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At its meeting on July 8–9, 1986, the Committee reaffirmed the ranges established in February for growth of 6 to 9 percent in both M2 and M3 for the year 1986. Because of the substantial uncertainties surrounding the behavior of M1 in relation to economic activity and prices and the substantial decline in its velocity in the first half of the year, the Committee decided that M1 growth in excess of the previously established 3 to 8 percent range would be acceptable for the year. The behavior of all of the monetary aggregates would continue to be judged against the background of developments in the economy and financial markets and potential price pressures. Growth of M1 would also be evaluated in the light of the behavior of the broader aggregates. The Committee recognized that expansion in total debt might exceed its monitoring range of 8 to 11 percent for the year.

With respect to the tentative ranges for 1987, the Committee reduced the ranges for growth in M2 and M3 by ½ percentage point. In the case of M1 the Committee expressed the preliminary view that retention of the 1986 range of 3 to 8 percent for growth in this aggregate appeared appropri-

ate in the light of most historical experience. The Committee also set a range of 8 to 11 percent for growth in total domestic nonfinancial debt in 1987. It was understood that all the ranges were provisional and that, notably in the case of M1, they would be reviewed in early 1987 in the light of intervening developments.

With regard to operating instructions for the short run, the Committee adopted a directive that called for some decrease in the existing degree of reserve pressure, recognizing that the relaxation could be accomplished in the first instance by a reduction in the discount rate. The members expected such an approach to policy implementation to be consistent with growth in M2 and M3 at annual rates of about 7 to 9 percent over the three-month period from June to September. Over the same period growth in M1 was expected to moderate from the exceptionally large increase during the second quarter. The specific rate of M1 growth remained subject to unusual uncertainty and the Committee agreed that this aggregate should continue to be judged in the light of the behavior of the broader aggregates and other factors. The Committee indicated that it might find somewhat greater or somewhat lesser reserve restraint acceptable over the intermeeting period depending on the growth of the monetary aggregates, the strength of the business expansion, the performance of the dollar on foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets.

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Foreign Lending by Banks: A Guide to International and U.S. Statistics

This article was prepared by Rodney H. Mills of the Board's Division of International Finance. Cynthia Hart provided research assistance.

Interest in the foreign lending activities of banks in the United States and abroad has been heightened in recent years by the debt-servicing difficulties of developing countries, principally in Latin America. These troubled debtors owe governments, international lending institutions, suppliers of their imports, and in a few cases bondholders, but they owe the most to commercial banks. The same is true of developing countries that have not encountered debt-servicing problems, and of many industrial countries, although for some of the latter, new issues of floating-rate notes and bonds in recent years have exceeded new indebtedness to commercial banks. Most borrowing nations owe banks in many countries. To construct statistics on the worldwide total of foreign bank lending requires the collection of data from a great many banks by a large number of national data collectors.

This article looks at the principle sources of data on foreign lending by banks, both by banks chartered in the United States alone and by banks around the world taken together. For both groups of banks, the amount of reported claims at any one time differs from one statistical series to another, depending on how each is constructed. This article emphasizes the distinctions between certain series and the particular needs that led to their introduction.

INTERNATIONAL STATISTICS

The national authorities, usually the central banks, of almost all countries collect information on the foreign activities of banks within their

borders. In turn, some international organizations combine data collected by national authorities, to show the aggregate foreign claims (assets) and liabilities of banks in a wide spectrum of countries. International statistics of this type are produced and published by the Bank for International Settlements (BIS) in Basle, Switzerland, and by the International Monetary Fund (IMF) in Washington. In addition, the BIS and the Organisation for Economic Co-operation and Development (OECD) in Paris publish certain data jointly. The World Bank includes debts to banks in an annual publication, *World Debt Tables*, but that series is not discussed in this article.

The data collected by international institutions from the national authorities must be sufficiently standardized so that the individual submissions can be aggregated into a meaningful total. For example, the data must have common dates. The institutions covered can be conveniently referred to as commercial banks and more tightly defined as consisting of banks (except central banks) that accept deposits of any kind, offshore banking units (which may deal only with nonresidents), and development banks.

The individual submissions show total foreign assets of banks (and often the liabilities), and in most series they also include geographical breakdowns of the amount of claims on, and liabilities to, each country with which the banks do business. Data collected by the BIS from 18 countries also show the currency composition of the foreign claims and liabilities, while another BIS series provides other information, such as a maturity profile of claims and borrower by type. These reporting efforts have required continuing close cooperation between the BIS and the IMF on the one hand and central banks on the other to ensure that the national submissions are as timely and accurate as possible.

