 Insurance and pension reserves	89.6	92.5	110.6	112.5	107.0	120.2	146.5	78.5	97.4	116.6	104.5	135.9
32 Other, net	−13.6	−25.7	31.8	46.8	129.2	198.1	67.8	25.9	83.5	175.0	188.5	208.1
Private domestic nonfinancial investors												
33 Direct lending in credit markets	76.6	116.3	153.0	196.4	300.2	111.9	183.1	209.6	210.2	390.2	84.8	139.0
34 U.S. government securities	37.1	69.9	95.5	132.9	150.9	65.7	142.2	123.6	130.8	171.0	53.4	78.2
35 State and local obligations	11.1	25.0	39.0	29.6	59.2	6.4	25.0	34.3	20.5	98.0	−24.5	37.3
36 Corporate and foreign bonds	−4.0	2.0	−12.7	−3.4	13.2	11.5	−26.8	19.9	25.4	1.0	44.6	−21.6
37 Open market paper	1.4	−1.3	15.1	8.9	51.8	7.0	15.7	2.2	7.3	96.3	−13.0	27.1
38 Other	31.0	20.6	16.2	28.3	25.1	21.3	26.9	29.7	26.3	24.0	24.3	18.0
39 Deposits and currency	222.4	204.5	229.7	321.1	215.1	274.9	311.3	330.9	215.9	214.3	241.6	308.3
40 Currency	9.5	9.7	14.3	8.6	12.4	14.4	13.1	4.1	15.8	9.0	10.9	18.0
41 Checkable deposits	18.5	18.6	28.8	27.8	42.0	99.2	29.4	26.3	18.2	65.8	83.9	114.6
42 Small time and savings accounts	47.3	135.7	215.3	150.7	137.5	117.9	136.4	164.9	167.1	108.0	117.5	118.3
43 Money market fund shares	107.5	24.7	−44.1	47.2	−2.2	20.8	30.2	64.2	4.2	−8.6	29.0	12.7
44 Large time deposits	36.0	5.2	−6.3	84.9	14.0	1.6	93.4	76.5	−.8	28.9	2.0	1.3
45 Security RPs	5.2	11.1	18.5	7.0	13.4	13.7	10.8	3.1	14.3	12.5	−7.9	35.3
46 Deposits in foreign countries	−1.7	−.4	3.1	−5.1	−2.1	7.1	−2.0	−8.2	−2.9	−1.3	6.2	8.1
47 **Total of credit market instruments, deposits and currency**	**299.0**	**320.7**	**382.7**	**517.4**	**515.3**	**386.7**	**494.4**	**540.5**	**426.0**	**604.5**	**326.4**	**447.3**
48 Public holdings as percent of total	26.2	28.6	20.4	20.3	23.3	37.2	17.4	23.2	27.7	20.2	35.8	38.2
49 Private financial intermediation (in percent)	93.6	74.2	75.5	80.6	72.1	94.2	83.1	78.1	76.1	69.4	95.8	93.0
50 Total foreign funds	−.7	−7.3	41.3	60.9	80.1	112.7	43.7	78.2	62.2	98.1	110.5	114.8
MEMO: Corporate equities not included above												
51 **Total net issues**	**−3.3**	**33.6**	**67.0**	**−31.1**	**37.5**	**115.3**	**−40.1**	**−22.2**	**33.3**	**41.6**	**149.6**	**81.1**
52 Mutual fund shares	6.0	16.8	32.1	38.0	103.4	187.6	39.3	36.6	93.6	113.1	201.5	173.6
53 Other equities	−9.3	16.8	34.9	−69.1	−65.9	−72.3	−79.4	−58.8	−60.4	−71.5	−52.0	−92.6
54 Acquisitions by financial institutions	19.9	27.6	46.8	8.2	33.3	27.8	−4.1	20.6	54.0	12.6	35.4	20.3
55 Other net purchases	−23.2	6.0	20.2	−39.4	4.1	87.5	−36.0	−42.7	−20.7	29.0	114.2	60.7

NOTES BY LINE NUMBER.
1. Line 1 of table 1.57.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
30. Demand deposits and note balances at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 13 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures[1]

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

Measure	1984	1985^r	1986	1986 June	July	Aug.	Sept.	Oct.	Nov.	Dec.^r	1987 Jan.^r	Feb.
1 **Industrial production**	**121.4^r**	**123.8**	**125.0**	**124.2**	**124.9**	**125.1**	**124.9**	**125.3**	**126.0**	**126.6**	**126.8**	**127.3**
Market groupings												
2 Products, total	126.7^r	130.8	133.2	132.4	133.2	133.8	133.3	134.0	134.5	135.0	135.2	136.0
3 Final, total	127.3^r	131.1	132.3	131.1	132.0	132.6	132.2	132.7	133.1^r	133.7	133.6	134.5
4 Consumer goods	118.0^r	120.2	124.4	124.4	125.2	125.1	124.2	124.7	125.6^r	127.2	126.8	127.5
5 Equipment	139.6^r	145.4	142.7	140.0	141.0	142.5	142.8	143.3	143.1^r	142.2	142.6	143.7
6 Intermediate	124.7^r	130.0	136.4	137.0	137.3	137.8	137.0	138.7	139.2^r	139.8	140.9	141.2
7 Materials	114.2^r	114.2	113.9	113.1	113.6	113.2	113.5	113.3	114.3^r	115.1	115.3	115.5
Industry groupings												
8 Manufacturing	123.4^r	126.4	129.1	128.3	129.2	129.5	129.5	129.9	130.3^r	131.0	131.1	131.8
Capacity utilization (percent)[2]												
9 Manufacturing	80.5	80.1	79.8	79.3	79.7	79.7	79.6	79.6	79.8	80.0	79.9	80.1
10 Industrial materials industries	82.0	80.2		78.0	78.3	77.9	78.1	77.8	78.4	78.9	78.9	78.9
11 Construction contracts (1982 = 100)[3]	135.0	148.0	155.0	159.0	157.0	155.0	155.0	151.0	156.0	155.0	150.0	145.0
12 Nonagricultural employment, total[4]	114.5	118.4	121.5	121.1	121.4	121.6	121.9	122.3	122.6	122.9	123.2	123.7
13 Goods-producing, total	101.6	102.4	102.5	102.1	102.2	102.2	102.1	102.1	102.3	102.4	102.7	102.9
14 Manufacturing, total	98.6	98.1	97.5	97.2	97.1	97.1	97.0	97.1	97.3	97.5	97.4	97.6
15 Manufacturing, production-worker	94.1	92.9	92.1	91.8	91.7	91.7	91.7	91.8	92.1	92.3	92.2	92.5
16 Service-producing	120.0	125.0	129.4	129.0	129.4	129.7	130.2	130.7	131.1	131.4	131.8	132.3
17 Personal income, total	193.5	206.2	216.9	216.6	217.2	217.6	218.2	218.8	219.2	220.4	220.8	222.8
18 Wages and salary disbursements	184.8	197.8	208.6	207.6	208.5	209.6	210.1	211.5	212.5	212.8	214.1	215.9
19 Manufacturing	164.6	172.5	176.7	175.4	175.5	176.6	176.5	179.0	177.8	178.1	178.8	179.7
20 Disposable personal income[5]	193.6	205.0	215.5	215.5	215.8	215.9	216.4	216.7	216.8	217.5	219.4	222.1
21 Retail sales[6]	179.0	190.6	199.9	197.5	198.9	201.7	213.0	201.9	200.9	210.7	195.1	203.0
Prices[7]												
22 *Consumer (1967 = 100)*	311.1	322.2	328.4	327.9	328.0	328.6	330.2	330.5	330.8	331.1	333.1	334.4
23 Producer finished goods (1967 = 100)	291.1	293.7	289.6	289.3	287.6	288.1	287.3	290.5	290.7	289.9	291.7	292.3

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

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

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1984	1985^r	1986	1986						1987	
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**178,602**	**180,440**	**182,822**	**182,906**	**183,074**	**183,261**	**183,450**	**183,628**	**183,815**	**184,092**	**184,259**
2 Labor force (including Armed Forces)[1]	115,763	117,695	120,078	120,341	120,370	120,536	120,678	120,940	120,854	121,299	121,610
3 Civilian labor force	113,544	115,461	117,834	118,117	118,124	118,272	118,414	118,675	118,586	119,034	119,349
Employment											
4 Nonagricultural industries[2]	101,685	103,971	106,434	106,763	107,010	106,845	107,030	107,217	107,476	107,866	108,146
5 Agriculture	3,321	3,179	3,163	3,124	3,057	3,142	3,162	3,215	3,161	3,145	3,236
Unemployment											
6 Number	8,539	8,312	8,237	8,230	8,057	8,285	8,222	8,243	7,949	8,023	7,967
7 Rate (percent of civilian labor force)	7.5	7.2	7.0	7.0	6.8	7.0	6.9	6.9	6.7	6.7	6.7
8 Not in labor force	62,839	62,745	62,744	62,565	62,704	62,725	62,772	62,688	62,961	62,793	62,649
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**94,461**	**97,614**	**100,168**	**100,105**	**100,283**	**100,560**	**100,826**	**101,068**	**101,322^r**	**101,641^r**	**101,978**
10 Manufacturing	19,412	19,314	19,187	19,121	19,123	19,105	19,118	19,156	19,186^r	19,171^r	19,221
11 Mining	974	930	792	768	753	743	746	742	738^r	729	727
12 Contract construction	4,345	4,687	4,961	4,980	5,012	5,010	5,001	4,993	4,996^r	5,109^r	5,111
13 Transportation and public utilities	5,171	5,242	5,285	5,288	5,255	5,316	5,316	5,351	5,359	5,378^r	5,383
14 Trade	22,134	23,100	23,829	23,841	23,893	23,924	24,007	24,056	24,065^r	24,190^r	24,330
15 Finance	5,682	5,953	6,304	6,334	6,364	6,388	6,409	6,429	6,472^r	6,496^r	6,512
16 Service	20,761	21,974	23,073	23,176	23,255	23,300	23,359	23,451	23,578^r	23,665^r	23,778
17 Government	15,984	16,415	16,738	16,597	16,628	16,774	16,870	16,890	16,928^r	16,903^r	16,916

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

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1986				1986				1986			
	Q1	Q2	Q3	Q4r	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4r
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)			
1 **Total industry**	**125.0**	**124.4**	**125.0**	**125.9**	**156.3**	**157.1**	**157.9**	**158.7**	**80.0**	**79.2**	**79.1**	**79.3**
2 Mining	105.4	99.9	96.6	96.7	132.4	132.1	131.9	131.7	79.6	75.6	73.2	73.4
3 Utilities	110.5	108.9	108.8	110.2	136.3	136.9	137.5	138.1	81.1	79.5	79.1	79.8
4 **Manufacturing**	**128.4**	**128.4**	**129.4**	**130.4**	**160.5**	**161.4**	**162.4**	**163.4**	**80.0**	**79.5**	**79.7**	**79.8**
5 Primary processing	111.5	111.1	112.1	114.0	133.6	134.0	134.6	135.1	83.5	82.9	83.3	84.4
6 Advanced processing	138.5	138.9	139.7	140.4	176.7	177.9	179.1	180.4	78.4	78.0	78.0	77.8
7 **Materials**	**114.5**	**113.3**	**113.4**	**114.3**	**144.2**	**144.7**	**145.3**	**145.8**	**79.4**	**78.3**	**78.1**	**78.4**
8 Durable goods	120.9	118.8	118.8	120.1	159.9	160.7	161.5	162.2	75.6	73.9	73.6	74.0
9 Metal materials	79.0	75.1	73.1	75.7	115.0	114.5	114.0	113.4	68.7	65.6	64.2	66.8
10 Nondurable goods	115.7	116.9	119.7	121.1	139.0	139.5	139.9	140.4	83.2	83.8	85.6	86.2
11 Textile, paper, and chemical	116.2	117.0	120.4	122.1	138.4	138.8	139.2	139.6	83.9	84.3	86.5	87.5
12 Paper	128.8	130.1	135.1	135.0	137.3	138.1	138.9	139.7	93.8	94.2	97.3	96.7
13 Chemical	115.3	115.4	117.7	120.1	144.0	144.3	144.7	145.0	80.1	80.0	81.4	82.8
14 Energy materials	102.2	100.6	98.6	98.1	121.1	121.3	121.4	121.6	84.4	82.9	81.2	80.7

Series	Previous cycle[1]		Latest cycle[2]		1986	1986						1987	
	High	Low	High	Low	Feb.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.r	Jan.r	Feb.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.6**	**72.1**	**86.9**	**69.5**	**80.2**	**79.0**	**79.2**	**79.2**	**79.0**	**79.0**	**79.4**	**79.6**	**79.6**	**79.8**
16 Mining	92.8	87.8	95.2	76.9	79.4	74.9	73.5	73.1	72.9	72.5	73.9r	73.8	75.1	75.3
17 Utilities	95.6	82.9	88.5	78.0	80.4	79.2	79.9	78.8	78.7	79.3	80.5	79.5	80.4	80.8
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**80.2**	**79.3**	**79.7**	**79.7**	**79.6**	**79.6**	**79.8**	**80.0**	**79.9**	**80.1**
19 Primary processing	91.9	68.3	89.1	65.1	83.6	82.7	82.9	83.2	83.7	83.8	84.4	85.0	85.1	85.0
20 Advanced processing	86.0	71.1	85.1	69.5	78.6	77.7	78.4	78.0	77.6	77.8	77.7	77.9	77.7	77.9
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.4**	**79.6**	**78.0**	**78.3**	**77.9**	**78.1**	**77.8**	**78.4**	**78.9**	**78.9**	**78.9**
22 Durable goods	91.8	64.4	89.8	60.9	75.9	73.2	73.7	73.5	73.5	73.6	74.2	74.3	74.1	74.1
23 Metal materials	99.2	67.1	93.6	45.7	69.0	63.2	63.8	63.8	64.8	65.2	68.4r	66.7	65.4	66.3
24 Nondurable goods	91.1	66.7	88.1	70.6	83.5	84.3	85.0	85.5	86.1	85.8	85.7r	87.3	87.2	87.3
25 Textile, paper, and chemical	92.8	64.8	89.4	68.6	84.2	85.1	85.6	86.5	87.4	87.0	86.7	88.7	88.6	88.9
26 Paper	98.4	70.6	97.3	79.9	93.8	95.9	97.8	97.9	96.1	95.7	96.0	98.2	98.2	.....
27 Chemical	92.5	64.4	87.9	63.3	80.2	80.4	80.2	81.2	82.6	82.5	81.7	84.3	84.8	.....
28 Energy materials	94.6	86.9	94.0	82.2	84.3	83.1	82.3	80.6	80.7	79.7	81.2	81.1	81.7	81.9

1. Monthly high 1973; monthly low 1975.
2. Monthly highs 1978 through 1980; monthly lows 1982.

NOTE. These data also appear in the Board's G.3 (402) release. For address, see inside front cover.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value ▲

Monthly data are seasonally adjusted

Grouping	1977 proportion	1986 avg.	1986 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.	1987 Jan.[p]	Feb.[e]
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**125.0**	**125.3**	**123.6**	**124.7**	**124.2**	**124.2**	**124.9**	**125.1**	**124.9**	**125.3**	**126.0**	**126.6**	**126.8**	**127.3**
2 Products	57.72	133.2	132.9	131.2	132.7	132.4	132.4	133.2	133.8	133.3	134.0	134.5	135.0	135.2	136.0
3 Final products	44.77	132.3	132.8	130.6	132.1	131.6	131.1	132.0	132.6	132.2	132.7	133.1	133.7	133.6	134.5
4 Consumer goods	25.52	124.4	123.3	121.8	124.5	124.3	124.4	125.2	125.1	124.2	124.7	125.6	127.2	126.8	127.5
5 Equipment	19.25	142.7	145.4	142.3	142.3	141.2	140.0	141.0	142.5	142.8	143.3	143.1	142.2	142.6	143.7
6 Intermediate products	12.94	136.4	133.4	133.3	134.5	135.1	137.0	137.3	137.8	137.0	138.7	139.2	139.8	140.9	141.2
7 Materials	42.28	113.9	114.8	113.3	113.8	113.0	113.1	113.6	113.2	113.5	113.3	114.3	115.1	115.3	115.5
Consumer goods															
8 Durable consumer goods	6.89	116.2	116.6	112.4	115.9	113.8	114.3	116.3	115.7	117.4	116.3	118.4	121.7	119.3	121.7
9 Automotive products	2.98	115.1	117.6	110.4	116.4	113.2	113.7	116.4	114.5	117.0	112.7	114.6	117.8	118.2	123.5
10 Autos and trucks	1.79	112.9	119.4	106.3	115.1	110.3	112.2	114.5	110.4	116.8	107.7	107.6	115.6	117.9	125.1
11 Autos, consumer	1.16	97.3	107.1	93.7	100.8	94.8	99.3	95.3	87.8	96.2	91.9	92.3	99.5	94.3	105.2
12 Trucks, consumer	.63	141.8	142.1	129.6	141.5	139.1	136.1	150.3	152.4	155.1	137.1	136.0	145.6	161.9	.....
13 Auto parts and allied goods	1.19	118.4	114.9	116.6	118.4	117.4	116.1	119.1	120.7	117.3	120.1	125.2	121.0	118.7	121.1
14 Home goods	3.91	117.1	115.8	113.9	115.5	114.3	114.8	116.3	116.7	117.7	119.0	121.2	124.7	120.1	120.4
15 Appliances, A/C and TV	1.24	139.5	135.1	133.7	138.8	133.9	137.5	138.9	139.4	141.2	142.6	148.1	154.1	142.5	143.1
16 Appliances and TV	1.19	141.6	137.6	136.0	140.6	135.8	139.1	141.6	142.5	143.5	144.3	150.0	156.1	144.3	.....
17 Carpeting and furniture	.96	125.8	124.4	121.2	121.8	123.3	122.5	126.6	125.8	126.2	128.8	131.1	132.2	129.2	.....
18 Miscellaneous home goods	1.71	96.0	97.0	95.5	95.0	95.0	94.1	94.1	95.1	96.0	96.5	96.3	99.3	98.8	.....
19 Nondurable consumer goods	18.63	127.5	125.8	125.3	127.7	128.1	128.1	128.4	128.6	126.7	127.8	128.3	129.3	129.6	129.7
20 Consumer staples	15.29	97.0	132.3	131.6	134.3	135.0	135.1	135.3	135.5	133.6	134.4	135.0	135.8	136.3	136.4
21 Consumer foods and tobacco	7.80	134.1	131.1	130.3	131.9	132.4	133.3	132.2	133.2	131.0	131.6	132.6	133.7	134.1	.....
22 Nonfood staples	7.49	131.9	133.5	133.0	136.7	137.7	137.0	138.5	137.9	136.3	137.2	137.4	137.9	138.5	138.4
23 Consumer chemical products	2.75	136.5	158.3	156.4	163.1	162.4	163.6	166.4	163.4	161.1	161.7	161.0	161.9	162.3	.....
24 Consumer paper products	1.88	161.2	143.4	143.1	145.1	148.6	147.1	146.4	147.7	145.7	150.3	151.5	150.8	150.6	.....
25 Consumer energy	2.86	147.4	103.2	104.0	106.0	106.8	104.8	106.6	107.1	106.3	105.2	105.5	106.4	107.7	.....
26 Consumer fuel	1.44	105.7	92.0	92.2	93.7	96.4	91.8	91.2	94.9	92.0	90.8	91.7	92.2	96.3	.....
27 Residential utilities	1.42	92.8	114.5	116.1	118.4	117.5	118.1	122.3	119.6	120.9	119.8	119.6	120.9	.....	.....
Equipment															
28 Business and defense equipment	18.01	147.1	147.8	145.5	146.6	146.0	145.1	146.4	147.8	148.0	148.4	148.1	147.0	147.5	148.7
29 Business equipment	14.34	138.6	140.5	137.7	138.6	137.9	136.6	137.9	139.3	139.3	139.1	138.6	137.1	137.5	138.9
30 Construction, mining, and farm	2.08	59.8	63.0	59.5	58.6	60.9	61.9	60.6	58.3	58.1	58.0	56.6	57.2	56.0	.....
31 Manufacturing	3.27	112.0	112.9	112.4	111.9	111.9	111.7	112.6	113.3	113.0	112.7	109.6	108.7	109.0	109.1
32 Power	1.27	81.6	82.3	82.0	83.0	82.9	83.5	81.7	81.7	80.3	80.5	79.5	79.8	79.1	78.7
33 Commercial	5.22	214.6	216.8	214.3	213.4	212.9	208.2	214.5	217.5	215.1	215.4	217.3	214.1	216.0	215.9
34 Transit	2.49	109.2	111.7	104.3	112.1	107.3	108.8	103.9	106.9	113.3	111.8	110.7	108.9	108.5	115.2
35 Defense and space equipment	3.67	180.3	176.3	176.2	178.0	178.0	178.4	179.5	181.0	182.0	184.6	184.9	185.8	186.5	187.2
Intermediate products															
36 Construction supplies	5.95	124.7	122.6	122.6	123.6	123.5	124.1	124.0	125.4	125.9	126.3	126.8	128.1	130.0	130.2
37 Business supplies	6.99	146.4	142.6	142.5	143.8	145.0	147.9	148.6	148.4	146.4	149.3	149.7	149.7	150.2	.....
38 General business supplies	5.67	150.6	146.7	146.4	148.0	148.3	151.6	153.3	152.5	151.2	154.1	153.7	154.2	154.7	.....
39 Commercial energy products	1.31	128.3	124.9	125.6	125.8	130.7	131.9	128.3	130.6	125.8	128.8	132.4	130.5	130.6	.....
Materials															
40 Durable goods materials	20.50	119.7	121.3	119.3	120.2	118.4	117.8	118.8	118.8	118.9	119.2	120.4	120.8	120.7	120.8
41 Durable consumer parts	4.92	98.5	103.2	99.9	99.3	96.4	96.3	96.7	95.2	95.3	97.0	98.0	98.9	100.3	99.8
42 Equipment parts	5.94	153.9	153.0	153.7	154.8	152.3	151.8	154.3	155.6	154.8	153.5	154.5	154.6	154.4	154.3
43 Durable materials n.e.c.	9.64	109.4	111.0	108.0	109.4	108.8	107.9	108.2	108.1	108.8	109.4	110.7	111.1	110.3	110.8
44 Basic metal materials	4.64	80.0	83.0	79.6	82.9	78.9	76.7	77.4	76.9	78.4	78.8	82.1	80.5	78.6	.....
45 Nondurable goods materials	10.09	118.3	116.1	114.8	116.5	116.5	117.7	118.9	119.7	120.6	120.3	120.2	122.6	122.7	123.2
46 Textile, paper, and chemical materials	7.53	118.9	116.5	115.5	115.9	116.9	118.2	119.0	120.5	121.8	121.3	121.0	124.0	124.1	124.7
47 Textile materials	1.52	110.6	107.5	105.7	106.7	108.4	109.5	111.2	113.4	116.0	114.3	115.6	115.2	113.0	.....
48 Pulp and paper materials	1.55	132.1	128.8	128.0	129.0	128.6	132.7	135.6	136.0	133.7	133.5	134.2	137.4	137.7	.....
49 Chemical materials	4.46	117.1	115.4	114.5	114.5	115.7	116.1	115.9	117.5	119.7	119.5	118.5	122.3	123.2	.....
50 Miscellaneous nondurable materials	2.57	116.5	115.0	112.8	118.2	115.3	116.4	118.3	117.2	117.1	117.5	117.6	118.5	118.5	.....
51 Energy materials	11.69	99.9	102.1	101.4	100.4	100.5	100.8	99.9	97.9	98.0	96.9	98.7	98.7	99.3	99.6
52 Primary energy	7.57	105.5	106.7	107.4	106.2	106.7	106.5	104.8	103.7	103.8	102.7	104.8	105.5	105.6	.....
53 Converted fuel materials	4.12	89.6	93.6	90.5	89.7	89.2	90.4	90.9	87.3	87.4	86.2	87.6	86.2	87.9	.....

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Grouping	SIC code	1977 pro-por-tion	1986 avg.	1986 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.r	Dec.	1987 Jan.p	Feb.e
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	15.79	103.4	106.8	105.4	104.2	103.1	102.6	101.8	100.9	100.8	100.7	102.6	102.0	103.5	103.8
2 Mining	......	9.83	99.6	105.1	103.0	101.0	99.8	98.9	97.1	96.4	96.2	95.6	97.4	97.2	98.8	98.8
3 Utilities	......	5.96	109.6	109.7	109.3	109.4	108.5	108.6	109.7	108.3	108.3	109.3	111.2	110.0	111.3	112.1
4 Manufacturing	......	84.21	129.1	128.7	127.2	128.7	128.2	128.3	129.2	129.5	129.5	129.9	130.3	131.0	131.1	131.8
5 Nondurable	......	35.11	130.9	128.7	127.7	129.6	129.9	131.2	131.7	132.2	131.4	132.3	132.7	133.5	134.3	134.4
6 Durable	......	49.10	127.9	128.7	126.8	128.1	127.0	126.2	127.4	127.5	128.1	128.1	128.6	129.2	128.8	129.9
Mining																
7 Metal	10	.50	.....	77.2	75.9	76.0	72.0	65.9	69.2	70.9	70.7	68.5	68.3	.....	.....	.....
8 Coal	11.12	1.60	124.2	126.5	124.7	124.4	124.0	127.3	120.2	122.2	120.8	117.6	130.1	124.3	133.5	.....
9 Oil and gas extraction	13	7.07	94.7	101.1	99.2	96.2	95.1	93.3	92.4	90.7	91.0	90.5	90.4	91.2	91.2	91.1
10 Stone and earth minerals	14	.66	113.9	116.8	111.6	115.0	112.4	114.5	111.8	114.8	111.7	116.4	115.2	112.9	113.6	.....
Nondurable manufactures																
11 Foods	20	7.96	133.6	132.9	132.2	133.1	133.7	134.6	134.3	135.1	134.3	133.7	134.4	134.7	135.1	.....
12 Tobacco products	21	.62	96.6	97.0	93.6	100.3	101.6	97.6	97.9	97.1	89.8	100.1	96.8	95.6	.....	.....
13 Textile mill products	22	2.29	113.2	109.9	108.0	111.4	111.3	112.6	113.4	114.7	116.0	116.1	117.8	118.5	117.3	.....
14 Apparel products	23	2.79	103.6	102.8	102.8	103.1	102.6	101.7	102.5	102.5	102.7	104.2	105.1	106.9	107.3	.....
15 Paper and products	26	3.15	136.4	132.6	132.4	134.1	133.2	137.2	138.1	138.6	136.9	137.8	139.5	141.4	141.0	.....
16 Printing and publishing	27	4.54	163.4	156.7	157.8	161.6	161.9	164.0	165.4	164.6	163.0	167.8	168.5	167.6	169.5	170.0
17 Chemicals and products	28	8.05	133.0	132.0	130.2	132.8	131.5	134.2	134.1	134.4	133.9	133.9	132.3	134.2	135.9	.....
18 Petroleum products	29	2.40	92.1	90.1	88.6	91.3	95.7	91.8	90.6	94.0	93.3	91.1	92.0	92.6	96.0	94.0
19 Rubber and plastic products	30	2.80	153.3	151.1	147.8	146.8	150.1	152.2	155.5	155.5	154.9	157.6	159.0	159.6	159.5	.....
20 Leather and products	31	.53	61.3	64.8	62.7	61.5	59.5	57.9	61.9	62.0	59.4	60.2	61.3	59.5	59.0	.....
Durable manufactures																
21 Lumber and products	24	2.30	123.4	120.3	120.7	121.3	121.6	120.9	120.8	122.5	125.0	125.9	129.5	132.9	.....	.....
22 Furniture and fixtures	25	1.27	146.7	143.2	142.9	145.9	146.2	147.1	149.5	148.3	147.7	149.2	148.6	150.2	148.2	.....
23 Clay, glass, stone products	32	2.72	120.2	119.3	120.0	121.6	120.2	120.8	119.6	119.7	121.6	118.1	120.6	121.7	123.0	.....
24 Primary metals	33	5.33	75.8	80.3	76.3	78.1	74.8	71.4	73.6	73.4	74.1	74.2	76.8	73.7	72.4	73.2
25 Iron and steel	331.2	3.49	63.4	69.5	64.3	65.6	60.2	58.3	61.7	60.8	61.1	62.2	64.8	60.5	58.4	.....
26 Fabricated metal products	34	6.46	107.4	108.5	107.6	108.2	106.5	106.6	105.7	105.9	107.3	108.3	107.1	108.4	108.7	108.9
27 Nonelectrical machinery	35	9.54	141.9	143.9	141.7	140.8	141.3	140.4	142.6	142.6	140.9	142.2	141.2	140.3	139.4	140.1
28 Electrical machinery	36	7.15	166.5	164.8	165.2	166.8	166.0	163.2	166.8	167.2	166.9	167.7	168.3	170.2	168.5	168.7
29 Transportation equipment	37	9.13	125.8	127.5	122.6	126.2	124.1	125.1	125.6	125.1	127.7	125.2	125.6	127.2	127.9	131.7
30 Motor vehicles and parts	371	5.25	110.9	116.4	108.1	112.6	108.7	110.6	111.2	108.2	112.2	107.1	107.9	111.2	112.1	118.0
31 Aerospace and miscellaneous transportation equipment	372–6,9	3.87	146.1	142.6	142.4	144.8	145.0	144.7	145.2	148.0	148.7	149.7	149.6	148.9	149.4	150.2
32 Instruments	38	2.66	141.3	141.9	142.0	142.4	140.3	139.9	141.7	142.0	141.7	140.3	141.1	142.0	142.0	142.4
33 Miscellaneous manufactures	39	1.46	99.3	100.9	99.0	99.2	101.0	98.3	97.5	98.3	97.7	99.0	98.9	102.6	102.1	.....
Utilities																
34 Electric	......	4.17	122.2	119.5	119.8	121.6	121.7	123.1	125.4	122.4	122.8	123.8	125.1	123.6	125.3	.....
		Gross value (billions of 1982 dollars, annual rates)														
MAJOR MARKET																
35 Products, total	......	**517.5**	**1,702.2**	**1,686.5**	**1,660.8**	**1,686.3**	**1,687.6**	**1,676.7**	**1,669.9**	**1,681.3**	**1,677.8**	**1,683.9**	**1,690.8**	**1,702.0**	**1,707.6**	**1,721.7**
36 Final	......	405.7	1,314.5	1,310.3	1,282.5	1,307.0	1,301.1	1,289.5	1,282.7	1,292.6	1,292.3	1,292.5	1,297.6	1,306.4	1,313.3	1,329.3
37 Consumer goods	......	272.7	853.8	845.3	832.0	852.3	852.4	843.8	842.4	846.9	839.8	839.3	847.2	860.7	864.4	871.2
38 Equipment	......	133.0	458.2	465.1	450.4	454.7	448.7	445.7	440.4	445.7	452.5	453.2	450.4	445.7	448.9	458.1
39 Intermediate	......	111.9	387.6	376.2	378.3	379.3	386.4	387.2	387.1	388.7	385.5	391.4	393.2	395.5	394.3	392.4

▲ A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of Industrial Production" and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71 (July 1985), pp. 487–501. The revised indexes for January through June 1985 were shown in the September BULLETIN.

NOTE. These data also appear in the Board's G.12.3 (414) release. For address, see inside front cover.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1984	1985	1986	1986 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1987 Jan.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,682	1,733	1,750	1,885	1,788	1,792	1,759	1,673	1,603	1,565	1,613	1,910	1,690
2 1-family	922	957	1,071	1,139	1,092	1,121	1,093	1,039	1,047	1,006	991	1,168	1,091
3 2-or-more-family	759	777	679	746	696	671	666	634	556	559	622	742	599
4 Started	1,749	1,742	1,805r	1,945	1,848	1,842	1,786	1,800	1,689	1,657	1,637	1,813r	1,804
5 1-family	1,084	1,072	1,179	1,220	1,219	1,212	1,147	1,180	1,123	1,114	1,129	1,233r	1,247
6 2-or-more-family	665	669	626	725	629	630	639	620	566	543	508	580r	557
7 Under construction, end of period[1]	1,051	1,063	1,078r	1,131r	1,128r	1,147r	1,154r	1,163r	1,154	1,142	1,125r	1,109r	1,099
8 1-family	556	539	586r	586r	595r	609r	620r	628r	627	625	619r	613r	614
9 2-or-more-family	494	524	492r	545r	532r	537r	534r	534r	527	518r	506r	496r	484
10 Completed	1,652	1,703	1,756r	1,703r	1,801r	1,644r	1,750r	1,757r	1,740r	1,745r	1,774r	1,888r	1,884
11 1-family	1,025	1,072	1,119r	1,125r	1,130r	1,068r	1,074r	1,124r	1,113r	1,165r	1,158r	1,178r	1,183
12 2-or-more-family	627	631	637	578r	671r	576r	676r	633r	627r	580r	616r	710r	701
13 Mobile homes shipped	296	284	244	251	239	232	238	231	243	241	237	251	236
Merchant builder activity in 1-family units													
14 Number sold	639	688	748	883r	777r	723r	691r	623r	744r	675r	691r	765r	699
15 Number for sale, end of period[1]	358	350	366	337r	338r	340	350r	352	355	357	353r	360	361
Price (thousands of dollars)[2]													
Median													
16 Units sold	80.0	84.3	92.2r	92.5	92.1	91.2	94.1	91.5	95.0	96.4r	94.0r	94.5r	99.9
Average													
17 Units sold	97.5	101.0	112.2r	110.3	114.6	110.9	116.8	113.2	114.0	114.9r	113.4r	119.1r	127.1
EXISTING UNITS (1-family)													
18 Number sold	2,868	3,217	3,566	3,570	3,450	3,390	3,470	3,610	3,770	3,810	3,910	4,060	3,480
Price of units sold (thousands of dollars)[2]													
19 Median	72.3	75.4	80.2	80.2	83.2	82.6	79.9	82.0	79.4	79.4	80.4	80.8	82.1
20 Average	85.9	90.6	98.2	98.1	101.7	102.1	99.2	100.3	96.8	97.3	99.1	100.6	100.1
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**327,209**	**355,570**	**376,863r**	**373,904**	**374,483**	**375,397**	**380,722**	**382,603**	**382,581**	**384,317**	**378,444**	**374,903**	**378,475**
22 Private	271,973	292,792	305,929r	303,320	302,573	304,567	309,003	310,155	308,617	310,704	308,609	303,751	303,236
23 Residential	155,148	158,818	174,596r	170,520	172,491	174,478	178,821	178,761	178,480	181,858	182,154	178,623	180,690
24 Nonresidential, total	116,825	133,974	131,333r	132,800	130.082	130,089	130,182	131,394	130,137	128,846	126,455	125,128	122,546
Buildings													
25 Industrial	13,746	15,769	13,653r	14,557	13,658	13,027	12,866	12,543	13,180	12,948	13,428	12,739	12,105
26 Commercial	48,100	59,626	52,084r	59,763	57,368	57,443	58,132	60,054	58,001	56,273	54,834	54,253	51,723
27 Other	12,547	12,619	13,433r	13,006	13,131	13,263	13,277	13,315	14,001	14,341	13,956	13,833	14,015
28 Public utilities and other	42,432	45,960	52,163r	45,474	45,925	46,356	45,907	45,482	44,955	45,284	44,237	44,303	44,703
29 Public	55,232	62,777	70,932r	70,583	71,910	70,830	71,719	72,448	73,964	73,613	69,836	71,152	75,238
30 Military	2,839	3,283	3,847r	3,725	3,637	3,761	3,553	4,132	5,050	3,695	3,722	3,847	3,550
31 Highway	16,343	19,998	21,260r	23,155	23,240	22,001	21,603	21,607	20,552	20,465	18,371	18,932	23,818
32 Conservation and development	4,654	4,952	4,853r	4,947	4,729	4,657	4,415	4,294	4,841	6,425	4,635	5,159	5,041
33 Other	31,396	34,544	40,972r	38,756	40,304	40,411	42,148	42,415	43,521	43,028	43,108	43,214	42,829

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 Feb. 1987 (1967 = 100)[1]
	1986 Feb.	1987 Feb.	1986 Mar.	1986 June	1986 Sept.	1986 Dec.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.	1987 Feb.	
CONSUMER PRICES[2]												
1 **All items**	**3.2**	**2.1**	**−1.3**	**1.6**	**2.0**	**2.5**	**.2**	**.2**	**.2**	**.7**	**.4**	**334.4**
2 Food	1.9	4.7	.9	3.9	8.4	4.1	.4	.4	.2	.4	.3	330.1
3 Energy items	−.6	−12.2	−32.3	12.6	−21.0	−9.9	1.9	−.5	−.2	3.0	1.9	359.2
4 All items less food and energy	4.1	3.8	4.4	3.3	3.7	3.7	.4	.3	.2	.5	.3	334.5
5 Commodities	1.4	1.6	1.2	.3	2.6	1.4	.1	.1	.1	.6	.0	265.7
6 Services	5.8	5.0	6.5	4.9	4.3	5.1	.6	.4	.3	.5	.4	408.9
PRODUCER PRICES												
7 Finished goods	−.2	.1	10.5	.7	.4	1.1	.3	.0r	.1	.6	.1	292.3
8 Consumer foods	−1.3	2.8	−7.6	8.2	11.2	1.1	.9r	.2r	.4	1.8	−.5	279.6
9 Consumer energy	−9.1	−20.9	−62.9	−20.7	−42.7	−18.4	3.7r	.4r	.9	9.8r	4.0	497.9
10 Other consumer goods	2.2	2.6	4.1	.9	2.3	4.1	.7r	.2r	.1	.5	.3	262.6
11 Capital equipment	1.7	2.0	1.1	2.4	2.0	3.3	.4	.4r	.1	.2	−.3	310.5
12 Intermediate materials[3]	1.5	−1.5	−9.8	−5.1	1.5	−1.2	−.3	.0	.0	1.0	.5	314.8
13 Excluding energy	.4	.9	−.7	1.2	1.5	1.1	.2	.1	.0	.4	.2	307.0
Crude materials												
14 Foods	9.1	.9	−22.6	5.9	18.1	3.8	2.1r	−1.9r	1.2	−3.0	.0	229.2
15 Energy	−12.1	11.6	−51.3	29.1	−19.6	−10.4	.1r	.2r	−3.0	10.0	2.6	586.2
16 Other	3.4	3.3	25.9	6.6	−24.1	8.0	1.1	.7	.1	.5	4.4	254.6

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	1984	1985	1986[r]	1985	1986			
				Q4	Q1	Q2	Q3	Q4[r]
GROSS NATIONAL PRODUCT								
1 **Total**	**3,765.0**	**3,998.1**	**4,206.1**	**4,087.7**	**4,149.2**	**4,175.6**	**4,240.7**	**4,258.7**
By source								
2 Personal consumption expenditures	2,428.2	2,600.5	2,762.5	2,667.9	2,697.9	2,732.0	2,799.8	2,820.4
3 Durable goods	331.2	359.3	388.1	362.0	360.8	373.9	414.5	403.1
4 Nondurable goods	870.1	905.1	932.7	922.6	929.7	928.4	932.8	940.1
5 Services	1,227.0	1,336.1	1,441.7	1,383.2	1,407.4	1,429.8	1,452.4	1,477.2
6 Gross private domestic investment	662.1	661.1	683.6	669.5	708.3	687.3	675.8	663.2
7 Fixed investment	598.0	650.0	677.0	672.6	664.4	672.8	680.3	690.3
8 Nonresidential	416.5	458.2	460.0	474.0	459.2	457.5	459.0	464.3
9 Structures	139.3	154.8	143.3	157.2	154.6	141.5	139.5	137.5
10 Producers' durable equipment	277.3	303.4	316.7	316.8	304.6	316.0	319.5	326.8
11 Residential structures	181.4	191.8	217.0	198.6	205.3	215.3	221.3	226.0
12 Change in business inventories	64.1	11.1	6.7	−3.1	43.8	14.5	−4.5	−27.1
13 Nonfarm	56.6	12.2	7.7	16.7	41.2	10.5	−10.3	−10.8
14 Net exports of goods and services	−58.7	−78.9	−104.3	−105.3	−93.7	−104.5	−108.9	−110.2
15 Exports	382.7	369.8	373.0	368.2	374.8	363.0	370.8	383.5
16 Imports	441.4	448.6	477.3	473.6	468.5	467.5	479.7	493.7
17 Government purchases of goods and services	733.4	815.4	864.2	855.6	836.7	860.8	874.0	885.3
18 Federal	311.3	354.1	366.2	380.9	355.7	367.6	369.3	372.1
19 State and local	422.2	461.3	498.0	474.7	480.9	493.3	504.7	513.2
By major type of product								
20 Final sales, total	3,700.9	3,987.0	4,199.4	4,090.8	4,105.4	4,161.2	4,245.2	4,285.8
21 Goods	1,576.7	1,630.2	1,670.5	1,644.1	1,669.0	1,661.6	1,680.2	1,671.3
22 Durable	675.0	700.2	716.8	709.1	710.6	703.1	730.1	723.5
23 Nondurable	901.7	930.0	953.7	935.0	958.4	958.5	950.1	947.8
24 Services	1,813.1	1,959.8	2,105.6	2,025.5	2,057.7	2,087.4	2,125.2	2,152.1
25 Structures	375.1	408.1	430.0	418.1	422.6	426.7	435.3	435.3
26 Change in business inventories	64.1	11.1	6.7	−3.1	43.8	14.5	−4.5	−27.1
27 Durable goods	39.2	6.6	−1.0	9.5	28.6	−.1	−15.6	−16.9
28 Nondurable goods	24.9	4.5	7.7	−12.7	15.3	14.6	11.1	−10.2
29 **MEMO: Total GNP in 1982 dollars**	**3,489.9**	**3,585.2**	**3,674.9**	**3,622.3**	**3,655.9**	**3,661.4**	**3,686.4**	**3,696.1**
NATIONAL INCOME								
30 **Total**	**3,032.0**	**3,222.3**	**3,386.2**	**3,287.3**	**3,340.7**	**3,376.4**	**3,396.1**	**3,431.5**
31 Compensation of employees	2,214.7	2,368.2	2,498.0	2,423.6	2,461.5	2,480.2	2,507.4	2,542.8
32 Wages and salaries	1,837.0	1,965.8	2,073.5	2,012.8	2,044.1	2,058.8	2,081.1	2,109.8
33 Government and government enterprises	346.2	372.2	395.7	381.6	387.2	392.5	398.4	404.4
34 Other	1,490.6	1,593.9	1,677.8	1,631.1	1,656.8	1,666.3	1,682.7	1,705.4
35 Supplement to wages and salaries	377.7	402.4	424.5	410.9	417.4	421.3	426.3	433.0
36 Employer contributions for social insurance	193.1	205.5	215.7	209.1	212.9	214.1	215.9	220.1
37 Other labor income	184.5	196.9	208.8	201.7	204.5	207.3	210.4	213.0
38 Proprietors' income[1]	236.9	254.4	278.8	262.1	265.3	289.1	277.5	283.2
39 Business and professional[1]	205.3	225.2	252.7	232.7	240.9	249.6	258.0	262.2
40 Farm[1]	31.5	29.2	26.1	29.4	24.4	39.5	19.6	21.0
41 Rental income of persons[2]	8.3	7.6	15.0	8.3	12.8	16.3	16.2	14.8
42 Corporate profits[1]	264.7	280.7	299.7	285.6	296.4	293.1	302.0	310.4
43 Profits before tax[3]	235.7	223.2	237.4	235.8	222.5	227.7	240.4	258.8
44 Inventory valuation adjustment	−5.5	−.6	6.5	−9.4	16.5	10.6	6.1	−7.2
45 Capital consumption adjustment	34.5	58.1	56.6	59.2	57.3	54.8	55.5	58.8
46 Net interest	307.4	311.4	294.0	307.6	304.9	297.7	292.9	280.4