BIS Statistics

The collection and dissemination of international banking data were pioneered by the Bank for International Settlements, an institution established in 1930 to facilitate the transfer of World War I reparations from Germany to Allied nations and to promote cooperation among central banks. In 1962 the BIS began to collect from central banks quarterly data on Eurodollar and other Eurocurrency operations of banks in the European Group of Ten countries and Switzerland.¹ In the ensuing 24 years this effort, initially modest by today's standards, has expanded greatly. The number of countries whose banks are covered by the data ("reporting countries") has grown from a small core of European countries to include all of the larger, and some of the smaller, industrial countries as well as all the major offshore banking centers. Foreign operations in domestic currency (that is, in the home currency of each reporting banking office) and in ECUs (European currency units) have been included along with those in Eurocurrencies; and the data now show the claims of reporting banks on essentially every country of the world. As can be readily imagined, because of the broadening of the coverage in successive steps the series have many breaks, an unavoidable difficulty. In the late 1970s the BIS began a second, semiannual international banking series, whose methodology of coverage is quite different from that of the quarterly series. A third series, concentrating on interbank placements and showing the structure of international bank activity by nationality of bank ownership, was initiated in the early 1980s. (See the box for details on these and other series.)

The BIS Quarterly Series. The institutional basis on which the BIS quarterly series rests is territorial; the data cover the foreign assets and

liabilities of banking offices operating in a given set of countries irrespective of the nationality of their ownership. Each country in the BIS quarterly reporting system reports for banking offices within its own borders; for example, the submission of the United States covers all banks operating in this country whose foreign claims are over a certain threshold *including* U.S. branches, agencies, and subsidiaries of foreign banks. In an age when banks in the industrial countries have established branches or subsidiaries abroad in great profusion—and when such institutions are heavily involved in cross-border operations—the foreign-bank components of the national submissions to the quarterly series tend to be large. In March 1986, for example, branches and agencies of foreign banks in the United States held two-fifths of total claims on foreign borrowers reported in the U.S. submission. For the United Kingdom the analogous percentage is much higher, while for the offshore banking centers it tends to be close to 100 percent. (This discussion of the BIS quarterly series is confined to the claims side of balance sheets, but the series covers foreign liabilities in precisely the same way.)

As a result of the many successive expansions of the reporting area, the BIS quarterly series now captures a large proportion of all foreign lending by banks around the world, although a somewhat smaller one than do the IMF statistics discussed later. The reporting countries include the G-10 countries, all of which have reported since 1975 at the latest; Luxembourg, another early reporter; Austria, Denmark, and Ireland, brought into the reporting area in December 1977; Finland, Norway, and Spain, added in December 1983; and seven offshore banking centers: the Bahamas, Bahrain, the Cayman Islands, Hong Kong, the Netherlands Antilles, Panama, and Singapore, which as a group were brought in in December 1983 more fully than before. For Panama, the BIS currently receives data only for branches of U.S. banks (which the Federal Reserve System provides). Previously, from 1975 to December 1983, the BIS received data only for the branches of U.S. banks in five of those centers (the Bahamas, the Cayman Islands, Panama, Hong Kong, and Singapore).

The BIS quarterly series is published with a lag of about 3½ months. Table 1 shows the evolution since 1975 of the outstanding claims of

1. The G-10 countries are those that have adhered to the IMF's General Arrangements to Borrow. They are Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom, and the United States. Soon after the GAB was formed in 1962, Switzerland became an associate member, but it did not become a full GAB member, or a member of the G-10, until 1984; and even with 11 members the latter group retains its original name.

1. Foreign claims of BIS reporting banks, quarterly series

Billions of dollars, at year-end

Country group	1975	1983		1985	
		Old series	New series ¹	Old series	New series ²
Non-OPEC developing countries	63	256	326	352	354
OPEC countries	15	87	125	125	125
Eastern Europe ³	24	58	62	71	71
Smaller developed countries	39	146	162	191	198
G-10 countries ⁴	235	884	1,048	997	1,014
Offshore banking centers	58	278	325	377	382
Others and unallocated ⁵	9	49	50	70	73
Total	443	1,757	2,098	2,533	2,569

1. Data reflect a series break related to the inclusion of Finland, Norway, Spain, Bahrain, and the Netherlands Antilles in the reporting area, and the inclusion of all banks in the Bahamas, Cayman Islands, Hong Kong, and Singapore rather than solely the branches of U.S. banks in those centers.