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	1984	1985	1986r	1985 Q4	1986 Q1	1986 Q2	1986 Q3	1986 Q4
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**3,110.2**	**3,314.5**	**3,485.7**	**3,382.9**	**3,432.6**	**3,483.3**	**3,498.8**	**3,527.9r**
2 Wage and salary disbursements	1,836.8	1,966.1	2,073.5	2,012.8	2,044.1	2,058.8	2,081.1	2,109.8
3 Commodity-producing industries	577.8	607.7	623.2	617.7	622.0	620.8	621.8	628.3
4 Manufacturing	439.1	460.1	471.2	467.5	470.5	468.8	470.0	475.4
5 Distributive industries	442.2	469.8	487.9	478.9	485.2	484.3	488.3	493.9r
6 Service industries	470.6	516.4	566.7	534.6	549.6	561.3	572.6	583.2r
7 Government and government enterprises	346.2	372.2	395.7	381.6	387.2	392.5	398.4	404.4
8 Other labor income	184.5	196.9	208.8	201.7	204.5	207.3	210.4	213.0
9 Proprietors' income[1]	236.9	254.4	278.8	262.1	265.3	289.1	277.5	283.2r
10 Business and professional[1]	205.3	225.2	252.7	232.7	240.9	249.6	258.0	262.2
11 Farm[1]	31.5	29.2	26.1	29.4	24.4	39.5	19.6	21.0r
12 Rental income of persons[2]	8.3	7.6	15.0	8.3	12.8	16.3	16.2	14.8
13 Dividends	74.7	76.4	81.2	76.7	79.1	81.1	82.0	82.7
14 Personal interest income	446.9	476.2	475.0	480.6	480.8	480.1	473.8	465.2
15 Transfer payments	455.6	487.1	513.8	493.6	504.7	510.1	518.5	521.8r
16 Old-age survivors, disability, and health insurance benefits	235.7	253.4	266.8	256.8	263.2	264.1	269.6	270.2
17 LESS: *Personal contributions for social insurance*	133.5	150.2	160.3	152.9	158.6	159.5	160.8	162.4
18 EQUALS: Personal income	3,110.2	3,314.5	3,485.7	3,382.9	3,432.6	3,483.3	3,498.8	3,527.9r
19 LESS: Personal tax and nontax payments	439.6	486.5	514.1	500.7	497.5	504.8	519.0	534.9
20 EQUALS: Disposable personal income	2,670.6	2,828.0	2,971.6	2,882.2	2,935.1	2,978.5	2,979.9	2,993.0r
21 LESS: Personal outlays	2,501.9	2,684.7	2,857.4	2,756.4	2,789.4	2,825.5	2,895.8	2,918.8r
22 EQUALS: *Personal saving*	168.7	143.3	114.1	125.8	145.6	153.1	84.1	74.2r
MEMO								
Per capita (1982 dollars)								
23 Gross national product	14,721.1	14,982.0	15,216.9	15,079.9	15,188.0	15,178.9	15,245.6	15,247.9r
24 Personal consumption expenditures	9,475.4	9,713.7	10,015.3	9,790.3	9,857.1	9,984.4	10,124.0	10,089.9r
25 Disposable personal income	10,421.0	10,563.0	10,773.0	10,577.0	10,723.0	10,886.0	10,776.0	10,708.0r
26 Saving rate (percent)	6.3	5.1	3.8	4.4	5.0	5.1	2.8	2.5
GROSS SAVING								
27 **Gross saving**	**573.3**	**551.5**	**538.6**	**524.1**	**583.2**	**539.7**	**517.2**	**514.1**
28 Gross private saving	674.8	687.8	678.9	679.2	708.3	713.0	650.5	644.0
29 *Personal saving*	168.7	143.3	114.1	125.8	145.6	153.1	84.1	74.2r
30 Undistributed corporate profits[1]	91.0	107.3	109.3	106.8	115.5	106.6	108.8	106.1
31 Corporate inventory valuation adjustment	−5.5	−.6	6.5	9.4	16.5	10.6	6.1	−7.2
Capital consumption allowances								
32 Corporate	253.9	268.2	280.3	273.3	275.3	278.9	281.6	285.5r
33 Noncorporate	161.2	169.0r	175.1	173.4	171.8	174.4	176.0	178.2r
34 Wage accruals less disbursements	.0	.0r	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (−), national income and product accounts	−101.5	−136.3r	−140.4	−155.1	−125.1	−173.3	133.3	−129.8
36 Federal	−170.0	−198.0	−203.4	−217.6	−195.0	−232.2	−197.4	−189.2
37 State and local	68.5	61.7	63.0	62.5	69.9	58.9	64.0	59.4
38 Capital grants received by the United States, net	.0	.0	.0	.0	.0	.0	.0	.0
39 **Gross investment**	**571.4**	**545.9**	**541.7**	**525.7**	**579.6**	**544.3**	**527.5**	**515.5r**
40 Gross private domestic	662.1	661.1	683.6	669.5	708.3	687.3	675.8	663.2r
41 Net foreign	−90.7	115.2	−141.9	143.8	−128.6	−143.0	148.3	−147.7r
42 **Statistical discrepancy**	**−1.9**	**−5.5**	**3.2**	**1.6**	**−3.6**	**4.6**	**10.3**	**1.3r**

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	1984	1985	1986	1985	1986			
				Q4	Q1[r]	Q2[r]	Q3[r]	Q4[p]
1 Balance on current account	-106,466	-117,677	-140,569	-33,695	-34,040	-34,397	-35,299	-36,837
2 Not seasonally adjusted	....	....	....	-31,510	-31,020	-35,458	-39,245	-34,847
3 Merchandise trade balance[2]	-112,522	-124,439	-147,708	-37,352	-36,489	-35,700	-37,149	-38,370
4 Merchandise exports	219,900	214,424	221,753	52,727	53,588	55,075	55,764	57,326
5 Merchandise imports	-332,422	-338,863	-369,461	-90,079	-90,077	-90,775	-92,913	-95,696
6 Military transactions, net	-1,827	-2,917	-2,402	-1,322	-1,066	-695	-570	-71
7 Investment income, net[3]	18,751	25,188	22,865	9,255	6,500	5,328	6,146	4,890
8 Other service transactions, net	1,288	-525	1,821	-32	6	717	437	659
9 Remittances, pensions, and other transfers	-3,621	-3,787	-3,320	-937	-922	-802	-744	-853
10 U.S. government grants (excluding military)	-8,536	-11,196	-11,825	-3,307	-2,069	-3,245	-3,419	-3,092
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	-5,523	-2,824	-1,978	-540	-250	-209	-1,429	-91
12 Change in U.S. official reserve assets (increase, −)	-3,130	-3,858	312	-3,148	-115	16	280	132
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-979	-897	-246	-189	-274	-104	163	-31
15 Reserve position in International Monetary Fund	-995	908	1,501	168	344	366	508	283
16 Foreign currencies	-1,156	-3,869	-942	-3,126	-185	-246	-391	-120
17 Change in U.S. private assets abroad (increase, −)[3]	-14,987	-25,754	-98,149	-19,579	-12,644	-25,468	-27,052	-32,985
18 Bank-reported claims	-11,127	-691	-57,312	-8,485	6,333	-14,387	-19,326	-29,932
19 Nonbank-reported claims	5,081	1,665	-4,150	418	-2,842	-1,220	-88	....
20 U.S. purchase of foreign securities, net	-5,082	-7,977	-4,765	-1,411	-6,133	-1,664	349	2,683
21 U.S. direct investments abroad, net[3]	-3,859	-18,752	-31,922	-10,101	-10,002	-8,197	-7,987	-5,736
22 Change in foreign official assets in the United States (increase, +)	3,037	-1,324	33,394	-1,322	2,469	14,704	15,448	774
23 U.S. Treasury securities	4,690	-546	34,495	-1,976	3,256	14,538	12,193	4,508
24 Other U.S. government obligations	13	-295	-1,214	-171	-177	-644	-276	-117
25 Other U.S. government liabilities[4]	436	483	1,067	263	288	679	900	-799
26 Other U.S. liabilities reported by U.S. banks	555	522	-126	722	-1,261	662	2,933	-2,460
27 Other foreign official assets[5]	-2,657	-1,488	-828	-160	363	-531	-302	-358
28 Change in foreign private assets in the United States (increase, +)[3]	99,730	128,430	179,900	53,158	34,151	32,822	54,075	58,851
29 U.S. bank-reported liabilities	33,849	40,387	77,435	20,427	8,434	3,553	30,128	35,320
30 U.S. nonbank-reported liabilities	4,704	-1,172	-3,112	2,232	-2,057	-1,644	589	....
31 Foreign private purchases of U.S. Treasury securities, net	23,059	20,500	9,334	5,676	7,666	3,807	541	-2,680
32 Foreign purchases of other U.S. securities, net	12,759	50,859	70,658	22,441	18,686	23,018	17,185	11,769
33 Foreign direct investments in the United States, net[3]	25,359	17,856	25,585	2,382	1,422	4,088	5,632	14,442
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	27,338	23,006	27,091	5,125	10,429	12,532	-6,023	10,156
36 Owing to seasonal adjustments	....	....	....	3,771	1,329	-1,410	-3,956	4,040
37 Statistical discrepancy in recorded data before seasonal adjustment	27,338	23,006	27,091	1,354	9,100	13,942	-2,068	6,116
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	-3,130	-3,858	312	-3,148	-115	16	280	132
39 Foreign official assets in the United States (increase, +)	2,601	-1,807	32,327	-1,585	2,181	14,025	14,548	1,573
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	-4,304	-6,599	-8,649	-1,002	1,421	-1,938	-2,847	-5,285
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	190	64	73	28	22	12	19	19

1. Seasonal factors are not calculated for lines 6, 10, 12–16, 18–20, 22–34, and 38–41.
2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing; military exports are excluded from merchandise data and are included in line 6.
3. Includes reinvested earnings.
4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are not seasonally adjusted.

Item	1983	1984	1985	1986						1987
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	200,486	217,865	213,146	17,707	17,604	17,518	19,330r	18,595	18,431	16,384
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	258,048	325,726	345,276	34,121	29,476	28,695	30,018	36,187	27,795	29,805
3 **Trade balance**	**−57,562**	**107,861**	**−132,129**	**−16,414**	**−11,871**	**−11,177**	**−10,688**	**−17,592**	**−9,364**	**−13,421**

NOTE. The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside-ship (f.a.s.) value basis– that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustments are: (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE. FT900 "Summary of U.S. Export and Import Merchandise Trade" (Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1983	1984	1985	1986					1987	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 **Total**	**33,747**	**34,934**	**43,191**	**48,161**	**48,087r**	**47,089**	**47,824**	**48,427**	**49,348**	**49,360**
2 Gold stock, including Exchange Stabilization Fund[1]	11,121	11,096	11,090	11,084	11,084	11,066	11,070	11,064	11,062	11,085
3 Special drawing rights[2,3]	5,025	5,641	7,293	8,250	8,295	8,090	8,310	8,395	8,470	8,615
4 Reserve position in International Monetary Fund[2]	11,312	11,541	11,952	12,017	11,922	11,575	11,659	11,730	11,872r	11,701
5 Foreign currencies[4]	6,289	6,656	12,856	16,810	16,786r	16,358	16,785	17,328r	17,982	17,959

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at $42.22 per fine troy ounce.
2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1983	1984	1985	1986					1987	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.p
1 Deposits	190	267	480	227	342	303	224	287	226	255
Assets held in custody										
2 U.S. Treasury securities[1]	117,670	118,000	121,004	148,263	152,275	156,076	156,919	155,835	159,597	160,942
3 Earmarked gold[2]	14,414	14,242	14,245	14,120	14,115	14,110	14,057	14,048	14,041	14,046

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.
2. Earmarked gold is valued at $42.22 per fine troy ounce.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Asset account	1983	1984	1985	1986 July	1986 Aug.	1986 Sept.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.p
					All foreign countries					
1 **Total, all currencies**	**477,090**	**453,656**	**458,012**	**454,886**	**461,440**	**474,567**	**446,581**	**446,612r**	**456,627**	**458,075**
2 Claims on United States	115,542	113,393	119,713	113,474	117,661	116,392	112,078	108,420r	113,176	115,264
3 Parent bank	82,026	78,109	87,201	79,387	83,779	82,302	79,999	76,262r	81,984	83,181
4 Other banks in United States[2]	33,516	13,664	13,057	13,527	13,072	13,624	11,659	11,904	13,685	12,723
5 Nonbanks[2]		21,620	19,455	20,560	20,810	20,466	20,420	20,254	17,507	19,360
6 Claims on foreigners	342,689	320,162	315,680	314,354	315,583	328,553	305,562	308,393	314,341	311,247
7 Other branches of parent bank	96,004	95,184	91,399	92,641	93,435	103,278	90,412	91,570	97,788	93,241
8 Banks	117,668	100,397	102,960	103,095	102,849	107,503	100,707	103,292	105,238	105,399
9 Public borrowers	24,517	23,343	23,478	23,578	23,720	23,505	24,215	23,357	23,520	23,328
10 Nonbank foreigners	107,785	101,238	97,843	95,040	95,579	94,267	90,228	90,174	87,795	89,279
11 Other assets	18,859	20,101	22,619	27,058	28,196	29,622	28,941	29,799	29,110	31,564
12 **Total payable in U.S. dollars**	**371,508**	**350,636**	**336,288**	**313,703**	**318,375**	**330,597**	**309,087**	**306,690r**	**317,485**	**309,719**
13 Claims on United States	113,436	111,426	116,645	109,263	113,636	112,133	107,612	104,281r	109,233	110,596
14 Parent bank	80,909	77,229	85,971	78,025	82,261	80,753	78,335	74,762r	80,574	81,423
15 Other banks in United States[2]	32,527	13,500	12,454	12,373	12,180	12,802	10,544	10,986	12,830	11,531
16 Nonbanks[2]		20,697	18,220	18,865	19,195	18,578	18,733	18,533	15,829	17,642
17 Claims on foreigners	247,406	228,600	209,905	194,102	194,643	207,701	190,030	190,663	196,448	187,296
18 Other branches of parent bank	78,431	78,746	72,689	69,135	68,604	78,400	67,835	67,835	73,704	67,479
19 Banks	93,332	76,940	71,748	65,033	64,940	68,596	62,836	64,919	66,421	63,637
20 Public borrowers	17,890	17,626	17,252	16,684	16,788	16,521	17,455	16,821	16,586	16,459
21 Nonbank foreigners	60,977	55,288	48,216	43,250	44,311	44,184	41,904	41,088	39,737	39,721
22 Other assets	10,666	10,610	9,738	10,338	10,096	10,763	11,445	11,746	11,804	11,827
					United Kingdom					
23 **Total, all currencies**	**158,732**	**144,385**	**148,599**	**145,448**	**145,619**	**151,596**	**142,398**	**143,800**	**140,917**	**144,093**
24 Claims on United States	34,433	27,675	33,157	30,223	29,839	30,879	30,747	28,940	24,599	28,720
25 Parent bank	29,111	21,862	26,970	24,252	23,466	24,291	24,800	22,671	19,085	23,330
26 Other banks in United States[2]	5,322	1,429	1,106	1,369	1,448	2,092	1,314	1,534	1,612	1,220
27 Nonbanks[2]		4,384	5,081	4,602	4,925	4,496	4,633	4,735	3,902	4,170
28 Claims on foreigners	119,280	111,828	110,217	108,156	109,024	113,368	105,534	108,147	109,508	108,720
29 Other branches of parent bank	36,565	37,953	31,576	31,613	31,828	34,678	31,268	29,960	33,422	30,218
30 Banks	43,352	37,443	39,250	38,393	38,048	40,204	37,836	41,145	39,468	40,677
31 Public borrowers	5,898	5,334	5,644	5,229	5,336	5,086	5,157	5,038	4,990	4,942
32 Nonbank foreigners	33,465	31,098	33,747	32,921	33,812	33,400	31,273	32,004	31,628	32,883
33 Other assets	5,019	4,882	5,225	7,069	6,756	7,349	6,117	6,713	6,810	6,653
34 **Total payable in U.S. dollars**	**126,012**	**112,809**	**108,626**	**97,641**	**97,771**	**103,228**	**97,295**	**97,119**	**95,028**	**95,359**
35 Claims on United States	33,756	26,868	32,092	28,848	28,446	29,512	29,312	27,564	23,193	27,070
36 Parent bank	28,756	21,495	26,568	23,888	22,972	23,826	24,323	22,106	18,526	22,673
37 Other banks in United States[2]	5,000	1,363	1,005	1,131	1,194	1,848	1,110	1,364	1,475	996
38 Nonbanks[2]		4,010	4,519	3,829	4,280	3,838	3,879	4,094	3,192	3,401
39 Claims on foreigners	88,917	82,945	73,475	65,472	66,465	70,325	64,873	66,298	68,138	65,022
40 Other branches of parent bank	31,838	33,607	26,011	24,258	24,657	27,151	24,632	23,223	26,361	22,720
41 Banks	32,188	26,805	26,139	21,938	21,636	22,917	21,011	24,020	23,251	23,656
42 Public borrowers	4,194	4,030	3,999	3,793	3,838	3,778	3,859	3,811	3,677	3,683
43 Nonbank foreigners	20,697	18,503	17,326	15,483	16,334	16,479	15,371	15,244	14,849	14,963
44 Other assets	3,339	2,996	3,059	3,321	2,860	3,391	3,110	3,257	3,697	3,267
					Bahamas and Caymans					
45 **Total, all currencies**	**152,083**	**146,811**	**142,055**	**134,238**	**137,526**	**143,082**	**134,060**	**131,363r**	**142,592**	**135,627**
46 Claims on United States	75,309	77,296	74,864	69,812	73,047	71,918	68,624	66,078r	76,663	72,643
47 Parent bank	48,720	49,449	50,553	43,867	47,694	46,635	44,476	42,223r	53,068	48,036
48 Other banks in United States[2]	26,589	11,544	11,204	11,201	10,813	10,641	9,557	9,628	11,156	10,625
49 Nonbanks[2]		16,303	13,107	14,744	14,540	14,652	14,591	14,227	12,439	13,982
50 Claims on foreigners	72,868	65,598	63,882	60,363	60,167	66,610	59,612	59,436	61,390	57,825
51 Other branches of parent bank	20,626	17,661	19,042	16,682	16,539	22,763	16,985	18,139	18,803	16,258
52 Banks	36,842	30,246	28,192	27,160	27,065	27,779	26,205	25,743	27,476	26,366
53 Public borrowers	6,093	6,089	6,458	6,551	6,675	6,434	7,263	6,697	6,929	7,026
54 Nonbank foreigners	12,592	11,602	10,190	9,970	9,888	9,634	9,159	8,857	8,182	8,175
55 Other assets	3,906	3,917	3,309	4,063	4,312	4,544	5,824	5,849	4,539	5,159
56 **Total payable in U.S. dollars**	**145,641**	**141,562**	**136,794**	**127,910**	**130,723**	**136,615**	**127,361**	**124,801r**	**136,813**	**129,474**

1. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

2. Data for assets vis-à-vis other banks in the United States and vis-à-vis nonbanks are combined for dates before June 1984.

3.14 Continued

Liability account	1983	1984	1985	1986 July	1986 Aug.	1986 Sept.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.p
	All foreign countries									
57 **Total, all currencies**	**477,090**	**453,656**	**458,012**	**454,886**	**461,440**	**474,567**	**446,581**	**446,612r**	**456,627**	**458,075**
58 Negotiable CDs[3]	n.a.	37,725	34,607	32,656	31,475	33,642	32,444	32,926	31,629	33,395
59 To United States	188,070	147,583	155,538	141,599	145,488	151,281	141,126	137,158r	151,606	140,029
60 Parent bank	81,261	78,739	83,914	81,299	79,564	87,927	75,777	75,062r	82,535	70,250
61 Other banks in United States	29,453	18,409	16,894	14,191	15,151	14,153	14,791	14,661	15,650	15,068
62 Nonbanks	77,356	50,435	54,730	46,109	50,773	49,201	50,558	47,435r	53,421	54,711
63 To foreigners	269,685	247,907	245,942	259,133	262,978	269,322	253,202	256,476	253,775	264,332
64 Other branches of parent bank	90,615	93,909	89,529	91,144	91,307	102,245	87,883	87,853	95,146	90,331
65 Banks	92,889	78,203	76,814	82,854	85,239	81,953	80,709	83,655	77,806	89,168
66 Official institutions	18,896	20,281	19,523	20,608	20,637	20,109	19,436	18,831	17,835	19,484
67 Nonbank foreigners	68,845	55,514	60,076	64,527	65,795	65,015	65,174	66,137	62,988	65,349
68 Other liabilities	19,335	20,441	21,925	21,498	21,499	20,322	19,809	20,052	19,617	20,319
69 **Total payable in U.S. dollars**	**388,291**	**367,145**	**353,470**	**330,183**	**333,581**	**349,259**	**323,699**	**319,942r**	**336,406**	**323,907**
70 Negotiable CDs[3]	n.a.	35,227	31,063	28,970	28,091	30,560	29,206	29,752	28,466	29,921
71 To United States	184,305	143,571	150,161	133,908	137,805	143,627	133,301	129,353r	143,626	131,521
72 Parent bank	79,035	76,254	80,888	77,048	75,391	83,790	71,858	71,017r	78,448	65,633
73 Other banks in United States	28,936	17,935	16,264	13,507	14,364	13,173	13,768	13,808	14,613	14,047
74 Nonbanks	76,334	49,382	53,009	43,353	48,050	46,664	47,675	44,528r	50,565	51,841
75 To foreigners	194,139	178,260	163,361	158,314	158,931	167,356	153,536	153,437	156,806	155,225
76 Other branches of parent bank	73,522	77,770	70,943	68,065	66,878	77,464	65,077	63,638	71,181	64,415
77 Banks	57,022	45,123	37,323	34,827	36,460	35,358	33,802	35,177	33,847	37,167
78 Official institutions	13,855	15,773	14,354	14,091	14,125	13,697	13,320	13,139	12,371	13,688
79 Nonbank foreigners	51,260	39,594	40,741	41,331	41,468	40,837	41,337	41,483	39,407	39,955
80 Other liabilities	9,847	10,087	8,885	8,991	8,754	7,716	7,656	7,400	7,508	7,240
	United Kingdom									
81 **Total, all currencies**	**158,732**	**144,385**	**148,599**	**145,448**	**145,619**	**151,596**	**142,398**	**143,800**	**140,917**	**144,093**
82 Negotiable CDs[3]	n.a.	34,413	31,260	29,295	28,279	30,352	28,847	28,984	27,781	29,432
83 To United States	55,799	25,250	29,422	22,671	22,831	26,540	24,610	22,714	24,657	19,465
84 Parent bank	14,021	14,651	19,330	13,300	14,188	17,399	14,014	13,811	14,469	10,004
85 Other banks in United States	11,328	3,125	2,974	1,999	2,148	2,062	2,382	2,313	2,649	2,154
86 Nonbanks	30,450	7,474	7,118	7,372	6,495	7,079	8,214	6,590	7,539	7,307
87 To foreigners	95,847	77,424	78,525	83,707	84,880	85,554	80,252	83,320	79,498	86,229
88 Other branches of parent bank	19,038	21,631	23,389	25,106	24,962	28,272	24,194	23,733	25,036	23,595
89 Banks	41,624	30,436	28,581	31,678	32,250	31,190	31,001	34,192	30,877	36,479
90 Official institutions	10,151	10,154	9,676	9,074	9,330	8,652	8,068	7,875	6,836	8,484
91 Nonbank foreigners	25,034	15,203	16,879	17,849	18,338	17,440	16,989	17,520	16,749	17,671
92 Other liabilities	7,086	7,298	9,392	9,775	9,629	9,150	8,689	8,782	8,981	8,967
93 **Total payable in U.S. dollars**	**131,167**	**117,497**	**112,697**	**101,095**	**101,397**	**108,249**	**99,820**	**99,321**	**99,707**	**98,741**
94 Negotiable CDs[3]	n.a.	33,070	29,337	27,015	26,114	28,490	26,927	27,166	26,169	27,701
95 To United States	54,691	24,105	27,756	20,065	20,403	24,039	21,960	20,184	22,075	16,829
96 Parent bank	13,839	14,339	18,956	12,648	13,707	16,984	13,591	13,438	14,021	9,451
97 Other banks in United States	11,044	2,980	2,826	1,738	1,879	1,735	2,108	2,009	2,325	1,887
98 Nonbanks	29,808	6,786	5,974	5,679	4,817	5,320	6,261	4,737	5,729	5,491
99 To foreigners	73,279	56,923	51,980	49,932	50,855	52,645	47,491	48,921	48,138	51,174
100 Other branches of parent bank	15,403	18,294	18,493	17,868	17,790	21,305	17,289	16,689	17,951	16,386
101 Banks	29,320	18,356	14,344	14,251	15,056	14,491	14,123	15,855	15,203	18,626
102 Official institutions	8,279	8,871	7,661	6,658	6,724	6,015	5,685	5,655	4,934	6,096
103 Nonbank foreigners	20,277	11,402	11,482	11,155	11,285	10,834	10,394	10,722	10,050	10,066
104 Other liabilities	3,197	3,399	3,624	4,083	4,025	3,075	3,442	3,050	3,325	3,037
	Bahamas and Caymans									
105 **Total, all currencies**	**152,083**	**146,811**	**142,055**	**134,238**	**137,526**	**143,082**	**134,060**	**131,363r**	**142,592**	**135,627**
106 Negotiable CDs[3]	n.a.	615	610	565	470	527	683	784	847	995
107 To United States	111,299	102,955	103,813	96,636	99,585	102,012	95,840	94,493r	105,229	98,733
108 Parent bank	50,980	47,162	44,811	47,862	44,417	49,981	43,470	43,572r	48,629	40,845
109 Other banks in United States	16,057	13,938	12,778	11,131	11,952	10,986	11,144	11,131	11,719	11,687
110 Nonbanks	44,262	41,855	46,224	37,643	43,216	41,045	41,226	39,790r	44,881	46,201
111 To foreigners	38,445	40,320	35,053	34,827	35,216	38,447	35,427	33,841	34,400	33,831
112 Other branches of parent bank	14,936	16,782	14,075	13,561	13,368	15,918	13,574	12,527	12,631	12,323
113 Banks	11,876	12,405	10,669	9,636	10,216	10,158	8,964	8,545	8,614	8,402
114 Official institutions	1,919	2,054	1,776	2,468	2,386	2,834	2,665	2,577	2,719	2,808
115 Nonbank foreigners	11,274	9,079	8,533	9,162	9,246	9,537	10,224	10,192	10,436	10,298
116 Other liabilities	2,339	2,921	2,579	2,210	2,255	2,096	2,110	2,245	2,116	2,068
117 **Total payable in U.S. dollars**	**148,278**	**143,582**	**138,322**	**130,075**	**133,256**	**138,733**	**130,084**	**127,309r**	**138,774**	**131,572**

3. Before June 1984, liabilities on negotiable CDs were included in liabilities to the United States or liabilities to foreigners, according to the address of the initial purchaser.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1984	1985	1986 July	1986 Aug.	1986 Sept.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.^{p}
1 **Total**[1]	**180,552**	**178,356**	**199,418**	**203,364**	**209,608**	**211,053**	**211,087**	**211,060**	**212,133**
By type									
2 Liabilities reported by banks in the United States[2]	26,089	26,734	25,746	25,482	29,544	27,188	27,777	27,083	26,463
3 U.S. Treasury bills and certificates[3]	59,976	53,252	70,721	74,766	75,095	75,457	75,132	75,650	75,718
U.S. Treasury bonds and notes									
4 Marketable	69,019	77,108	85,608	85,622	87,546	91,052	91,191	91,431	92,919
5 Nonmarketable[4]	5,800	3,550	1,300	1,300	1,300	1,300	1,300	1,300	1,300
6 U.S. securities other than U.S. Treasury securities[5]	19,668	17,712	16,043	16,194	16,123	16,056	15,687	15,597	15,733
By area									
7 Western Europe[1]	69,776	74,418	81,768	83,874	87,261	88,590	87,746	87,682	88,474
8 Canada	1,528	1,314	1,627	1,535	1,626	1,699	1,891	2,004	3,387
9 Latin America and Caribbean	8,561	11,141	11,245	10,801	10,353	10,047	9,111	8,383	7,704
10 Asia	93,954	86,459	100,460	102,362	105,598	105,336	105,500	105,977	107,351
11 Africa	1,264	1,824	1,525	1,958	1,864	1,715	1,544	1,502	1,298
12 Other countries[6]	5,469	3,200	2,793	2,834	2,906	3,666	5,295	5,513	3,919

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	1982	1983	1984	1985 Dec.	1986 Mar.	1986 June	1986 Sept.
1 Banks' own liabilities	4,844	5,219	8,586	15,368	21,336	24,088	29,227
2 Banks' own claims	7,707	7,231	11,984	16,294	19,800	21,138	24,516
3 Deposits	4,251	2,731	4,998	8,437	11,383	11,465	13,818
4 Other claims	3,456	4,501	6,986	7,857	8,417	9,673	10,698
5 Claims of banks' domestic customers[1]	676	1,059	569	580	1,426	1,385	1,660

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	1983	1984	1985	1986						1987
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p
1 **All foreigners**	**369,607**	**407,306**	**435,726**	**470,842**	**487,452**	**505,464**	**497,018**	**511,947**	**537,860**	**524,858**
2 Banks' own liabilities	279,087	306,898	341,070	342,515	355,941	372,368	362,309	377,707	404,476	390,671
3 Demand deposits	17,470	19,571	21,107	19,693	20,246	21,388	21,730	24,772	23,586	22,523
4 Time deposits[1]	90,632	110,413	117,278	117,010	122,286	125,840	123,503	125,608r	131,269	124,850
5 Other[2]	25,874	26,268	29,305	30,894	33,779	36,834	36,303	35,610r	40,521	39,052
6 Own foreign offices[3]	145,111	150,646	173,381	174,917	179,630	188,307	180,773	191,718	209,100	204,246
7 Banks' custody liabilities[4]	90,520	100,408	94,656	128,327	131,511	133,095	134,710	134,240	133,383	134,187
8 U.S. Treasury bills and certificates[5]	68,669	76,368	69,133	86,789	89,586	90,467	91,305	90,351	90,247	89,267
9 Other negotiable and readily transferable instruments[6]	17,467	18,747	17,964	14,702	14,507	14,430	15,085	15,343r	16,533	15,360
10 Other	4,385	5,293	7,558	26,836	27,417	28,198	28,319	28,546r	26,603	29,559
11 **Nonmonetary international and regional organizations**[7]	**5,957**	**4,454**	**5,821**	**3,974**	**5,253**	**3,038**	**3,902**	**4,315**	**4,826**	**5,263**
12 Banks' own liabilities	4,632	2,014	2,621	1,857	4,090	1,721	2,426	2,944	2,977	3,914
13 Demand deposits	297	254	85	156	165	180	175	135	199	183
14 Time deposits[1]	3,584	1,267	2,067	1,209	3,233	1,243	1,939	2,299	2,166	2,670
15 Other[2]	750	493	469	492	691	299	312	511	611	1,061
16 Banks' custody liabilities[4]	1,325	2,440	3,200	2,118	1,163	1,317	1,476	1,371	1,849	1,349
17 U.S. Treasury bills and certificates	463	916	1,736	991	129	218	308	262	259	86
18 Other negotiable and readily transferable instruments[6]	862	1,524	1,464	1,126	1,033	1,099	1,162	1,104	1,590	1,261
19 Other	0	0	0	0	1	0	6	5	0	2
20 **Official institutions**[8]	**79,876**	**86,065**	**79,985**	**96,467**	**101,371**	**104,640**	**102,645**	**102,909r**	**102,733**	**102,180**
21 Banks' own liabilities	19,427	19,039	20,835	22,647	23,834	26,821	24,064	25,165	24,591	24,236r
22 Demand deposits	1,837	1,823	2,077	1,608	1,582	1,895	1,840	2,188	2,069	1,488
23 Time deposits[1]	7,318	9,374	10,949	10,475	10,257	10,918	10,389	11,271r	10,565	10,657r
24 Other[2]	10,272	7,842	7,809	10,564	11,995	14,008	11,835	11,706r	11,957	12,092r
25 *Banks' custody liabilities*[4]	60,448	67,026	59,150	73,820	77,538	77,819	78,581	77,744r	78,142	77,944
26 U.S. Treasury bills and certificates[5]	54,341	59,976	53,252	70,721	74,766	75,095	75,457	75,132	75,650	75,718
27 Other negotiable and readily transferable instruments[6]	6,082	6,966	5,824	2,892	2,624	2,524	2,920	2,480r	2,347	2,158
28 Other	25	84	75	207	148	199	204	132	145	69
29 **Banks**[9]	**226,887**	**248,893**	**275,589**	**292,554**	**301,879**	**318,552**	**310,650**	**324,700r**	**349,780**	**339,429**
30 Banks' own liabilities	205,347	225,368	252,723	251,300	260,794	276,496	268,436	282,484	309,967	296,628
31 Unaffiliated foreign banks	60,236	74,722	79,341	76,383	81,165	88,188	87,663	90,766	100,867	92,383
32 Demand deposits	8,759	10,556	10,271	9,142	9,304	9,295	9,714	11,626	10,301	10,443
33 Time deposits[1]	37,439	47,095	49,510	49,059	52,411	58,006	55,630	57,505r	64,352	58,127
34 Other[2]	14,038	17,071	19,561	18,181	19,451	20,887	22,319	21,636r	26,215	23,813
35 Own foreign offices[3]	145,111	150,646	173,381	174,917	179,630	188,307	180,773	191,718	209,100	204,246
36 Banks' custody liabilities[4]	21,540	23,525	22,866	41,254	41,084	42,057	42,214	42,216r	39,812	42,801
37 U.S. Treasury bills and certificates	10,178	11,448	9,832	10,934	10,543	10,635	10,601	10,491	9,962	9,821
38 Other negotiable and readily transferable instruments[6]	7,485	7,236	6,040	5,585	5,526	5,538	5,532	5,550r	5,513	5,542
39 Other	3,877	4,841	6,994	24,735	25,016	25,883	26,081	26,175r	24,338	27,437
40 **Other foreigners**	**56,887**	**67,894**	**74,331**	**77,847**	**78,949**	**79,233**	**79,822**	**80,022**	**80,522**	**77,986**
41 Banks' own liabilities	49,680	60,477	64,892	66,711	67,223	67,331	67,383	67,114	66,941	65,893
42 Demand deposits	6,577	6,938	8,673	8,786	9,196	10,018	10,000	10,824	11,017	10,410
43 Time deposits	42,290	52,678	54,752	56,267	56,386	55,673	55,546	54,533	54,186	53,396
44 Other[2]	813	861	1,467	1,657	1,642	1,640	1,838	1,757	1,738	2,087
45 Banks' custody liabilities[4]	7,207	7,417	9,439	11,136	11,726	11,903	12,439	12,908	13,580	12,093
46 U.S. Treasury bills and certificates	3,686	4,029	4,314	4,143	4,149	4,519	4,939	4,465	4,377	3,643
47 Other negotiable and readily transferable instruments[6]	3,038	3,021	4,636	5,099	5,325	5,268	5,472	6,209r	7,084	6,399
48 Other	483	367	489	1,894	2,253	2,115	2,028	2,234r	2,120	2,052
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,346	10,476	9,845	6,492	6,569	6,554	6,759	6,609	7,343	7,189

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments, and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

3.17 Continued

Area and country	1983	1984	1985	1986 July	Aug.	Sept.	Oct.	Nov.	Dec.	1987 Jan.[p]
1 **Total**	**369,607**	**407,306**	**435,726**	**470,842**	**487,452**	**505,464**	**497,018**	**511,947**	**537,860**	**524,858**
2 **Foreign countries**	**363,649**	**402,852**	**429,905**	**466,867**	**482,199**	**502,426**	**493,116**	**507,632**	**533,034**	**519,595**
3 Europe	138,072	153,145	164,114	163,337	166,939	173,930	173,485	175,791	180,580	178,954
4 Austria	585	615	693	988	1,035	1,073	1,018	1,197	1,186	978
5 Belgium-Luxembourg	2,709	4,114	5,243	5,343	5,114	6,165	6,024	6,863[r]	6,907	6,754
6 Denmark	466	438	513	560	643	483	478	576[r]	485	446
7 Finland	531	418	496	449	365	406	606	448	580	565
8 France	9,441	12,701	15,541	20,171	21,469	21,339	21,242	21,641	22,849	21,389
9 Germany	3,599	3,358	4,835	6,001	6,062	5,559	6,624	5,856	5,488	6,498
10 Greece	520	699	666	604	570	623	646	755	706	750
11 Italy	8,462	10,762	9,667	8,746	9,269	8,836	8,807	9,304	10,865	9,376
12 Netherlands	4,290	4,731	4,212	4,682	4,495	4,952	4,826	4,410	5,558	5,176
13 Norway	1,673	1,548	948	497	542	576	654	512	745	688
14 Portugal	373	597	652	711	791	758	738	685	700	658
15 Spain	1,603	2,082	2,114	1,894	1,979	2,082	2,297	2,197	2,393	2,243
16 Sweden	1,799	1,676	1,422	1,267	944	1,293	1,016	1,301	889	909
17 Switzerland	32,246	31,740	29,020	28,455	29,064	29,207	29,848	30,406	31,239	30,022
18 Turkey	467	584	429	310	285	448	401	418[r]	454	575
19 United Kingdom	60,683	68,671	76,728	78,200	79,954	86,215	84,297	84,903[r]	85,476	87,791
20 Yugoslavia	562	602	673	542	482	562	515	544	630	554
21 Other Western Europe[1]	7,403	7,192	9,635	3,366	3,292	2,724	2,938	3,308	2,706	2,981
22 U.S.S.R.	65	79	105	48	32	84	25	16	23	21
23 Other Eastern Europe[2]	596	537	523	506	553	545	484	452	702	582
24 Canada	16,026	16,059	17,427	22,359	23,933	24,150	24,340	25,753	26,256	26,001
25 Latin America and Caribbean	140,088	153,381	167,856	182,617	187,924	196,704	187,968	189,383	208,042	195,366
26 Argentina	4,038	4,394	6,032	6,336	6,096	6,069	5,748	5,202	4,754	4,502
27 Bahamas	55,818	56,897	57,657	60,764	67,044	69,123	64,106	62,613	72,372	64,916
28 Bermuda	2,266	2,370	2,765	2,201	2,248	2,199	1,918	2,549	2,965	2,362
29 Brazil	3,168	5,275	5,373	5,134	5,168	5,359	5,361	4,684	4,321	3,816
30 British West Indies	34,545	36,773	42,674	56,432	55,928	61,635	58,713	61,465	70,928	66,131
31 Chile	1,842	2,001	2,049	2,227	2,139	2,426	2,398	2,325	2,052	2,208
32 Colombia	1,689	2,514	3,104	3,334	3,315	3,373	3,775	3,873	4,281	4,298
33 Cuba	8	10	11	7	8	7	6	6	7	6
34 Ecuador	1,047	1,092	1,239	1,196	1,232	1,260	1,216	1,199	1,235	1,049
35 Guatemala	788	896	1,071	1,123	1,140	1,129	1,126	1,129	1,122	1,124
36 Jamaica	109	183	122	184	177	187	151	153	136	149
37 Mexico	10,392	12,303	14,060	12,985	13,609	13,137	13,197	13,488	13,631	13,476
38 Netherlands Antilles	3,879	4,220	4,875	4,382	4,383	4,775	4,645	4,706	4,846	5,582
39 Panama	5,924	6,951	7,514	6,640	6,392	6,415	6,522	6,729	6,863	7,378
40 Peru	1,166	1,266	1,167	1,158	1,149	1,256	1,167	1,146	1,162	1,110
41 Uruguay	1,244	1,394	1,552	1,687	1,636	1,589	1,608	1,610	1,537	1,618
42 Venezuela	8,632	10,545	11,922	12,058	11,560	11,709	11,392	11,592[r]	10,451	10,538
43 Other Latin America and Caribbean	3,535	4,297	4,668	4,770	4,701	5,056	4,917	4,914[r]	5,379	5,103
44 Asia	58,570	71,187	72,280	91,669	96,021	100,058	99,325	107,025	108,944	111,921
China										
45 Mainland	249	1,153	1,607	1,795	1,185	1,938	1,585	1,450	1,476	2,046
46 Taiwan	4,051	4,990	7,786	14,331	15,608	16,129	16,528	17,540	18,903	19,660
47 Hong Kong	6,657	6,581	8,067	8,934	9,026	9,349	8,662	9,347	9,267	9,404
48 India	464	507	712	562	685	651	755	701	673	664
49 Indonesia	997	1,033	1,466	1,572	1,474	1,611	1,530	1,528	1,548	1,410
50 Israel	1,722	1,268	1,601	1,731	1,686	2,109	1,986	2,380	1,890	1,763
51 Japan	18,079	21,640	23,077	36,286	38,221	39,951	41,311	46,155	47,657	49,971
52 Korea	1,648	1,730	1,665	1,392	1,251	1,282	1,446	1,128	1,146	1,053
53 Philippines	1,234	1,383	1,140	1,363	1,458	1,400	1,707	1,720	1,865	1,809
54 Thailand	747	1,257	1,358	1,104	1,080	1,100	1,115	1,083	1,120	1,299
55 Middle-East oil-exporting countries[3]	12,976	16,804	14,523	12,739	13,227	13,056	12,045	13,010	12,356	12,090
56 Other Asia	9,748	12,841	9,276	9,861	11,121	11,481	10,654	10,984	11,042	10,754
57 Africa	2,827	3,396	4,883	3,962	4,227	4,158	3,973	4,018	4,026	3,662
58 Egypt	671	647	1,363	820	1,088	843	640	710	706	582
59 Morocco	84	118	163	93	82	91	86	84	92	74
60 South Africa	449	328	388	530	438	318	347	264	278	341
61 Zaire	87	153	163	65	60	80	79	96	74	54
62 Oil-exporting countries[4]	620	1,189	1,494	1,368	1,371	1,625	1,623	1,593	1,518	1,361
63 Other Africa	917	961	1,312	1,086	1,189	1,203	1,199	1,272	1,358	1,250
64 Other countries	8,067	5,684	3,347	2,924	3,155	3,425	4,026	5,662	5,186	3,689
65 Australia	7,857	5,300	2,779	2,173	2,459	2,785	2,943	4,286	4,262	2,693
66 All other	210	384	568	751	696	640	1,083	1,376	924	997
67 Nonmonetary international and regional organizations	5,957	4,454	5,821	3,974	5,253	3,038	3,902	4,315	4,826	5,263
68 International	5,273	3,747	4,806	2,714	4,147	1,759	2,748	3,232	3,575	3,958
69 Latin American regional	419	587	894	922	916	972	957	927	969	960
70 Other regional[5]	265	120	121	338	190	307	197	157	281	346