2. Data reflect a series break related to the inclusion of foreign securities with maturities of more than one year held by banks in the United Kingdom.

3. Includes Yugoslavia, which is elsewhere in BIS publications.

4. Includes Luxembourg.

5. Includes Liberia and New Zealand, which are elsewhere in BIS publications.

reporting banks on foreign borrowers in all countries as reported in that series. Three points are worth noting. First, total reported claims almost quadrupled from 1975 to 1983, from about \$440 billion to about \$1,750 billion as measured before the change in reporting area (the "old" series in the table). Second, the addition of three smaller European countries and the fuller inclusion of six of the offshore banking centers noted earlier raised total reported claims at the end of 1983 about \$340 billion, or almost 20 percent, while raising the reported claims on non-OPEC developing countries 27 percent. Third, at all times the reporting banks held more claims on foreign borrowers within their own reporting area itself than on borrowers outside that area. This pattern of lending reflected the large amount of redepositing between reporting banks, which act as market makers, arbitrageurs, and intermediaries.

The core of the BIS quarterly series consists of the claims on individual countries and the various country groupings, aggregated from the submissions of the different reporting countries. (The BIS does not publish the submissions of individual reporting countries.) But the national

submissions permit the BIS to publish other types of useful data: (1) total foreign claims of banks in each reporting country, thus allowing comparisons of the growth of foreign lending from the various financial centers; (2) a breakdown into total claims and claims on nonbanks, which yields claims on banks as a difference; and (3) detailed information on the currency composition of foreign claims of banks in most of the reporting countries.

The data on currency composition have been especially valuable in recent years, when the exchange rates between the U.S. dollar and the other major currencies in which banks' foreign claims are denominated have fluctuated widely. In the published data all claims are expressed in U.S. dollars. But changes in dollar exchange rates alter the dollar equivalents of claims denominated in other currencies. And such alterations disguise the extent to which the claims have varied in response to the amount of net new lending.

Because almost all reporting countries supply the BIS with information on the currency composition of their claims, since 1981 the BIS has been able to produce a series that is adjusted for the arithmetical effects of the exchange rate changes. (The United States does not supply a breakdown of nondollar claims by individual currency, but the reported total of such claims is very small.) Table 2 shows the importance of such adjustment in evaluating bank lending data. For example, in the years 1983-84, when the dollar was generally rising against other currencies, the claims of reporting banks on the non-OPEC developing countries expanded \$14 billion. But the rise in the dollar reduced the dollar value of the nondollar claims; adjusting for that effect, the amount of net new lending turns out to be \$22 billion. Conversely, with the dollar falling against other currencies on balance in 1985, the increase in claims on the non-OPEC developing countries of \$21 billion unadjusted works out to only \$11 billion after adjustment. (These increases largely reflected heavy new lending to China and Korea.) The adjusted data provided a clearer impression than do the unadjusted data of the decline of net new lending to the non-OPEC developing countries.

A problem with the BIS quarterly series concerns banks' holdings of securities with original

maturities of more than one year issued by foreign borrowers. In the past four years, these holdings, particularly of floating-rate notes, are known to have increased considerably as borrowers in international markets have turned more to the securities market as an alternative to bank loans. (These borrowers are heavily concentrated in industrial countries.) The BIS's *Recent Innovations in International Banking*, published in April 1986, shows (though with incomplete data) that banks' holdings of long-term securities rose from \$47 billion at the end of 1981 to \$158 billion at the end of 1985. However, some BIS reporting countries, including France, Switzerland, and the United States, do not submit data on such securities; the United Kingdom did not do so until December 1985; and some other countries, Italy, for example, include such securities in total foreign claims but are unable to allocate them geographically. (It is uncertain whether or when these deficiencies will be rectified.) As table 1 shows, the inclusion of long-term securities in the submission for banks in the United Kingdom beginning in December 1985 raised the value of the reporting banks' total foreign claims \$36 billion.

The BIS Semiannual Series. By the latter part of the 1970s, analysts recognized that the BIS quarterly series, useful as it was, did not meet certain strongly felt needs. One such need was for the maturity profile of banks' claims. In analyzing a borrower's indebtedness to banks, it clearly makes a difference how much of the debt will mature in the next year and how much in later years. Another need was for information on

banks' undisbursed credit commitments, such as may arise from loans signed but not yet disbursed or from the extension of credit lines under which the borrower may draw. Still another was for more complete coverage of banks in offshore centers because, except for branches of U.S. banks, their extensive lending, especially to major borrowers among the developing countries, was escaping the reporting net.