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1983	1984	1985	1986						1987
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p
1 **Total**	**391,312**	**400,162**	**401,608**	**403,491**	**403,760**	**416,577**	**406,286**	**417,418r**	**443,640**	**420,144**
2 **Foreign countries**	**391,148**	**399,363**	**400,577**	**402,999**	**403,340**	**416,376**	**405,913**	**417,247r**	**440,656**	**420,082**
3 Europe	91,927	99,014	106,413	100,319	100,323	106,735	103,622	106,264r	107,487	100,926
4 Austria	401	433	598	619	694	654	619	748	739	654
5 Belgium-Luxembourg	5,639	4,794	5,772	6,113	6,990	6,574	7,689	8,149	7,510	7,458
6 Denmark	1,275	648	706	856	783	807	796	764	700	670
7 Finland	1,044	898	823	1,041	964	1,085	1,111	1,176	957	1,037
8 France	8,766	9,157	9,124	9,583	9,483	10,209	9,514	9,499	11,343	9,009
9 Germany	1,284	1,306	1,267	1,426	1,181	1,599	1,320	1,654	1,321	2,287
10 Greece	476	817	991	622	660	706	626	792	626	630
11 Italy	9,018	9,119	8,848	7,266	5,981	6,797	7,681	8,323	8,944	7,954
12 Netherlands	1,267	1,356	1,258	1,427	1,254	2,039	2,114	2,424	3,318	2,081
13 Norway	690	675	706	614	698	732	711	712	654	745
14 Portugal	1,114	1,243	1,058	789	757	734	699	682	706	671
15 Spain	3,573	2,884	1,908	1,863	1,757	1,995	1,922	1,722	1,459	1,479
16 Sweden	3,358	2,230	2,219	2,906	2,396	2,487	2,375	2,343	1,932	2,363
17 Switzerland	1,863	2,123	3,171	2,617	3,306	2,665	2,661	3,574	3,047	2,536
18 Turkey	812	1,130	1,200	1,709	1,649	1,586	1,612	3,527	1,536	1,469
19 United Kingdom	47,364	56,185	62,566	56,247	57,856	61,997	58,094	56,610	58,275	55,691
20 Yugoslavia	1,718	1,886	1,964	1,902	1,852	1,871	1,886	1,813r	1,833	1,773
21 Other Western Europe[1]	477	596	998	1,102	508	791	799	600	556	536
22 U.S.S.R	192	142	130	504	528	405	296	225	634	411
23 Other Eastern Europe[2]	1,598	1,389	1,107	1,112	1,026	1,002	1,097	927	1,396	1,382
24 Canada	16,341	16,109	16,482	18,303	19,401	18,112	19,532	20,338	20,936	20,749
25 Latin America and Caribbean	205,491	207,862	202,674	202,203	197,879	205,579	196,413	196,512	208,507	194,659
26 Argentina	11,749	11,050	11,462	12,282	12,009	12,119	12,243	12,017	12,079	11,941
27 Bahamas	59,633	58,009	58,258	56,250	55,465	61,705	53,557	53,967	59,568	51,822
28 Bermuda	566	592	499	432	373	320	452	447	418	416
29 Brazil	24,667	26,315	25,283	24,915	24,762	24,856	24,738	25,880	25,433	25,660
30 British West Indies	35,527	38,205	38,881	41,923	39,836	40,360	39,535	39,248	45,782	40,881
31 Chile	6,072	6,839	6,603	6,513	6,449	6,489	6,514	6,526	6,536	6,452
32 Colombia	3,745	3,499	3,249	2,776	2,642	2,633	2,674	2,665	2,818	2,801
33 Cuba	0	0	0	0	0	0	0	1	0	2
34 Ecuador	2,307	2,420	2,390	2,366	2,375	2,387	2,420	2,395	2,430	2,404
35 Guatemala[3]	129	158	194	113	127	135	122	138	140	133
36 Jamaica[3]	215	252	224	209	209	224	209	216	198	199
37 Mexico	34,802	34,885	31,799	31,168	30,839	31,037	31,061	30,659	30,490	30,160
38 Netherlands Antilles	1,154	1,350	1,340	996	1,060	1,133	972	911	1,038	960
39 Panama	7,848	7,707	6,645	6,280	5,862	6,377	6,094	5,354	5,423	5,260
40 Peru	2,536	2,384	1,947	1,703	1,677	1,600	1,625	1,618	1,637	1,617
41 Uruguay	977	1,088	960	927	936	1,051	930	943	1,045	937
42 Venezuela	11,287	11,017	10,871	11,363	11,289	11,177	11,180	11,014	11,047	10,992
43 Other Latin America and Caribbean	2,277	2,091	2,067	1,985	1,969	1,977	2,086	2,513	2,424	2,021
44 Asia	67,837	66,316	66,212	74,253	77,811	78,073	78,558	86,209	95,802	95,826
China										
45 Mainland	292	710	639	779	526	758	758	793	787	996
46 Taiwan	1,908	1,849	1,535	1,089	1,637	1,903	1,528	1,812	2,675	2,566
47 Hong Kong	8,489	7,293	6,796	8,445	8,632	8,883	8,337	7,598	8,250	8,428
48 India	330	425	450	372	375	355	316	327	321	324
49 Indonesia	805	724	698	720	729	689	694	722	718	676
50 Israel	1,832	2,088	1,991	1,567	1,541	1,622	1,630	1,615	1,648	1,611
51 Japan	30,354	29,066	31,249	40,902	43,327	42,751	45,167	53,265	59,497	58,313
52 Korea	9,943	9,285	9,226	8,900	8,495	7,846	7,023	6,569	7,162	6,716
53 Philippines	2,107	2,555	2,224	2,168	2,128	2,148	2,071	1,972	2,202	2,144
54 Thailand	1,219	1,125	845	711	736	636	611	595	576	522
55 Middle East oil-exporting countries[4]	4,954	5,044	4,298	2,919	2,764	3,724	3,396	3,778	4,115	5,483
56 Other Asia	5,603	6,152	6,260	5,680	6,921	6,758	7,027	7,162	7,852	8,046
57 *Africa*	6,654	6,615	5,407	4,817	4,693	4,651	4,531	4,737	4,622	4,595
58 Egypt	747	728	721	701	633	593	577	560	567	577
59 Morocco	440	583	575	615	617	636	621	621	598	590
60 South Africa	2,634	2,795	1,942	1,661	1,683	1,607	1,549	1,586	1,531	1,516
61 Zaire	33	18	20	17	21	33	35	27	28	36
62 Oil-exporting countries[5]	1,073	842	630	413	445	511	545	690	688	720
63 Other	1,727	1,649	1,520	1,410	1,294	1,271	1,203	1,253	1,209	1,157
64 Other countries	2,898	3,447	3,390	3,103	3,232	3,225	3,259	3,187	3,303	3,328
65 Australia	2,256	2,769	2,413	2,159	2,293	2,221	2,143	1,980r	1,952	2,085
66 All other	642	678	978	945	940	1,004	1,115	1,207r	1,350	1,243
67 Nonmonetary international and regional organizations[6]	164	800	1,030	493	420	200	372	171	2,983	62

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."

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	1983	1984	1985	1986						1987
				July	Aug.	Sept.	Oct.	Nov.[r]	Dec.	Jan.[p]
1 **Total**	**426,215**	**433,078**	**430,489**	....	....	**448,426**	....	....	**476,908**	....
2 Banks' own claims on foreigners	391,312	400,162	401,608	403,491	403,760	416,577	406,286	417,418	443,640	420,144
3 Foreign public borrowers	57,569	62,237	60,507	60,667	60,046	60,603	60,745	60,768	63,165	60,975
4 Own foreign offices[1]	146,393	156,216	174,261	181,590	182,170	193,355	182,548	189,093	211,264	192,064
5 Unaffiliated foreign banks	123,837	124,932	116,654	114,099	115,922	116,808	117,392	120,082	123,028	120,979
6 Deposits	47,126	49,226	48,372	49,324	52,410	52,178	53,074	52,834	56,449	53,215
7 Other	76,711	75,706	68,282	64,775	63,512	64,630	64,319	67,247	66,579	67,764
8 All other foreigners	63,514	56,777	50,185	47,136	45,621	45,811	45,601	47,475	46,183	46,126
9 Claims of banks' domestic customers[2]	34,903	32,916	28,881	....	....	31,849	....	....	33,268	....
10 Deposits	2,969	3,380	3,335	....	....	3,743	....	....	4,416	....
11 Negotiable and readily transferable instruments[3]	26,064	23,805	19,332	....	....	22,337	....	....	23,338	....
12 Outstanding collections and other claims	5,870	5,732	6,214	....	....	5,769	....	....	5,514	....
13 MEMO: Customer liability on acceptances	37,715	37,103	28,487	....	....	27,172	....	....	25,732	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	46,337	40,714	37,780	47,464	48,575	44,515	43,547[r]	44,855	44,071	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1983	1984	1985	1986			
				Mar.	June	Sept.	Dec.[p]
1 **Total**	**243,715**	**243,952**	**227,903**	**221,172**	**222,559**	**224,317**	**230,314**
By borrower							
2 Maturity of 1 year or less[1]	176,158	167,858	160,824	152,666	152,551	154,731	158,086
3 Foreign public borrowers	24,039	23,912	26,302	23,845	23,164	22,392	24,445
4 All other foreigners	152,120	143,947	134,522	128,821	129,388	132,339	133,641
5 Maturity of over 1 year[1]	67,557	76,094	67,078	68,506	70,008	69,586	72,228
6 Foreign public borrowers	32,521	38,695	34,512	36,681	37,177	38,115	39,792
7 All other foreigners	35,036	37,399	32,567	31,825	32,830	31,471	32,436
By area							
Maturity of 1 year or less[1]							
8 Europe	56,117	58,498	56,585	53,435	57,927	59,331	60,205
9 Canada	6,211	6,028	6,401	5,899	6,078	5,968	5,659
10 Latin America and Caribbean	73,660	62,791	63,328	59,537	57,399	57,814	54,912
11 Asia	34,403	33,504	27,966	28,032	25,777	26,713	30,476
12 Africa	4,199	4,442	3,753	3,331	3,297	3,038	2,807
13 All other[2]	1,569	2,593	2,791	2,433	2,072	1,866	4,027
Maturity of over 1 year[1]							
14 Europe	13,576	9,605	7,634	7,809	7,934	7,285	6,941
15 Canada	1,857	1,882	1,805	1,925	2,256	1,861	1,951
16 Latin America and Caribbean	43,888	56,144	50,674	52,165	53,572	54,147	56,085
17 Asia	4,850	5,323	4,502	4,251	4,034	3,990	4,921
18 Africa	2,286	2,033	1,538	1,634	1,497	1,479	1,534
19 All other[2]	1,101	1,107	926	722	714	824	794

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

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1,2]

Billions of dollars, end of period

Area or country	1982	1983	1984	1985				1986			
				Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.[p]
1 **Total**	**436.1**	**433.9**	**405.7**	**405.5**	**396.8**	**394.9**	**391.9**	**394.4[r]**	**391.0[r]**	**391.3[r]**	**395.5**
2 G-10 countries and Switzerland	179.6	167.8	148.1	153.0	146.7	152.0	148.5	156.3[r]	159.9[r]	158.9[r]	159.6
3 Belgium-Luxembourg	13.1	12.4	8.7	9.3	8.9	9.5	9.3	8.3	9.0	8.5	8.5
4 France	17.1	16.2	14.1	14.5	13.5	14.8	12.3	13.8	15.1	14.6	13.8
5 Germany	12.7	11.3	9.0	8.9	9.6	9.8	10.5	11.2	11.5	12.5	11.2
6 Italy	10.3	11.4	10.1	10.0	8.6	8.4	9.8	8.5	9.3	8.1	9.2
7 Netherlands	3.6	3.5	3.9	3.8	3.7	3.4	3.7	3.5	3.4	3.9	4.6
8 Sweden	5.0	5.1	3.2	3.1	2.9	3.1	2.8	2.9	2.9	2.7	2.4
9 Switzerland	5.0	4.3	3.9	4.2	4.0	4.1	4.4	5.4	5.6	4.8	5.5
10 United Kingdom	72.1	65.3	60.3	65.4	65.7	67.1	64.6	68.5	68.9	70.0[r]	72.0
11 Canada	10.4	8.3	7.9	9.1	8.1	7.6	7.0	6.2	6.8	6.1	5.4
12 Japan	30.2	29.9	27.1	24.7	21.7	24.3	24.2	28.1	27.4	27.7[r]	26.9
13 Other developed countries	33.5	36.0	33.6	32.8	32.3	32.0	30.4	31.6	30.6	29.4	26.2
14 Austria	1.9	1.9	1.6	1.6	1.6	1.7	1.6	1.6	1.7	1.7	1.7
15 Denmark	2.4	3.4	2.2	2.1	1.9	2.1	2.4	2.5	2.4	2.3	1.7
16 Finland	2.2	2.4	1.9	1.8	1.8	1.8	1.6	1.9	1.6	1.7	1.4
17 Greece	3.0	2.8	2.9	2.9	2.9	2.8	2.6	2.5	2.6	2.3	2.3
18 Norway	3.3	3.3	3.0	2.9	2.9	3.4	2.9	2.7	3.0	2.7	2.4
19 Portugal	1.5	1.5	1.4	1.4	1.3	1.4	1.3	1.1	1.0	1.0	.9
20 Spain	7.5	7.1	6.5	6.4	5.9	6.1	5.8	6.4	6.4	6.7	5.8
21 Turkey	1.4	1.7	1.9	1.9	2.0	2.1	1.9	2.3	2.5	2.1	2.0
22 Other Western Europe	2.3	1.8	1.7	1.7	1.8	1.7	2.0	2.4	2.1	1.6	1.5
23 *South Africa*	3.7	4.7	4.5	4.2	3.9	3.3	3.2	3.2	3.1	3.1	3.1
24 Australia	4.3	5.4	6.0	6.1	6.2	5.6	5.0	4.9	4.2	4.1[r]	3.5
25 OPEC countries[3]	26.9	28.4	24.9	24.5	22.8	22.7	21.6	20.7	20.6	20.0	19.6
26 Ecuador	2.2	2.2	2.2	2.2	2.2	2.2	2.1	2.2	2.1	2.1	2.2
27 Venezuela	10.5	9.9	9.3	9.3	9.3	9.0	8.9	8.7	8.8	8.7	8.6
28 Indonesia	2.9	3.4	3.3	3.3	3.1	3.1	3.0	3.3	3.0	2.8	2.6
29 Middle East countries	8.5	9.8	7.9	7.4	6.1	6.2	5.5	4.8	5.0	4.6[r]	4.5
30 African countries	2.8	3.0	2.3	2.3	2.2	2.3	2.0	1.8	1.7	1.7	1.7
31 Non-OPEC developing countries	106.5	110.8	111.8	110.8	110.0	107.8	105.1	103.5	101.5[r]	99.7[r]	100.1
Latin America											
32 Argentina	8.9	9.5	8.7	8.6	8.6	8.9	8.9	8.9	9.2	9.3	9.5
33 Brazil	22.9	23.1	26.3	26.4	26.6	25.5	25.6	25.6[r]	25.3	25.2	25.3
34 Chile	6.3	6.4	7.0	7.0	6.9	6.6	7.0	7.0	7.1	7.1	7.1
35 Colombia	3.1	3.2	2.9	2.8	2.7	2.6	2.7	2.3	2.2	2.0	2.1
36 Mexico	24.2	25.8	25.7	25.5	25.3	24.4	24.2	24.0	23.8	23.8	23.9
37 Peru	2.6	2.4	2.2	2.2	2.1	1.9	1.8	1.7	1.6	1.5	1.4
38 Other Latin America	4.0	4.2	3.9	3.8	3.7	3.5	3.4	3.3	3.3	3.3[r]	3.7
Asia											
China											
39 Mainland	.2	.3	.7	.7	.3	1.1	.5	.6	.6	.6	.4
40 Taiwan	5.3	5.2	5.1	5.3	5.5	5.1	4.5	4.3	3.7	4.3	4.9
41 India	.5	.9	.9	.9	.9	1.1	1.2	1.2	1.3	1.3	1.2
42 Israel	2.3	1.9	1.8	1.7	2.3	1.5	1.6	1.3	1.6	1.4	1.6
43 Korea (South)	10.7	11.2	10.6	10.4	10.0	10.4	9.4	9.5	8.7[r]	7.3	6.8
44 Malaysia	2.1	2.8	2.7	2.7	2.8	2.7	2.4	2.2	2.0	2.1	2.1
45 Philippines	6.3	6.1	6.0	6.1	6.0	6.0	5.7	5.6	5.7	5.4	5.4
46 Thailand	1.6	2.2	1.8	1.7	1.6	1.7[r]	1.4	1.3	1.1	1.0	.9
47 Other Asia	1.1	1.0	1.1	1.1	.9	.9	1.0	.9	.8	.7	.7
Africa											
48 Egypt	1.2	1.5	1.2	1.1	1.0	1.0	1.0	.9	.9	.7	.7
49 Morocco	.7	.8	.8	.8	.8	.9	.9	.9	.9	.9	.9
50 Zaire	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
51 Other Africa[4]	2.4	2.3	2.1	2.2	2.0	2.0	1.9	1.9	1.7	1.6	1.6
52 Eastern Europe	6.2	5.3	4.4	4.3	4.3	4.6	4.2	4.0	4.0	3.4[r]	4.0
53 U.S.S.R.	.3	.2	.1	.2	.3	.2	.1	.3	.3	.1	.4
54 Yugoslavia	2.2	2.4	2.3	2.2	2.2	2.4	2.2	2.0	2.0	1.9	1.7
55 Other	3.7	2.8	2.0	1.9	1.8	1.9	1.8	1.7	1.7	1.4	1.9
56 Offshore banking centers	66.0	68.9	65.6	63.2	63.9	58.8	65.4	61.6[r]	57.2	62.6	65.6
57 Bahamas	19.0	21.7	21.5	20.1	21.1	16.6	21.4	21.5	17.3	20.0	22.6
58 Bermuda	.9	.9	.9	.7	.9	.8	.7	.7	.4	.4[r]	.7
59 Cayman Islands and other British West Indies	12.8	12.2	11.8	12.3	12.1	12.3	13.4	11.3	12.8	13.2	14.6
60 Netherlands Antilles	3.3	4.2	3.4	3.3	3.2	2.3	2.3	2.3	2.3	1.9	1.9
61 *Panama*[5]	7.5	5.8	6.7	5.5	5.4	6.1	6.0	5.9	5.5	6.8	5.1
62 Lebanon	.1	.1	.1	.1	.1	.0	.1	.1	.1	.1	.1
63 Hong Kong	13.3	13.8	11.4	11.4	11.4	11.4	11.5	11.4	9.4	10.4	11.2
64 Singapore	9.1	10.3	9.8	9.9	9.7	9.4	9.9	8.4	9.3	9.7	9.4
65 Others[6]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[7]	17.5	16.8	17.3	16.9	16.9	17.3	16.9	16.7	17.2	17.5[r]	20.3

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches *held by a U.S. office or another* foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Beginning with June 1984 data, reported claims held by foreign branches *have been reduced by an increase in the reporting threshold for "shell" branches* from \$50 million to \$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, *Kuwait, Libya, Nigeria, Qatar, Saudi Arabia,* and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1982	1983	1984	1985		1986		
				Sept.	Dec.	Mar.	June	Sept.^{p}
1 **Total**	**27,512**	**25,346**	**29,357**	**25,533**	**27,662**	**25,635**	**24,222**	**24,380**
2 Payable in dollars	24,280	22,233	26,389	22,634	24,352	22,022	20,692	20,633
3 Payable in foreign currencies	3,232	3,113	2,968	2,899	3,310	3,613	3,530	3,747
By type								
4 Financial liabilities	11,066	10,572	14,509	12,092	13,437	12,328	11,117	11,620
5 Payable in dollars	8,858	8,700	12,553	10,050	11,313	10,205	9,177	9,418
6 Payable in foreign currencies	2,208	1,872	1,955	2,041	2,123	2,123	1,940	2,201
7 Commercial liabilities	16,446	14,774	14,849	13,441	14,225	13,307	13,105	12,760
8 Trade payables	9,438	7,765	7,005	5,694	6,685	5,598	5,503	5,592
9 Advance receipts and other liabilities	7,008	7,009	7,843	7,747	7,540	7,710	7,602	7,168
10 Payable in dollars	15,423	13,533	13,836	12,584	13,039	11,817	11,516	11,214
11 Payable in foreign currencies	1,023	1,241	1,013	857	1,186	1,490	1,590	1,546
By area or country								
Financial liabilities								
12 Europe	6,501	5,742	6,728	6,816	7,616	6,971	6,705	7,254
13 Belgium-Luxembourg	505	302	471	367	329	338	288	322
14 France	783	843	995	849	857	851	701	501
15 Germany	467	502	489	509	434	371	262	289
16 Netherlands	711	621	590	624	745	630	651	708
17 Switzerland	792	486	569	593	676	702	561	692
18 United Kingdom	3,102	2,839	3,297	3,584	4,254	3,736	3,960	4,272
19 Canada	746	764	863	826	760	753	287	282
20 Latin America and Caribbean	2,751	2,596	5,086	2,619	3,184	2,788	2,404	2,269
21 Bahamas	904	751	1,926	1,145	1,123	954	859	863
22 Bermuda	14	13	13	4	4	13	14	4
23 Brazil	28	32	35	23	29	26	27	28
24 British West Indies	1,027	1,041	2,103	1,234	1,843	1,610	1,362	1,256
25 Mexico	121	213	367	28	15	20	30	18
26 Venezuela	114	124	137	3	3	4	3	5
27 Asia	1,039	1,424	1,777	1,767	1,815	1,799	1,660	1,790
28 Japan	715	991	1,209	1,136	1,198	1,192	1,189	1,354
29 Middle East oil-exporting countries[2]	169	170	155	82	82	78	43	3
30 Africa	17	19	14	14	12	12	12	4
31 Oil-exporting countries[3]	0	0	0	0	0	0	0	2
32 All other[4]	12	27	41	50	50	4	49	21
Commercial liabilities								
33 Europe	3,831	3,245	4,001	3,897	4,074	3,915	3,761	4,337
34 Belgium-Luxembourg	52	62	48	56	62	66	58	75
35 France	598	437	438	431	453	382	357	369
36 Germany	468	427	622	601	607	546	512	628
37 Netherlands	346	268	245	386	364	545	587	613
38 Switzerland	367	241	257	289	379	251	283	360
39 United Kingdom	1,027	732	1,095	858	976	957	861	1,086
40 Canada	1,495	1,841	1,975	1,383	1,449	1,442	1,351	1,240
41 Latin America and Caribbean	1,570	1,473	1,871	1,262	1,088	1,097	1,304	843
42 Bahamas	16	1	7	2	12	26	10	37
43 Bermuda	117	67	114	105	77	210	294	172
44 Brazil	60	44	124	120	58	64	107	43
45 British West Indies	32	6	32	15	44	7	35	38
46 Mexico	436	585	586	415	430	256	235	196
47 Venezuela	642	432	636	311	212	364	488	207
48 Asia	8,144	6,741	5,285	5,353	6,046	5,384	5,068	4,781
49 Japan	1,226	1,247	1,256	1,567	1,799	2,039	2,095	2,114
50 Middle East oil-exporting countries[2,5]	5,503	4,178	2,372	2,109	2,829	2,171	1,731	1,528
51 Africa	753	553	588	572	587	486	569	578
52 Oil-exporting countries[3]	277	167	233	235	238	148	215	176
53 All other[4]	651	921	1,128	975	982	983	1,053	980

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1982	1983	1984	1985		1986		
				Sept.	Dec.	Mar.	June	Sept.[p]
1 **Total**	**28,725**	**34,911**	**29,901**	**28,626**	**28,437**	**30,927**	**32,519**	**32,262**
2 Payable in dollars	26,085	31,815	27,304	25,760	26,135	28,740	30,337	29,787
3 Payable in foreign currencies	2,640	3,096	2,597	2,866	2,302	2,187	2,182	2,475
By type								
4 Financial claims	17,684	23,780	19,254	19,220	18,451	21,540	23,324	23,165
5 Deposits	13,058	18,496	14,621	15,331	15,204	18,146	20,034	18,554
6 Payable in dollars	12,628	17,993	14,202	14,627	14,589	17,689	19,479	18,066
7 Payable in foreign currencies	430	503	420	704	615	457	555	488
8 Other financial claims	4,626	5,284	4,633	3,889	3,248	3,394	3,290	4,611
9 Payable in dollars	2,979	3,328	3,190	2,351	2,213	2,301	2,269	3,392
10 Payable in foreign currencies	1,647	1,956	1,442	1,538	1,035	1,093	1,021	1,220
11 Commercial claims	11,041	11,131	10,646	9,406	9,986	9,387	9,195	9,097
12 Trade receivables	9,994	9,721	9,177	7,932	8,696	8,086	7,858	7,925
13 Advance payments and other claims	1,047	1,410	1,470	1,475	1,290	1,301	1,337	1,172
14 Payable in dollars	10,478	10,494	9,912	8,782	9,333	8,750	8,589	8,329
15 Payable in foreign currencies	563	637	735	624	652	637	606	767
By area or country								
Financial claims								
16 Europe	4,873	6,488	5,762	6,463	6,530	6,859	8,877	9,338
17 Belgium-Luxembourg	15	37	15	12	10	10	11	67
18 France	134	150	126	132	184	217	257	418
19 Germany	178	163	224	158	223	172	148	129
20 Netherlands	97	71	66	127	61	61	17	44
21 Switzerland	107	38	66	53	74	166	177	138
22 United Kingdom	4,064	5,817	4,864	5,736	5,725	5,986	8,051	8,315
23 Canada	4,377	5,989	3,988	4,038	3,260	4,024	4,464	3,690
24 Latin America and Caribbean	7,546	10,234	8,216	7,619	7,841	9,934	9,151	9,300
25 Bahamas	3,279	4,771	3,306	2,321	2,698	3,500	3,251	2,912
26 Bermuda	32	102	6	5	6	2	17	19
27 Brazil	62	53	100	92	78	77	75	101
28 British West Indies	3,255	4,206	4,043	4,642	4,571	5,904	5,359	5,871
29 Mexico	274	293	215	201	180	178	176	173
30 Venezuela	139	134	125	73	48	43	42	40
31 Asia	698	764	961	969	696	621	723	673
32 Japan	153	297	353	725	475	350	499	387
33 Middle East oil-exporting countries[2]	15	4	13	6	4	2	2	2
34 Africa	158	147	210	104	103	87	89	84
35 Oil-exporting countries[3]	48	55	85	31	29	27	25	18
36 All other[4]	31	159	117	26	21	14	20	81
Commercial claims								
37 Europe	3,826	3,670	3,801	3,235	3,533	3,387	3,304	3,345
38 Belgium-Luxembourg	151	135	165	158	175	148	131	123
39 France	474	459	440	360	426	384	390	412
40 Germany	357	349	374	336	346	396	414	397
41 Netherlands	350	334	335	286	284	221	237	183
42 Switzerland	360	317	271	208	284	248	221	232
43 United Kingdom	811	809	1,063	779	898	793	668	830
44 Canada	633	829	1,021	1,100	1,023	1,060	970	929
45 Latin America and Caribbean	2,526	2,695	2,052	1,660	1,753	1,599	1,590	1,665
46 Bahamas	21	8	8	18	13	27	24	29
47 Bermuda	261	190	115	62	93	82	148	132
48 Brazil	258	493	214	211	206	231	194	206
49 British West Indies	12	7	7	7	6	7	24	23
50 Mexico	775	884	583	416	510	388	320	299
51 Venezuela	351	272	206	149	157	172	180	190
52 Asia	3,050	3,063	3,073	2,712	2,982	2,606	2,649	2,471
53 Japan	1,047	1,114	1,191	884	1,016	801	846	788
54 Middle East oil-exporting countries[2]	751	737	668	541	638	630	691	597
55 Africa	588	588	470	434	437	491	447	456
56 Oil-exporting countries[3]	140	139	134	131	130	167	171	168
57 All other[4]	417	286	229	264	257	244	235	231

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	1985	1986	1987 Jan.	1986 July	1986 Aug.	1986 Sept.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	81,995	148,073	17,701	13,275	12,045	12,206	10,979	12,033r	14,077	17,701
2 Foreign sales	77,054	129,382	16,052	11,261	10,615	10,948	12,300	12,086r	12,312	16,052
3 **Net purchases, or sales (−)**	**4,941**	**18,690**	**1,649**	**2,014**	**1,430**	**1,258**	**−1,322**	**−52**	**1,766**	**1,649**
4 **Foreign countries**	**4,857**	**18,898**	**1,728**	**2,079**	**1,470**	**1,303**	**−1,179**	**−19r**	**1,686**	**1,728**
5 Europe	2,057	9,567	1,010	577	824	587	−1,124	−485	548	1,010
6 France	−438	462	144	182	105	30	−92	−69	113	144
7 Germany	730	341	61	−130	−42	9	−104	−3	24	61
8 Netherlands	−123	936	53	52	50	36	−19	−50	14	53
9 Switzerland	−75	1,560	98	−198	44	70	−405	−236	47	98
10 United Kingdom	1,665	4,832	596	482	521	462	−481	−114	354	596
11 Canada	356	796	132	214	97	93	−115	41r	102	132
12 Latin America and Caribbean	1,718	3,027	317	271	108	145	154	367	219	317
13 Middle East[1]	238	975	132	181	78	58	−51	−92	266	132
14 Other Asia	296	3,864	85	830	376	346	16	80	450	85
15 Africa	24	297	−1	30	−1	−13	39	23	17	−1
16 Other countries	168	373	53	−23	−13	86	−97	48	84	53
17 **Nonmonetary international and regional organizations**	**84**	**−208**	**−80**	**−65**	**−40**	**−45**	**−143**	**−34**	**80**	**−80**
BONDS[2]										
18 Foreign purchases	86,587	122,607	9,121	8,937	9,420	10,160	9,712	9,277r	11,879	9,121
19 Foreign sales	42,455	71,783	7,234	5,679	5,348	5,585	5,527	6,105r	7,733	7,234
20 **Net purchases, or sales (−)**	**44,132**	**50,824**	**1,887**	**3,259**	**4,072**	**4,575**	**4,185**	**3,172r**	**4,147**	**1,887**
21 **Foreign countries**	**44,227**	**50,007**	**1,976**	**3,197**	**4,077**	**4,871**	**4,457**	**2,853r**	**4,251**	**1,976**
22 Europe	40,047	39,274	1,133	2,395	2,484	3,386	3,475	2,100r	3,074	1,133
23 France	210	388	6	6	20	−29	0	328	32	6
24 Germany	2,001	−251	−245	−91	−81	26	82	−108	−19	−245
25 Netherlands	222	387	−8	−39	98	51	−55	113	52	−8
26 Switzerland	3,987	4,529	64	180	564	30	265	204	−117	64
27 United Kingdom	32,762	33,865	1,192	2,213	1,917	3,414	3,177	1,416	2,770	1,192
28 Canada	190	548	−101	85	110	2	88	154	153	−101
29 Latin America and Caribbean	498	1,468	102	250	160	64	101	66r	102	102
30 Middle East[1]	−2,648	−2,951	−57	−718	−40	−169	−33	−355	−258	−57
31 Other Asia	6,091	11,537	917	1,177	1,329	1,586	819	902r	1,174	917
32 Africa	11	16	0	−3	5	6	−3	3	3	0
33 Other countries	38	114	−19	11	29	−4	11	−15	3	−19
34 **Nonmonetary international and regional organizations**	**−95**	**817**	**−88**	**61**	**−4**	**−296**	**−273**	**319**	**−104**	**−88**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−3,892	−1,444	−106	404	−83	676	1,256	391r	74	−106
36 Foreign purchases	20,861	50,033	5,117	4,310	4,610	5,091	6,324	4,190r	4,709	5,117
37 Foreign sales	24,754	51,478	5,223	3,907	4,694	4,415	5,068	3,799r	4,635	5,223
38 Bonds, net purchases, or sales (−)	−3,999	−3,173	318	359	1,232	−2,231	2,151	−674r	−472	318
39 Foreign purchases	81,216	166,018	11,515	13,559	14,086	15,182	16,249	12,626r	16,528	11,515
40 Foreign sales	85,214	169,191	11,198	13,200	12,854	17,412	14,098	13,300r	17,000	11,198
41 **Net purchases, or sales (−), of stocks and bonds**	**−7,891**	**−4,618**	**212**	**762**	**1,149**	**−1,555**	**3,407**	**−283r**	**−399**	**212**
42 **Foreign countries**	**−8,954**	**−5,746**	**60**	**438**	**1,090**	**−1,492**	**3,078**	**−285r**	**−848**	**60**
43 Europe	−9,887	−17,701	−139	−683	−714	−3,379	−647	−999r	−1,408	−139
44 Canada	−1,686	−881	−410	245	263	111	88	−106r	−264	−410
45 Latin America and Caribbean	1,846	3,475	396	278	127	351	502	16	212	396
46 Asia	659	11,227	170	659	1,337	1,852	3,194	820r	1,511	170
47 Africa	75	52	4	9	1	3	−1	4	3	4
48 Other countries	38	−1,918	38	−70	75	−430	−58	−20r	−902	38
49 **Nonmonetary international and regional organizations**	**1,063**	**1,128**	**152**	**324**	**59**	**−63**	**330**	**2r**	**449**	**152**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

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

Millions of dollars

Country or area	1985	1986	1987 Jan.	1986 July	1986 Aug.	1986 Sept.	1986 Oct.	1986 Nov.[r]	1986 Dec.	1987 Jan.[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total[2]**	**29,208**	**24,060**	**−359**	**−279**	**754**	**4,993**	**3,093**	**−2,228**	**937**	**−359**
2 Foreign countries[2]	28,768	25,210	353	2,705	2,217	3,997	2,778	−270	−543	353
3 Europe[2]	4,303	16,996	1,345	2,544	2,442	685	3,135	700	1,003	1,345
4 Belgium-Luxembourg	476	343	59	−46	180	239	4	53	75	59
5 Germany[2]	1,917	7,649	471	818	1,050	1,133	2,560	700	−487	471
6 Netherlands	269	1,283	−366	1,756	−64	−313	112	38	58	366
7 Sweden	976	132	229	42	25	85	6	−70	−236	−229
8 Switzerland[2]	773	310	44	−278	52	−53	449	−498	−428	−44
9 United Kingdom	1,810	4,668	1,214	610	1,207	1,970	153	−308	1,038	1,214
10 Other Western Europe	1,701	2,611	241	358	43	195	−136	−510	1,099	241
11 Eastern Europe	0	0	0	0	0	0	0	0	0	0
12 Canada	−188	874	851	67	105	198	−230	19	297	851
13 Latin America and Caribbean	4,315	903	1,201	28	−37	220	219	75	97	1,201
14 Venezuela	248	69	33	−72	294	266	69	139	29	−33
15 Other Latin America and Caribbean	2,336	1,131	641	96	255	32	314	6	96	−641
16 Netherlands Antilles	1,731	−159	−528	5	2	−78	26	208	−28	−528
17 Asia	19,919	5,236	−929	137	132	4,848	58	−148	2,124	929
18 Japan	17,909	3,916	76	273	683	4,395	453	186	2,086	−76
19 Africa	112	−54	6	6	1	11	13	2	14	6
20 All other	308	1,255	280	198	160	200	163	482	198	280
21 Nonmonetary international and regional organizations	442	−1,152	712	2,984	−1,462	996	314	1,959	1,478	−712
22 International	−436	1,477	766	2,829	−1,511	890	365	−2,010	1,412	−766
23 Latin American regional	18	157	0	0	0	39	5	0	0	0
MEMO										
24 Foreign countries[2]	28,768	25,210	353	2,705	2,217	3,997	2,778	270	−543	353
25 Official institutions	8,135	14,277	1,488	1,448	61	1,877	3,506	138	240	1,488
26 Other foreign[2]	20,631	10,936	−1,135	1,257	2,156	2,119	727	−408	−783	−1,135
Oil-exporting countries										
27 Middle East[3]	1,547	−1,555	−718	14	239	205	377	1,014	−76	−718
28 Africa[4]	7	5	1	2	−1	2	1	1	0	1

1. Estimated official and private transactions in *marketable U.S. Treasury* securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Feb. 28, 1987		Country	Rate on Feb. 28, 1987		Country	Rate on Feb. 28, 1987	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria	3.5	Jan. 1987	France[1]	7.25	Dec. 1986	Norway	8.0	June 1983
Belgium	8.5	Jan. 1987	Germany, Fed. Rep. of	3.5	Mar. 1986	Switzerland	3.5	Jan. 1987
Brazil	49.0	Mar. 1981	Italy	12.0	May 1986	United Kingdom[2]	....	....
Canada	7.53	Feb. 1987	Japan	2.5	Feb. 1987	Venezuela	8.0	Oct. 1985
Denmark	7.0	Oct. 1983	Netherlands	4.5	Mar. 1986			

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	1984	1985	1986	1986					1987	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 Eurodollars	10.75	8.27	6.70	6.06	5.88	5.88	5.96	6.23	6.10	6.32
2 United Kingdom	9.91	12.16	10.87	9.79	10.05	11.08	11.12	11.30	10.98	10.79
3 Canada	11.29	9.64	9.18	8.50	8.38	8.45	8.39	8.34	7.95	7.44
4 Germany	5.96	5.40	4.58	4.56	4.48	4.56	4.67	4.80	4.45	3.94
5 Switzerland	4.35	4.92	4.19	4.30	4.13	3.96	3.88	4.08	3.63	3.58
6 Netherlands	6.08	6.29	5.56	5.28	5.17	5.32	5.48	6.03	5.58	5.31
7 France	11.66	9.91	7.68	7.09	7.07	7.38	7.51	7.92	8.49	8.36
8 Italy	17.08	14.86	12.60	11.18	10.84	10.85	11.05	11.40	11.39	11.13
9 Belgium	11.41	9.60	8.04	7.25	7.25	7.29	7.38	7.39	7.88	7.75
10 Japan	6.32	6.47	4.96	4.68	4.71	4.75	4.39	4.40	4.23	3.98

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	1984	1985	1986	1986				1987	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 Australia/dollar[1]	87.937	70.026	67.093	62.21	63.83	64.45	65.95	66.09	66.77
2 Austria/schilling	20.005	20.676	15.260	14.349	14.111	14.251	13.996	13.087	12.833
3 Belgium/franc	57.749	59.336	44.662	42.315	41.635	42.069	41.381	38.616	37.789
4 Brazil/cruzeiro	1841.50	6205.10	13.051	13.84	13.98	14.10	14.54	15.58	18.08
5 Canada/dollar	1.2953	1.3658	1.3896	1.3872	1.3885	1.3863	1.3801	1.3605	1.3340
6 China, P.R./yuan	2.3308	2.9434	3.4615	3.7150	3.7257	3.7314	3.7314	3.7314	3.7314
7 Denmark/krone	10.354	10.598	8.0954	7.7278	7.5607	7.6444	7.5235	7.0591	6.8939
8 Finland/markka	6.0007	6.1971	5.0721	4.9190	4.8684	4.9576	4.8980	4.6419	4.5556
9 France/franc	8.7355	8.9799	6.9256	6.6835	6.5628	6.6206	6.5296	6.2007	6.0760
10 Germany/deutsche mark	2.8454	2.9419	2.1704	2.0415	2.0054	2.0243	1.9880	1.8596	1.8239
11 Greece/drachma	112.73	138.40	139.93	135.07	135.44	139.12	140.13	134.80	133.88
12 Hong Kong/dollar	7.8188	7.7911	7.8037	7.8026	7.7999	7.7974	7.7931	7.7698	7.7952
13 India/rupee	11.348	12.332	12.597	12.676	12.848	13.076	13.149	13.029	13.062
14 Ireland/pound[1]	108.64	106.62	134.14	134.53	135.89	134.64	136.78	143.90	145.93
15 Italy/lira	1756.10	1908.90	1491.16	1410.23	1387.67	1401.08	1379.44	1317.17	1297.74
16 Japan/yen	237.45	238.47	168.35	154.73	156.47	162.85	162.05	154.83	153.41
17 Malaysia/ringgit	2.3448	2.4806	2.5830	2.6174	2.6245	2.6131	2.5966	2.5701	2.5418
18 Netherlands/guilder	3.2083	3.3184	2.4484	2.3050	2.2663	2.2870	2.2470	2.0978	2.0592
19 New Zealand/dollar[1]	57.837	49.752	52.456	47.950	50.392	51.382	51.339	53.605	54.815
20 Norway/krone	8.1596	8.5933	7.3984	7.3429	7.3611	7.5401	7.5294	7.1731	7.0067
21 Portugal/escudo	147.70	172.07	149.80	146.83	147.24	149.54	148.61	142.90	141.62
22 *Singapore/dollar*	2.1325	2.2008	2.1782	2.1680	2.1777	2.1922	2.1900	2.1510	2.1410
23 South Africa/rand[1]	69.534	45.57	43.952	43.36	44.42	44.37	44.94	47.70	47.97
24 South Korea/won	807.91	861.89	884.61	883.06	879.22	873.54	868.43	862.86	857.38
25 Spain/peseta	160.78	169.98	140.04	134.10	133.43	136.10	134.49	129.54	128.62
26 Sri Lanka/rupee	25.428	27.187	27.933	28.297	28.407	28.471	28.532	28.578	28.662
27 Sweden/krona	8.2706	8.6031	7.1272	6.9191	6.8901	6.9683	6.9081	6.6188	6.5016
28 Switzerland/franc	2.3500	2.4551	1.7979	1.6537	1.6433	1.6858	1.6647	1.5616	1.5403
29 Taiwan/dollar	39.633	39.889	37.837	36.885	36.647	36.438	36.001	35.304	35.056
30 Thailand/baht	23.582	27.193	26.314	26.120	26.129	26.278	26.239	26.037	25.933
31 United Kingdom/pound[1]	133.66	129.74	146.77	146.98	142.64	142.38	143.93	150.54	152.80
MEMO									
32 United States/dollar[2]	138.19	143.01	112.22	107.15	106.58	107.90	106.54	101.13	99.46

1. Value in U.S. cents.

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

3. Currency reform.

NOTE. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) release. For address, see inside front cover.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

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

General Information

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

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

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

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

Special tables begin on next page.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 2–6, 1987[1]

A. Commercial and Industrial Loans[2]

Characteristics	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[3]	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[7]
			Days	Weighted average effective[4]	Standard error[5]	Interquartile range[6]			
ALL BANKS									
1 Overnight[8]	15,399,940	7,055	*	6.86	.26	6.49–7.04	85.6	6.2	Fed funds
2 One month and under	7,737,558	487	19	7.38	.14	6.81–7.60	72.8	8.5	Domestic
3 Fixed rate	5,981,071	725	18	7.14	.06	6.76–7.31	71.0	9.9	Domestic
4 Floating rate	1,756,488	230	22	8.21	.21	7.04–8.86	78.8	4.0	Prime
5 Over one month and under a year	9,459,714	102	151	8.09	.19	7.11–8.78	73.1	7.7	Prime
6 Fixed rate	3,900,457	89	113	7.75	.28	6.91–7.87	65.8	10.1	Domestic
7 Floating rate	5,559,258	114	178	8.33	.15	7.71–8.84	78.2	6.0	Prime
8 Demand[9]	5,431,743	151	*	8.18	.12	7.71–8.84	80.8	4.0	Prime
9 Fixed rate	409,577	205	*	7.10	.23	6.54–7.74	83.7	6.3	Other
10 Floating rate	5,022,166	148	*	8.26	.11	7.71–8.84	80.6	3.8	Prime
11 **Total short term**	**38,028,957**	**260**	**49**	**7.46**	**.14**	**6.70–7.79**	**79.2**	**6.7**	**Fed funds**
12 *Fixed rate (thousands of dollars)*	25,481,985	453	23	7.07	.15	6.58–7.25	79.0	7.7	Fed funds
13 1–24	328,649	8	112	11.20	.24	9.93–12.39	24.2	.1	Other
14 25–49	171,646	32	117	10.56	.20	8.88–12.38	18.0	2.1	Prime
15 50–99	150,041	63	133	9.76	.23	8.84–11.02	25.6	.2	Prime
16 100–499	426,753	182	90	8.76	.24	7.71–9.85	43.8	2.9	Prime
17 500–999	290,051	661	66	7.69	.12	7.05–8.06	66.3	9.0	Prime
18 1000 and over	24,114,846	8,365	19	6.94	.05	6.57–7.17	81.3	7.9	Fed funds
19 Floating rate (thousands of dollars)	12,546,972	139	136	8.26	.13	7.71–8.84	79.6	4.8	Prime
20 1–24	439,620	9	153	9.73	.12	8.84–10.43	67.3	3.4	Prime
21 25–49	489,566	34	144	9.45	.11	8.66–9.92	69.0	1.5	Prime
22 50–99	788,340	67	162	9.05	.07	8.30–9.65	74.9	2.0	Prime
23 100–499	2,431,898	190	151	8.71	.07	7.78–9.38	78.0	2.8	Prime
24 500–999	1,081,056	631	149	8.36	.04	7.76–8.84	80.8	5.7	Prime
25 1000 and over	7,316,492	3,289	127	7.85	.15	7.04–8.33	81.9	5.9	Prime
			Months						
26 **Total long term**	**7,154,803**	**310**	**54**	**8.50**	**.18**	**7.71–9.04**	**78.7**	**7.3**	**Prime**
27 Fixed rate (thousands of dollars)	1,735,926	188	51	8.41	.55	6.87–9.04	73.4	2.0	Fed Funds
28 1–99	159,809	20	56	11.04	.37	9.92–11.85	6.6	.8	Prime
29 100–499	193,759	226	41	10.04	.30	9.38–10.47	12.8	.8	Other
30 500–999	46,475	634	61	9.02	.46	7.71–10.47	52.9	3.3	Other
31 1000 and over	1,335,882	8,286	51	7.84	.68	6.76–8.44	91.0	2.3	Fed Funds
32 Floating rate (thousands of dollars)	5,418,876	393	55	8.53	.15	7.76–9.04	80.3	9.0	Prime
33 1–99	269,359	27	46	9.81	.16	8.84–11.02	46.3	2.4	Prime
34 100–499	529,155	211	53	8.99	.14	8.16–9.38	64.0	6.2	Prime
35 500–999	356,616	663	56	8.55	.11	7.76–9.11	78.4	8.6	Prime
36 1000 and over	4,263,747	5,862	55	8.39	.12	7.71–9.04	84.7	9.8	Prime
			Days	Loan rate (percent)		Prime rate[11]			
				Effective[4]	Nominal[10]				
LOANS MADE BELOW PRIME[12]									
37 Overnight[8]	14,362,487	9,614	*	6.75	6.53	7.51	87.2	7.1	
38 One month and under	5,966,654	4,205	17	6.96	6.74	7.51	73.7	10.6	
39 Over one month and under a year	3,901,031	613	126	6.99	6.81	7.60	79.2	12.3	
40 Demand[9]	1,405,330	948	*	6.83	6.63	7.55	72.9	5.4	
41 ***Total short term***	**25,635,502**	**2,383**	**25**	**6.84**	**6.63**	**7.52**	**82.1**	**8.6**	
42 Fixed rate	22,475,849	3,662	18	6.82	6.61	7.51	81.7	8.9	
43 Floating rate	3,159,654	684	105	6.96	6.75	7.61	84.7	6.7	
			Months						
44 **Total long term**	**1,681,276**	**906**	**54**	**7.09**	**6.91**	**7.70**	**90.4**	**5.1**	
45 Fixed rate	818,875	792	51	7.00	6.86	7.67	91.1	3.8	
46 Floating rate	862,401	1,050	56	7.18	6.96	7.73	89.7	6.3	

For notes see end of table.