Recognition of these needs led to the introduction of a semiannual international banking series, beginning with data for December 1977. In this new series, data are collected only for claims on countries that are outside the reporting area. Total claims on an individual country are broken down into four categories of time remaining to maturity: (1) up to and including one year, (2) over one and up to two years, (3) over two years, and (4) unallocated. Undisbursed credit commitments are also shown. Although the offshore banking centers could not be brought into this new reporting system in their own right, the banks in the existing reporting area could supply data on the claims held by their affiliates in the offshore centers, both branches and subsidiaries. The new report provided data on banks' total foreign liabilities as well as claims, with no detail; but because the liabilities data virtually duplicated those in the quarterly series they were later dropped. The semiannual data are published with a lag of about six months.

The usefulness of the new semiannual report was enhanced by a fundamental change in the method of coverage of the reporting institutions. When the series was first initiated, the basis of coverage was nearly the same as that for the

2. Change in claims of BIS reporting banks on country groups, unadjusted and adjusted for exchange rate changes

Billions of dollars; - = decrease

Country group	1981-82		1983-84		1985	
	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted
Non-OPEC developing countries	53.8	59.7	14.2	22.3	21.4	11.3
OPEC countries	8.6	12.4	3.5	7.8	4.7	.2
Eastern Europe ¹	-6.6	.1	-8.1	1.8	12.3	5.6
G-10 countries, smaller developed countries, and offshore banking centers ²	295.0	352.7	112.0	193.0	321.1	219.8
Unallocated	8.1	15.5	-1.6	4.5	9.0	3.8
All countries	358.9	440.4	120.0	229.4	368.5	240.7

1. Excludes Yugoslavia, which is included here among the smaller developed countries.

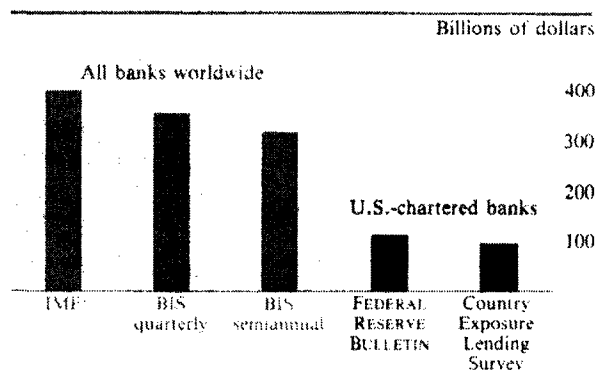
2. These areas were grouped together because the BIS changed the

country composition of the reporting area in these years and because it adjusted the data for changes in exchange rates partly on the basis of the definition of that area.

quarterly series. Except for the United States, each reporting country submitted data for banks within its borders (and for affiliates of its banks in offshore centers). By contrast, the main basis for the U.S. submission was the newly instituted Country Exposure Report, which banks chartered in the United States file on a worldwide consolidated basis. This report captures the cross-border (foreign) claims not only of the U.S. offices of U.S.-chartered banks but also of the branches and majority-owned subsidiaries of these banks around the globe, while it nets out claims between offices of the same banking institution. This approach was consistent with the view of bank supervisors in the G-10 countries that banks must be supervised on a worldwide consolidated basis. In this hybrid system, steps had to be taken to prevent the double-counting of affiliates of U.S. banks in other reporting countries and the omission of the U.S. branches and agencies of banks headquartered in those countries. (The latter are covered by a special statistical report, FR 2029B.)

But after the introduction of the BIS semiannual series, it became increasingly evident that its utility for bank supervision would be far greater if all reporting countries reported, as the United States did, on a worldwide consolidated basis. Such a switch in method would not greatly affect the extent of the coverage, since the reporting banks' foreign affiliates lay almost wholly within the existing, territorially defined reporting area to begin with. However, central banks and other bank supervisors needed to know the claims of their own commercial banks on particular debtors in their totality, not only at domestic offices. In consequence, several reporting countries shifted to consolidated reporting by December 1983, and the remainder did so by December 1984. Since then several pieces of information have been added to the series, including a breakdown of the borrowers into four sectors: banks, the public sector, the nonbank private sector, and unallocated. In addition to the consolidated claims of banks headquartered in the BIS reporting area, the semiannual series includes unconsolidated claims held by banks in the reporting area whose headquarters are outside the reporting area—for example, U.S. offices of Mexican banks or U.K. offices of Brazilian banks.