4.23 Continued

A. Commercial and Industrial Loans — Continued

Characteristics	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[3] Days	Loan rate (percent) Weighted average effective[4]	Standard error[5]	Inter-quartile range[6]	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[7]
LARGE BANKS									
1 Overnight[8]	11,140,547	11,322	*	6.94	.05	6.45–7.14	87.9	7.3	Fed funds
2 One month and under	5,361,941	2,606	20	7.25	.04	6.82–7.56	76.8	8.2	Domestic
3 Fixed rate	4,384,372	4,168	19	7.13	.04	6.81–7.42	73.4	8.9	Domestic
4 Floating rate	977,569	972	23	7.74	.11	7.01–8.30	92.2	4.8	Prime
5 Over one month and under a year	5,390,766	557	138	7.57	.13	6.91–8.14	79.6	9.4	Prime
6 Fixed rate	2,692,047	1,869	106	7.20	.11	6.84–7.34	75.4	13.0	Domestic
7 Floating rate	2,698,720	328	170	7.94	.16	7.19–8.57	83.8	5.8	Prime
8 Demand[9]	2,542,134	296	*	7.95	.20	6.96–8.84	76.6	2.2	Prime
9 Fixed rate	148,906	709	*	6.67	.34	6.63–8.30	82.6	.9	Other
10 Floating rate	2,393,228	286	*	8.03	.20	7.23–8.84	76.3	2.3	Prime
11 **Total short term**	**24,435,388**	**1,147**	**39**	**7.25**	**.04**	**6.71–7.67**	**82.5**	**7.4**	**Fed funds**
12 Fixed rate (thousands of dollars)	18,251,668	4,973	21	7.03	.04	6.63–7.25	82.4	8.5	Fed funds
13 1–24	7,753	10	92	10.00	.23	8.84–10.70	23.7	.0	Prime
14 25–49	7,312	33	82	9.24	.15	8.78–9.89	33.3	1.6	Prime
15 50–99	13,651	63	75	9.11	.38	8.30–9.86	35.8	.0	Prime
16 100–499	101,194	237	48	8.08	.16	7.11–8.81	74.3	2.5	Prime
17 500–999	142,968	696	56	7.74	.14	7.10–8.24	81.3	3.7	Prime
18 1000 and over	17,978,790	9,872	21	7.01	.04	6.63–7.25	82.6	8.6	Fed funds
19 Floating rate (thousands of dollars)	6,183,720	351	127	7.91	.13	7.04–8.57	82.5	4.2	Prime
20 1–24	71,400	11	177	9.29	.17	8.30–9.96	80.6	.1	Prime
21 25–49	92,170	34	180	9.05	.13	8.30–9.65	80.7	.6	Prime
22 50–99	189,133	67	191	8.91	.10	8.30–9.38	81.0	1.0	Prime
23 100–499	803,507	203	154	8.58	.08	7.76–9.11	84.6	2.0	Prime
24 500–999	432,844	645	132	8.35	.06	7.76–8.84	83.7	4.5	Prime
25 1000 and over	4,594,666	4,394	119	7.67	.17	6.91–8.30	82.2	4.8	Prime
			Months						
26 **Total long term**	**5,209,731**	**1,600**	**53**	**8.26**	**.17**	**7.52–9.04**	**88.6**	**7.5**	**Prime**
27 Fixed rate (thousands of dollars)	1,132,070	2,275	52	7.86	1.07	6.76–8.44	92.4	.3	Fed funds
28 1–99	7,582	26	44	12.37	.52	9.92–12.96	37.8	.3	Other
29 100–499	18,445	219	50	9.66	.51	7.76–10.47	70.9	8.1	Prime
30 500–999	25,191	622	62	8.42	.64	7.50–9.92	62.9	6.2	Prime
31 1000 and over	1,080,852	12,747	52	7.78	1.35	6.76–8.44	93.9	.0	Fed funds
32 Floating rate (thousands of dollars)	4,077,661	1,478	53	8.37	.20	7.71–9.04	87.5	9.5	Prime
33 1–99	38,923	34	38	9.17	.14	8.30–9.65	70.1	4.0	Prime
34 100–499	185,705	230	47	8.69	.14	7.76–9.31	85.3	7.9	Prime
35 500–999	215,870	696	50	8.47	.10	7.76–9.04	91.4	7.7	Prime
36 1000 and over	3,637,162	7,179	54	8.34	.23	7.71–9.04	87.6	9.7	Prime
			Days	Loan rate (percent) Effective[4]	Nominal[10]	Prime rate[11]			
LOANS MADE BELOW PRIME[12]									
37 Overnight[8]	10,140,915	12,737	*	6.80	6.58	7.50	90.5	7.9	
38 One month and under	4,324,907	5,794	18	7.00	6.78	7.50	75.0	9.9	
39 Over one month and under a year	3,143,949	5,708	123	6.97	6.78	7.51	79.5	11.1	
40 Demand[9]	815,327	2,226	*	6.70	6.50	7.53	57.3	.0	
41 **Total short term**	**18,425,097**	**7,491**	**27**	**6.87**	**6.66**	**7.50**	**83.5**	**8.6**	
42 Fixed rate	16,276,719	8,746	19	6.87	6.65	7.50	83.6	9.2	
43 Floating rate	2,148,378	3,589	114	6.89	6.69	7.52	82.5	4.2	
			Months						
44 **Total long term**	**1,317,237**	**5,243**	**55**	**6.89**	**6.73**	**7.52**	**100.0**	**3.8**	
45 Fixed rate	609,772	11,239	50	6.79	6.69	7.50	100.0	.0	
46 Floating rate	707,465	3,591	59	6.97	6.76	7.53	100.0	7.0	

For notes see end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS SURVEY of Loans Made, February 2–6, 1987[1]—Continued
A. Commercial and Industrial Loans — Continued[2]

Characteristics	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[3]	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[7]
			Days	Weighted average effective[4]	Standard error[5]	Interquartile range[6]			
OTHER BANKS									
1 Overnight[8]	4,259,393	3,553	*	6.66	.54	6.38–6.88	79.6	3.2	Fed funds
2 One month and under	2,375,618	172	18	7.69	.23	6.71–8.07	63.8	9.3	Prime
3 Fixed rate	1,596,699	222	17	7.16	.12	6.63–7.13	64.6	12.4	Domestic
4 Floating rate	778,919	117	21	8.78	.31	7.18–10.48	62.0	3.0	Prime
5 Over one month and under a year	4,068,948	49	168	8.79	.08	7.75–9.38	64.5	5.5	Prime
6 Fixed rate	1,208,410	28	129	8.99	.19	7.19–10.79	44.4	3.8	Other
7 Floating rate	2,860,538	71	185	8.71	.11	7.79–9.38	73.0	6.2	Prime
8 Demand[9]	2,889,609	106	*	8.38	.11	7.76–8.87	84.5	5.5	Prime
9 Fixed rate	260,671	145	*	7.35	.34	6.54–7.34	84.4	9.4	Other
10 Floating rate	2,628,938	103	*	8.48	.07	7.76–8.87	84.5	5.2	Prime
11 **Total short term**	**13,593,568**	**109**	**68**	**7.84**	**.19**	**6.66–8.81**	**73.3**	**5.5**	**Prime**
12 Fixed rate (thousands of dollars)	7,230,317	138	27	7.18	.27	6.45–7.18	70.3	5.6	Fed funds
13 1–24	320,895	8	112	11.23	.26	10.00–12.40	24.2	.1	Other
14 25–49	164,334	32	118	10.26	.13	8.97–12.38	17.3	2.1	Prime
15 50–99	136,390	63	140	9.82	.22	8.87–11.02	24.6	.2	Prime
16 100–499	325,559	170	102	8.97	.38	7.71–10.06	34.3	3.1	Prime
17 500–999	147,083	630	77	7.65	.21	6.93–7.76	51.8	14.3	Prime
18 1000 and over	6,136,056	5,780	13	6.71	.07	6.45–6.95	77.5	6.0	Fed funds
19 Floating rate (thousands of dollars)	6,363,252	88	146	8.60	.12	7.76–9.38	76.8	5.3	Prime
20 1–24	368,219	9	149	9.81	.07	8.84–10.47	64.7	4.0	Prime
21 25–49	397,396	34	137	9.54	.14	8.77–9.95	66.3	1.7	Prime
22 50–99	599,207	67	153	9.10	.11	8.30–9.80	73.0	2.4	Prime
23 100–499	1,628,391	183	150	8.77	.10	7.79–9.38	74.8	3.1	Prime
24 500–999	648,212	621	159	8.37	.06	7.76–8.84	79.0	6.5	Prime
25 1000 and over	2,721,826	2,308	140	8.14	.20	7.34–8.78	81.5	7.7	Prime
			Months						
26 **Total long term**	**1,945,072**	**98**	**55**	**9.14**	**.20**	**8.20–9.92**	**52.1**	**6.8**	**Prime**
27 Fixed rate (thousands of dollars)	603,856	69	48	9.44	.45	7.65–10.47	37.9	5.4	Other
28 1–99	152,228	19	56	10.97	.14	9.92–11.57	5.0	.8	Prime
29 100–499	175,314	226	40	10.07	.35	9.38–10.47	6.7	.0	Other
30 500–999	21,284	649	60	9.73	.66	9.31–10.47	41.1	.0	Other
31 1000 and over	255,030	3,337	47	8.07	.61	6.65–9.04	78.6	12.2	Other
32 Floating rate (thousands of dollars)	1,341,216	121	58	9.01	.12	8.24–9.38	58.5	7.5	Prime
33 1–99	230,436	26	47	9.92	.19	8.84–11.02	42.3	2.1	Prime
34 100–499	343,450	202	56	9.16	.22	8.30–9.65	52.4	5.2	Prime
35 500–999	140,746	619	65	8.67	.19	8.11–9.31	58.4	10.1	Prime
36 1000 and over	626,585	2,838	62	8.66	.05	8.17–9.38	67.7	10.1	Prime
			Days	Loan rate (percent)		Prime rate[11]			
				Effective[4]	Nominal[10]				
LOANS MADE BELOW PRIME[12]									
37 Overnight[8]	4,221,573	6,051	*	6.63	6.42	7.53	79.4	5.0	
38 One month and under	1,641,747	2,441	16	6.84	6.62	7.53	70.4	12.4	
39 Over one month and under a year	757,081	130	142	7.10	6.91	8.01	78.2	17.2	
40 Demand[9]	590,004	529	*	7.01	6.80	7.57	94.3	12.9	
41 **Total short term**	**7,210,405**	**869**	**21**	**6.76**	**6.55**	**7.58**	**78.5**	**8.6**	
42 Fixed rate	6,199,130	1,450	14	6.70	6.49	7.54	76.7	8.1	
43 Floating rate	1,011,275	251	85	7.11	6.90	7.83	89.4	11.9	
			Months						
44 **Total long term**	**364,039**	**227**	**48**	**7.85**	**7.58**	**8.38**	**55.5**	**9.8**	
45 Fixed rate	209,103	213	51	7.62	7.37	8.18	65.1	14.9	
46 Floating rate	154,936	248	43	8.16	7.86	8.64	42.5	2.8	

For notes see end of table.

4.23 Continued

B. Construction and Land Development Loans

Characteristics	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity (months)[3]	Loan rate (percent)[13] Weighted average effective[4]	Loan rate (percent)[13] Standard error[5]	Loan rate (percent)[13] Inter-quartile range[6]	Loans made under commitment (percent)	Partici-pation loans (percent)
ALL BANKS								
1 **Total**	**3,390,669**	**213**	**9**	**8.64**	**.26**	**7.77–9.11**	**86.9**	**17.5**
2 Fixed rate (thousands of dollars)	1,460,309	249	7	8.37	.40	7.55–8.60	89.1	11.1
3 1–24	45,221	10	6	11.42	.33	10.52–12.18	56.8	.8
4 25–49	10,969	30	9	9.59	.37	8,84–9.93	13.4	3.4
5 50–99	17,399	75	9	12.45	.49	9.96–13.80	81.9	.0
6 100–499	105,388	265	23	11.50	.40	11.02–13.24	13.5	1.3
7 500 and over	1,281,332	10,170	5	7.94	.31	7.55–8.37	97.3	12.4
8 Floating rate (thousands of dollars)	1,930,359	192	11	8.84	.16	8.30–9.38	85.2	22.4
9 1–24	48,236	9	9	9.56	.08	9.11–9.96	71.3	.4
10 25–49	71,617	37	7	10.81	.31	9.38–11.56	59.4	.8
11 50–99	72,869	69	10	9.17	.11	8.84–9.92	62.0	3.0
12 100–499	287,233	196	12	9.23	.12	8.84–9.92	77.8	2.7
13 500 and over	1,450,403	3,541	11	8.62	.13	8.03–8.85	89.5	29.1
By type of construction								
14 Single family	389,673	42	13	10.02	.26	9.11–11.02	68.5	2.5
15 Multifamily	253,734	277	7	8.87	.15	8.70–8.84	94.4	5.0
16 Nonresidential	2,747,261	491	9	8.42	.29	7.76–8.84	88.8	20.8
LARGE BANKS[14]								
1 **Total**	**2,203,753**	**1,879**	**8**	**8.09**	**.23**	**7.55–8.70**	**93.5**	**16.4**
2 Fixed rate (thousands of dollars)	1,222,669	6,218	3	7.87	.45	7.55–8.20	97.1	12.7
3 1–24	775	10	12	10.31	.60	9.92–10.47	88.3	.0
4 25–49	*	*	*	*	*	*	*	*
5 50–99	*	*	*	*	*	*	*	*
6 100–499	*	*	*	*	*	*	*	*
7 500 and over	1,219,021	13,544	3	7.87	.45	7.55–8.20	97.1	12.7
8 Floating rate (thousands of dollars)	981,085	1,005	13	8.36	.11	7.77–8.84	89.1	20.9
9 1–24	3,441	10	12	9.21	.09	8.84–9.38	94.8	4.9
10 25–49	3,487	33	11	9.27	.16	8.84–9.92	94.3	3.0
11 50–99	7,729	73	10	8.92	.21	8.84–9.38	93.2	4.2
12 100–499	59,380	230	14	8.87	.16	8.57–9.11	91.9	2.8
13 500 and over	907,049	5,843	13	8.32	.12	7.77–8.84	88.8	22.4
By type of construction								
14 Single family	34,231	102	7	8.70	.23	7.76–9.38	86.1	22.0
15 Multifamily	217,143	1,013	7	8.79	.18	11.02–8.70	98.3	4.6
16 Nonresidential	1,952,380	3,135	8	8.00	.23	7.55–8.57	93.1	17.6
OTHER BANKS[14]								
1 **Total**	**1,186,915**	**81**	**11**	**9.65**	**.23**	**8.84–9.92**	**74.6**	**19.7**
2 Fixed rate (thousands of dollars)	237,641	42	21	10.94	.38	9.92–12.13	48.4	2.6
3 1–24	44,446	10	6	11.44	.41	10.75–12.18	56.3	.8
4 25–49	10,617	29	9	9.60	.54	8.84–9.93	10.5	2.3
5 50–99	16,871	75	8	12.51	.67	9.96–13.80	82.3	.0
6 100–499	103,395	265	23	11.55	.52	11.02–13.24	12.2	.7
7 500 and over	62,311	1,731	31	9.37	.37	9.18–10.34	100.0	7.7
8 Floating rate (thousands of dollars)	949,274	105	9	9.32	.13	8.84–9.42	81.2	23.9
9 1–24	44,796	9	9	9.59	.07	9.20–9.96	69.5	.1
10 25–49	68,130	38	7	10.89	.52	9.39–13.24	57.6	.7
11 50–99	65,141	68	10	9.20	.06	8.84–9.92	58.3	2.8
12 100–499	227,854	189	12	9.32	.19	8.84–9.92	74.1	2.7
13 500 and over	543,355	2,136	8	9.12	.16	8.84–9.39	90.8	40.2
By type of construction								
14 Single family	355,442	39	13	10.15	.27	9.38–11.02	66.8	.6
15 Multifamily	36,591	52	13	9.36	.17	9.11–9.92	71.4	7.4
16 Nonresidential	794,882	160	11	9.44	.30	8.84–9.39	78.3	28.7

For notes see end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS SURVEY of Loans Made, February 2–6, 1987[1]—Continued

C. Loans to Farmers[14]

Characteristics	Size class of loans (thousands)						
	All sizes	$1–9	$10–24	$25–49	$50–99	$100–249	$250 and over
ALL BANKS							
1 Amount of loans (thousands of dollars)	1,046,760	106,737	135,565	97,908	126,118	227,717	352,714
2 Number of loans	43,767	28,010	9,075	2,871	1,912	1,539	360
3 *Weighted average maturity (months)*[3]	10.9	7.9	9.4	7.1	14.4	15.5	8.5
4 Weighted average interest rate (percent)[4]	10.20	11.59	11.18	11.06	10.80	10.78	8.59
5 Standard error[5]	.56	.58	.67	.79	.69	.82	.80
6 Interquartile range[6]	8.51–11.63	10.51–12.43	10.25–12.15	10.25–11.90	9.58–11.80	9.96–11.83	7.76–9.00
By purpose of loan							
7 Feeder livestock	10.62	11.63	11.37	11.39	9.72	10.97	8.86
8 Other livestock	9.86	11.21	11.17	10.46	*	*	*
9 Other current operating expenses	10.42	11.61	11.28	11.17	10.74	10.93	8.86
10 Farm machinery and equipment	11.20	11.45	10.72	11.27	*	*	*
11 Farm real estate	10.72	11.67	10.79	*	*	*	*
12 Other	8.99	11.77	10.79	10.02	10.27	8.86	8.25
Percentage of amount of loans							
13 With floating rates	65.1	43.5	42.5	42.5	57.4	55.9	95.2
14 Made under commitment	47.4	30.5	32.1	31.5	40.0	34.3	73.8
By purpose of loan							
15 Feeder livestock	13.1	12.4	17.0	26.2	14.3	13.9	7.3
16 Other livestock	7.2	7.3	10.2	4.4	*	*	*
17 Other current operating expenses	55.0	60.3	51.6	54.6	44.6	67.6	50.2
18 Farm machinery and equipment	3.4	9.1	3.1	3.7	*	*	*
19 Farm real estate	4.4	1.8	7.5	*	*	*	*
20 Other	16.9	9.1	10.6	9.9	12.9	7.7	30.9
LARGE BANKS[14]							
1 Amount of loans (thousands of dollars)	381,624	6,706	11,464	14,757	23,641	45,228	279,829
2 Number of loans	3,825	1,740	784	421	347	325	208
3 Weighted average maturity (months)[3]	8.9	8.8	10.7	9.3	8.1	10.1	8.6
4 Weighted average interest rate (percent)[4]	8.47	10.07	9.39	9.22	9.30	9.00	8.19
5 Standard error[5]	.52	.53	.64	.75	.60	.78	.21
6 Interquartile range[6]	7.76–9.00	9.30–10.43	8.77–9.92	8.51–9.84	8.77–9.84	8.52–9.50	7.76–8.30
By purpose of loan							
7 Feeder livestock	8.96	9.77	9.05	8.79	9.32	9.03	8.86
8 Other livestock	8.02	9.60	*	*	*	*	*
9 Other current operating expenses	8.37	9.78	9.51	9.47	9.19	9.21	8.04
10 Farm machinery and equipment	9.73	12.08	10.06	9.58	*	*	*
11 Farm real estate	9.00	10.73	*	*	*	*	*
12 Other	8.44	9.91	9.44	9.17	9.49	8.86	8.25
Percentage of amount of loans							
13 With floating rates	93.7	78.2	91.4	93.4	91.1	96.4	93.9
14 Made under commitment	78.5	65.2	78.1	76.4	86.3	83.5	77.5
By purpose of loan							
15 Feeder livestock	12.4	11.1	26.8	21.7	18.7	22.8	9.2
16 Other livestock	9.7	3.9	*	*	*	*	*
17 Other current operating expenses	38.1	56.1	39.4	42.7	41.6	28.1	38.7
18 Farm machinery and equipment	1.5	10.9	3.1	6.6	*	*	*
19 Farm real estate	1.7	2.9	*	*	*	*	*
20 Other	36.5	15.1	23.8	16.9	28.3	38.6	39.0
OTHER BANKS[14]							
1 Amount of loans (thousands of dollars)	665,136	100,032	124,102	83,151	102,477	182,489	*
2 Number of loans	39,942	26,269	8,291	2,450	1,565	1,214	*
3 Weighted average maturity (months)[3]	11.5	7.8	9.3	6.8	15.2	16.5	*
4 Weighted average interest rate (percent)[4]	11.20	11.69	11.34	11.39	11.15	11.22	*
5 Standard error[5]	.21	.23	.18	.21	.33	.21	*
6 Interquartile range[6]	10.51–11.95	10.78–12.47	11.38–12.31	10.59–12.05	10.26–11.88	11.02–11.83	*
By purpose of loan							
7 Feeder livestock	11.50	11.74	11.73	11.76	*	*	*
8 Other livestock	11.64	11.26	11.22	*	*	*	*
9 Other current operating expenses	11.11	11.73	11.40	11.40	11.07	11.08	*
10 Farm machinery and equipment	11.47	11.40	*	*	*	*	*
11 Farm real estate	11.00	11.78	10.83	*	*	*	*
12 Other	11.09	11.99	11.10	*	*	*	*

For notes see end of table.

4.23 Continued

C. Loans to Farmers[14]—Continued

Characteristics	Size class of loans (thousands)						
	All sizes	$1–9	$10–24	$25–49	$50–99	$100–249	$250 and over
Percentage of amount of loans							
13 With floating rates	48.6	41.1	37.9	33.5	49.6	45.9	*
14 Made under commitment	29.5	28.1	27.8	23.5	29.4	22.1	*
By purpose of loan							
15 Feeder livestock	13.5	12.5	16.1	27.0	*	*	*
16 Other livestock	5.8	7.5	10.9	*	*	*	*
17 Other current operating expenses	64.6	60.6	52.8	56.8	45.3	77.4	*
18 Farm machinery and equipment	4.5	9.0	*	*	*	*	*
19 Farm real estate	6.0	1.7	7.8	*	*	*	*
20 Other	5.6	8.7	9.3	*	*	*	*

*Fewer than 10 sample loans.

1. The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the mid-month of each quarter by a sample of 340 commercial banks of all sizes. A subsample of 250 banks also report loans to farmers. The sample data are blown up to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks. *Construction and land development loans* include both unsecured loans and loans secured by real estate. Thus, some of the construction and land development loans would be reported on the statement of condition as real estate loans and the remainder as business loans. Mortgage loans, purchased loans, foreign loans, and loans of less than $1,000 are excluded from the survey.

As of Dec. 31, 1985, assets of most of the large banks were at least $5.5 billion. For all insured banks total assets averaged $165 million.

2. Beginning with the August 1986 survey respondent banks provide information on the type of base rate used to price each commercial and industrial loan made during the survey week. This reporting change is reflected in the new column on the most common base pricing rate in table A and footnote 13 from table B.

3. Average maturities are weighted by loan size and exclude demand loans.

4. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loan and weighted by loan size.

5. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of lending at all banks.

6. The interquartile range shows the interest rate range that encompasses the middle 50 percent of the total dollar amount of loans made.

7. The most common base rate is that rate used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "basic" or "reference" rate); the federal funds rate; domestic money market rates other than the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.

8. Overnight loans are loans that mature on the following business day.

9. Demand loans have no stated date of maturity.

10. Nominal (not compounded) annual interest rates are calculated from survey data on the stated rate and other terms of the loan and weighted by loan size.

11. The prime rate reported by each bank is weighted by the volume of loans extended and then averaged.

12. The proportion of loans made at rates below prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

13. 73.4 percent of construction and land development loans were priced relative to the prime rate.

14. Among banks reporting loans to farmers (Table C), most "large banks" (survey strata 1 to 3) had over $600 million in total assets, and most "other banks" (survey strata 4 to 6) had total assets below $600 million.

The survey of terms of bank lending to farmers now includes loans secured by farm real estate. In addition, the categories describing the purpose of farm loans have now been expanded to include "purchase or improve farm real estate." In previous surveys, the purpose of such loans was reported as "other".

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1986[1]

Millions of dollars

Item	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]
1 **Total assets[4]**	**396,787**	**198,364**	**293,649**	**154,829**	**62,481**	**28,753**	**21,884**	**9,287**
2 Claims on nonrelated parties	364,933	168,549	272,765	131,247	55,721	25,129	21,531	9,031
3 Cash and balances due from depository institutions	95,109	77,287	79,062	63,615	8,946	8,329	5,820	4,782
4 Cash items in process of collection and unposted debits	326	0	295	0	7	0	5	0
5 Currency and coin (U.S. and foreign)	24	n.a.	17	n.a.	2	n.a.	2	n.a.
6 Balances with depository institutions in United States	53,923	39,783	43,456	31,356	6,111	5,564	3,478	2,531
7 U.S. branches and agencies of other foreign banks (including their IBFs)	45,861	37,329	36,347	29,133	5,799	5,460	3,064	2,412
8 Other depository institutions in United States (including their IBFs)	8,062	2,454	7,110	2,222	313	104	414	119
9 Balances with banks in foreign countries and with foreign central banks	38,461	37,504	33,102	32,259	2,784	2,765	2,282	2,251
10 Foreign branches of U.S. banks	2,425	2,188	2,132	1,901	176	175	102	102
11 Other banks in foreign countries and foreign central banks	36,036	35,316	30,971	30,358	2,609	2,590	2,180	2,149
12 Balances with Federal Reserve Banks	2,376	n.a.	2,191	n.a.	41	n.a.	53	n.a.
13 **Total securities and loans**	**221,805**	**86,301**	**156,104**	**64,330**	**38,775**	**15,811**	**14,441**	**4,000**
14 Total securities, book value	28,488	8,972	23,180	6,780	3,749	1,915	784	199
15 U.S. Treasury	6,303	n.a.	5,980	n.a.	153	n.a.	92	n.a.
16 Obligations of U.S. government agencies and corporations	2,411	n.a.	2,334	n.a.	69	n.a.	0	n.a.
17 Other bonds, notes, debentures and corporate stock (including state and local securities)	19,774	8,972	14,866	6,780	3,527	1,915	692	199
18 *Federal funds sold and securities purchased under agreements to resell*	16,459	2,565	14,186	1,614	1,201	490	534	79
19 U.S branches and agencies of other foreign banks	9,435	1,387	8,011	803	750	288	317	54
20 Commercial banks in United States	4,664	185	4,336	185	97	0	192	0
21 Other	2,360	994	1,839	625	354	202	25	25
22 Total loans, gross	193,478	77,362	133,030	57,567	35,070	13,910	13,661	3,801
23 Less: Unearned income on loans	162	32	105	18	44	14	4	0
24 Equals: Loans, net	193,316	77,329	132,924	57,550	35,025	13,896	13,657	3,801
Total loans, gross, by category								
25 Real estate loans	8,669	68	4,006	39	2,542	29	467	0
26 Loans to depository institutions	63,182	43,281	44,987	28,830	12,626	10,103	3,901	3,129
27 Commercial banks in United States (including IBFs)	35,064	17,558	23,874	9,704	8,261	5,873	2,395	1,728
28 U.S. branches and agencies of other foreign banks	31,379	16,015	20,597	8,335	7,974	5,741	2,336	1,693
29 Other commercial banks in United States	3,685	1,543	3,277	1,369	287	132	59	35
30 Other depository institutions in United States (including IBFs)	181	43	100	0	5	0	30	0
31 Banks in foreign countries	27,937	25,679	21,013	19,126	4,360	4,229	1,476	1,401
32 Foreign branches of U.S. banks	1,432	1,428	1,240	1,236	155	155	17	17
33 Other banks in foreign countries	26,505	24,251	19,773	17,890	4,205	4,074	1,459	1,384
34 Other financial institutions	6,001	651	4,057	500	842	116	1,018	23
35 Commercial and industrial loans	90,250	18,723	58,686	16,044	16,477	2,094	7,734	290
36 U.S. addressees (domicile)	67,127	87	39,388	41	13,945	39	7,352	0
37 Non-U.S. addressees (domicile)	23,123	18,636	19,298	16,003	2,532	2,055	383	290
38 Acceptances of other banks	1,042	19	837	19	154	0	21	0
39 U.S. banks	659	0	484	0	152	0	1	0
40 Foreign banks	383	19	353	19	2	0	20	0
41 Loans to foreign governments and official institutions (including foreign central banks)	16,261	14,395	13,500	11,986	1,568	1,514	423	359
42 Loans for purchasing or carrying securities (secured and unsecured)	5,749	35	4,966	35	760	0	17	0
43 All other loans	2,324	190	1,990	114	101	55	80	0
44 All other assets	31,565	2,395	23,418	1,689	6,800	500	736	171
45 Customers' liability on acceptances outstanding	22,197	n.a.	16,116	n.a.	5,573	n.a.	299	n.a.
46 U.S. addressees (domicile)	15,148	n.a.	10,017	n.a.	4,765	n.a.	284	n.a.
47 Non-U.S. addressees (domicile)	7,049	n.a.	6,098	n.a.	808	n.a.	15	n.a.
48 Other assets including other claims on nonrelated parties	9,368	2,395	7,302	1,689	1,227	500	438	171
49 Net due from related depository institutions[5]	31,854	29,815	20,884	23,582	6,760	3,624	353	256
50 Net due from head office and other related depository institutions[5]	31,854	n.a.	20,884	n.a.	6,760	n.a.	353	n.a.
51 Net due from establishing entity, head offices, and other related depository institutions[5]	n.a.	29,815	n.a.	23,582	n.a.	3,624	n.a.	256
52 **Total liabilities[4]**	**396,787**	**198,364**	**293,649**	**154,829**	**62,481**	**28,753**	**21,884**	**9,287**
53 Liabilities to nonrelated parties	342,909	169,754	262,631	132,629	56,343	25,927	12,596	6,331

4.30 Continued

Millions of dollars

Item	All states[2] Total excluding IBFs	All states[2] IBFs only[3]	New York Total excluding IBFs	New York IBFs only[3]	California Total excluding IBFs	California IBFs only[3]	Illinois Total excluding IBFs	Illinois IBFs only[3]
54 Total deposits and credit balances	56,181	133,630	47,336	117,627	1,637	9,337	3,002	2,369
55 Individuals, partnerships, and corporations	42,957	14,185	35,010	11,020	1,529	358	2,396	62
56 U.S. addressees (domicile)	34,642	366	29,324	366	495	0	2,291	0
57 Non-U.S. addressees (domicile)	8,315	13,819	5,686	10,654	1,034	358	105	62
58 Commercial banks in United States (including IBFs)	9,313	46,725	8,616	39,411	49	5,349	576	1,315
59 U.S. branches and agencies of other foreign banks	4,508	39,583	3,975	32,965	10	4,868	506	1,183
60 Other commercial banks in United States	4,805	7,142	4,641	6,446	39	481	70	132
61 Banks in foreign countries	1,757	67,248	1,688	61,890	14	3,587	3	976
62 Foreign branches of U.S. banks	256	8,576	256	7,381	0	809	0	202
63 Other banks in foreign countries	1,501	58,675	1,432	54,508	14	2,779	3	774
64 Foreign governments and official institutions (including foreign central banks)	882	4,924	857	4,765	17	43	2	16
65 All other deposits and credit balances	443	548	424	541	6	0	1	0
66 Certified and official checks	829		742		23		23	
67 Transaction accounts and credit balances (excluding IBFs)	6,242		5,341		165		264	
68 Individuals, partnerships, and corporations	3,362		2,666		131		235	
69 U.S. addressees (domicile)	2,260		1,827		78		232	
70 Non-U.S. addressees (domicile)	1,102		839		53		4	
71 Commercial banks in United States (including IBFs)	393		343		4		1	
72 U.S. branches and agencies of other foreign banks	115		109		0		0	
73 Other commercial banks in United States	278	n.a.	235	n.a.	4	n.a.	1	n.a.
74 Banks in foreign countries	963		912		3		2	
75 Foreign branches of U.S. banks	50		50		0		0	
76 Other banks in foreign countries	913		862		3		2	
77 Foreign governments and official institutions (including foreign central banks)	540		533		1		2	
78 All other deposits and credit balances	156		144		2		1	
79 Certified and official checks	829		742		23		23	
80 Demand deposits (included in transaction accounts and credit balances)	5,078		4,323		103		253	
81 Individuals, partnerships, and corporations	2,752		2,191		72		225	
82 U.S. addressees (domicile)	1,801		1,460		34		221	
83 Non-U.S. addressees (domicile)	952		732		38		4	
84 Commercial banks in United States (including IBFs)	127		78		4		1	
85 U.S. branches and agencies of other foreign banks	15		9		0		0	
86 Other commercial banks in United States	112	n.a.	70	n.a.	4	n.a.	1	n.a.
87 Banks in foreign countries	785		736		3		2	
88 Foreign branches of U.S. banks	2		2		0		0	
89 Other banks in foreign countries	783		734		3		2	
90 Foreign governments and official institutions (including foreign central banks)	473		466		1		2	
91 All other deposits and credit balances	112		109		1		1	
92 Certified and official checks	829		742		23		23	
93 Non-transaction accounts (including MMDAs, excluding IBFs)	49,939		41,996		1,472		2,738	
94 Individuals, partnerships, and corporations	39,596		32,344		1,398		2,161	
95 U.S. addressees (domicile)	32,382		27,497		417		2,059	
96 Non-U.S. addressees (domicile)	7,214		4,847		981		101	
97 Commercial banks in United States (including IBFs)	8,920		8,272		45		575	
98 U.S. branches and agencies of other foreign banks	4,393		3,866		10		506	
99 Other commercial banks in United States	4,527	n.a.	4,406	n.a.	36	n.a.	69	n.a.
100 Banks in foreign countries	793		776		10		1	
101 Foreign branches of U.S. banks	206		206		0		0	
102 Other banks in foreign countries	587		570		10		1	
103 Foreign governments and official institutions (including foreign central banks)	343		324		15		0	
104 All other deposits and credit balances	287		280		3		0	
105 IBF deposit liabilities		133,630		117,627		9,337		2,369
106 Individuals, partnerships, and corporations		14,185		11,020		358		62
107 U.S. addressees (domicile)		366		366		0		0
108 Non-U.S. addressees (domicile)		13,819		10,654		358		62
109 Commercial banks in United States (including IBFs)		46,725		39,411		5,349		1,310
110 U.S. branches and agencies of other foreign banks		39,583		32,965		4,868		1,183
111 Other commercial banks in United States	n.a.	7,142	n.a.	6,446	n.a.	481	n.a.	132
112 Banks in foreign countries		67,248		61,890		3,587		976
113 Foreign branches of U.S. banks		8,576		7,381		809		202
114 Other banks in foreign countries		58,672		54,508		2,779		774
115 Foreign governments and official institutions (including foreign central banks)		4,924		4,765		43		16
116 All other deposits and credit balances		548		541		0		0

For notes see end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 30, 1986[1]—Continued

Millions of dollars

Item	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]
117 Federal funds purchased and securities sold under agreements to repurchase	38,851	2,239	29,861	1,091	7,053	953	1,133	51
118 U.S. branches and agencies of other foreign banks	9,862	1,154	6,320	428	3,001	669	378	1
119 Other commercial banks in United States	12,140	69	8,086	59	3,098	0	588	0
120 Other	16,848	1,015	15,455	604	953	284	167	50
121 Other borrowed money	82,621	31,867	43,761	12,442	31,297	15,281	5,472	3,763
122 Owed to nonrelated commercial banks in United States (including IBFs)	56,135	13,576	29,910	3,785	22,496	8,670	2,394	856
123 Owed to U.S. offices of nonrelated U.S. banks	25,026	2,497	15,474	906	7,908	1,374	755	47
124 Owed to U.S. branches and agencies of nonrelated foreign banks	31,110	11,079	14,436	2,879	14,589	7,296	1,638	808
125 Owed to nonrelated banks in foreign countries	17,542	17,003	7,899	7,421	6,565	6,557	2,948	2,907
126 Owed to foreign branches of nonrelated U.S. banks	2,623	2,532	750	669	1,528	1,523	298	293
127 Owed to foreign offices of nonrelated foreign banks	14,918	14,470	7,150	6,753	5,037	5,034	2,650	2,614
128 Owed to others	8,344	1,289	5,952	1,235	2,236	53	131	0
129 All other liabilities	32,227	2,017	24,046	1,469	7,019	355	620	148
130 Branch or agency liability on acceptances executed and outstanding	25,624	n.a.	18,893	n.a.	6,164	n.a.	305	n.a.
131 Other liabilities to nonrelated parties	6,603	2,017	5,153	1,469	855	355	315	148
132 Net due to related depository institutions[5]	53,878	28,610	31,018	22,200	6,138	2,827	9,288	2,956
133 Net due to head office and other related depository institutions[5]	53,878	n.a.	31,018	n.a.	6,138	n.a.	9,288	n.a.
134 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	28,610	n.a.	22,200	n.a.	2,827	n.a.	2,956
MEMO								
135 Non-interest bearing balances with commercial banks in United States	3,286	370	3,112	370	74	0	32	0
136 Holding of commercial paper included in total loans	824		673		68		82	
137 Holding of own acceptances included in commercial and industrial loans	3,364		2,006		1,074		133	
138 Commercial and industrial loans with remaining maturity of one year or less	56,396		35,134		10,963		5,512	
139 Predetermined interest rates	33,645	n.a.	19,330	n.a.	8,103	n.a.	3,502	n.a.
140 Floating interest rates	22,751		15,804		2,859		2,010	
141 Commercial and industrial loans with remaining maturity of more than one year	33,892		23,588		5,514		2,222	
142 Predetermined interest rates	11,470		7,106		2,337		1,306	
143 Floating interest rates	22,421		16,483		3,178		916	

4.30 Continued

Millions of dollars

Item	All states[2] Total excluding IBFs	All states[2] IBFs only[3]	New York Total excluding IBFs	New York IBFs only[3]	California Total excluding IBFs	California IBFs only[3]	Illinois Total excluding IBFs	Illinois IBFs only[3]
144 Components of total nontransaction accounts, included in total deposits and credit balances of nontransactional accounts, including IBFs	62,069	↑	53,486	↑	1,487	↑	3,345	↑
145 Time CDs in denominations of $100,000 or more	39,634		33,336		1,040		2,346	
146 Other time deposits in denominations of $100,000 or more	7,155	n.a.	6,669	n.a.	257	n.a.	175	n.a.
147 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	15,280	↓	13,480	↓	190	↓	824	↓
	All states[2] Total including IBFs	**All states[2] IBFs only[3]**	**New York Total including IBFs**	**New York IBFs only[3]**	**California Total including IBFs**	**California IBFs only[3]**	**Illinois Total including IBFs**	**Illinois IBFs only[3]**
148 Market value of securities held	28,045	9,117	23,172	7,136	3,314	1,696	787	207
150 Immediately available funds with a maturity greater than one day included in other borrowed money	53,651	n.a.	29,766	n.a.	21,577	n.a.	1,419	n.a.
150 Number of reports filed[6]	487	....	223	....	119	....	47	....

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." Details may not add to totals because of rounding. This form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate International Banking Facilities (IBFs). As of December 31, 1985, data for IBFs are reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data are reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 5). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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Index to Statistical Tables

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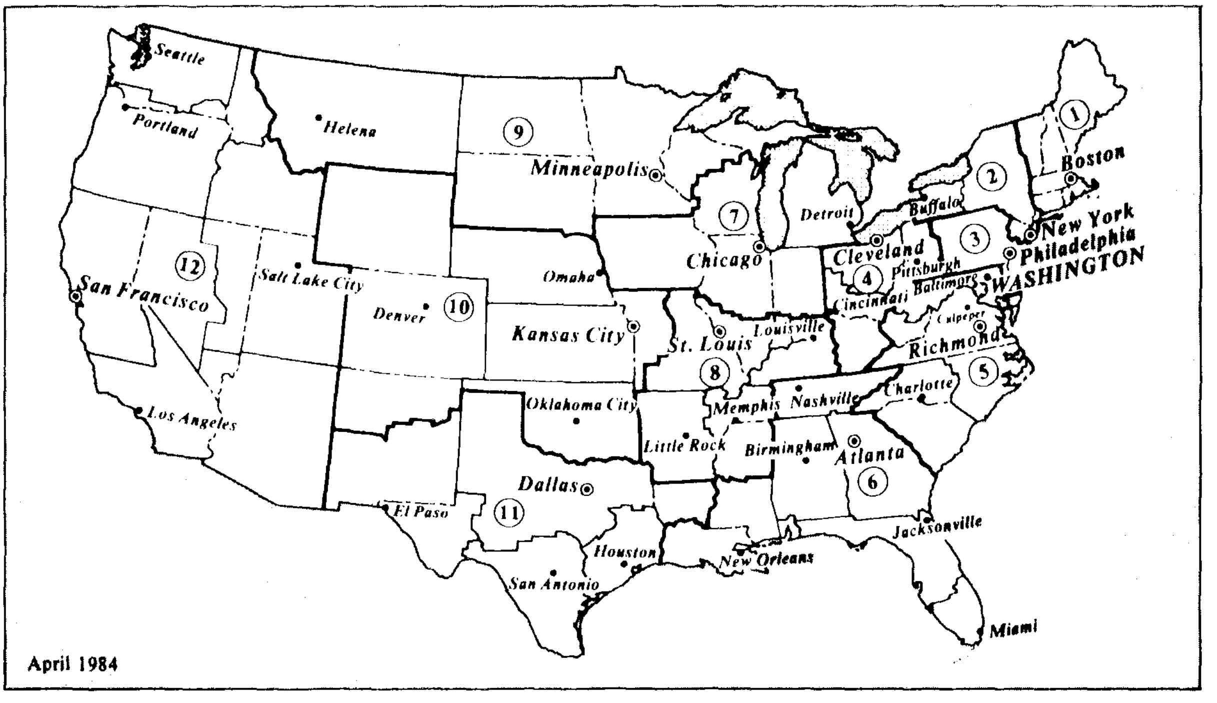
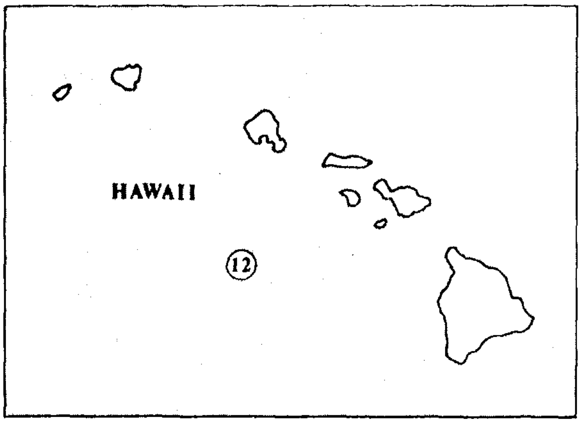
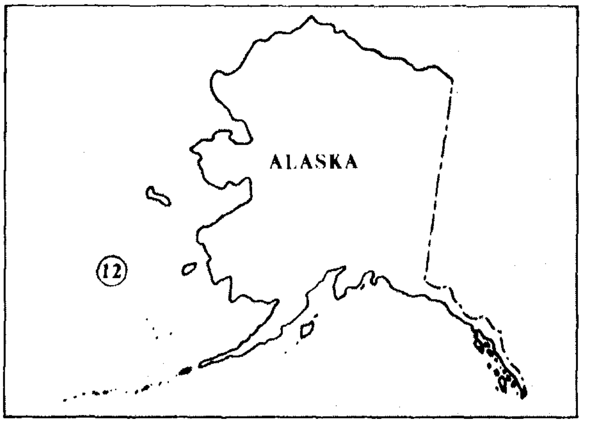
The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







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— 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