Bank claims on non-OPEC developing countries as measured by five statistical series, year-end 1985



1. Author's estimate; IMF statistics do not measure claims on these countries as a group. This estimate excludes South Africa and several European countries that the IMF classifies as "developing;" these countries are also excluded from the other series shown here.

For several reasons, the amount of claims on any particular country or country group in the semiannual series will differ from that in the quarterly series. As seen in the chart, at the end of 1985 claims on non-OPEC developing countries were \$354 billion in the quarterly series and \$317 billion in the semiannual series. The data differ partly because the semiannual series covers only those banks in the offshore centers that are affiliates of banks headquartered in other reporting countries. Moreover, in many reporting countries the domestically owned reporting banks are not the same in the two series; this difference is especially marked for the United States. A further difference is that claims between offices of the same bank are fully present in the quarterly series rather than netted out as they are for the semiannual series. Finally, the semiannual series includes banks' holdings of long-term foreign securities, an asset not included in the quarterly data for some countries. In the semiannual series the BIS shows changes in claims on country groups adjusted for exchange rate changes, but not those on individual countries as the quarterly series does beginning with 1984.

The BIS Interbank Series. A more recent BIS series began in 1983 as an outgrowth of a BIS study of the international interbank market. In this series, commonly called the interbank series, the data are broken down between inter-

bank claims on related offices of the same institution and those on unrelated banks, information not available in the quarterly series. Furthermore, in the interbank series the data in fact encompass total as well as interbank claims, and provide a measure of cross-border claims according to the nationality of the bank. In the interbank series the reporting countries, which are almost the same as those in the quarterly series before the December 1983 expansion, report quarterly on the foreign claims of banks within their borders broken down by the *nationality* of the bank holding the claims. These are the only comprehensive statistics of banking claims on the basis of the nationality of bank ownership that are publicly available, inasmuch as the individual country submissions to the semiannual series are not published. For this series too, data on liabilities are collected and presented the same way that claims data are. The interbank series has so far been published irregularly.

In addition to claims on other commercial banks outside the reporting country—the focus of the series—the reported data include other types of claims. The BIS aggregates the submissions to produce a worldwide picture of bank activity. In the published reports, these data are aggregated by nationality of bank. The results, as they apply to each nationality's total foreign claims, are similar, although not identical, to the total foreign claims in the individual submissions

to the semiannual series. One difference is that total claims in the interbank series include claims between offices of the same bank; a second is that the interbank series includes claims on other reporting countries, thus giving a global rather than only a partial measure of the foreign lending of the banks of a particular nationality.

Table 3 shows selected data from the interbank series for September 1985. Japan's banking system, with \$640 billion, has the largest amount of foreign claims of any country's, on an unconsolidated basis. The U.S. banks are next, with \$580 billion, while the French and U.K. banks run a distant third and fourth. The U.S. banks had a larger amount and share of claims on related offices (claims between offices of the same parent bank) than did the Japanese banks, and nearly as much in claims on nonbank borrowers, while the claims of the Japanese banks on unrelated banks were more than \$110 billion higher.

IMF Statistics

In terms of the number of lending banks covered by the data and the number of countries in which those banks are located, the IMF has developed the most comprehensive set of international banking statistics. The IMF currently collects data on both claims and liabilities from 136 of its 151 members and Switzerland (which is not a member). It began to publish the data in 1984

3. Foreign claims of banks by nationality of bank ownership, BIS interbank series, September 30, 1985¹

Billions of dollars

Country of parent bank	Total foreign claims	On related offices	On other banks	On all other borrowers
Japan.....	640	169	285	186
United States.....	580	236	172	172
France.....	221	27	124	70
United Kingdom.....	183	23	86	74
Germany.....	165	13	88	64
Switzerland.....	98	15	48	35
Italy.....	92	4	63	25
Canada.....	91	22	31	38
Netherlands.....	67	7	38	22
Belgium-Luxembourg.....	54	3	29	22
Austria.....	41	1	29	11
Other developed countries.....	48	10	18	20
Eastern Europe, Latin America, Middle East and others.....	90	15	43	32
Consortium banks.....	41	2	20	19
Total.....	2,477	551	1,164	822

1. Amounts are for those offices located within the BIS reporting area.

4. Banks' foreign claims, IMF series and BIS quarterly series, December 31, 1985

Billions of dollars

Country group ¹	Total claims		On banks ¹		On nonbanks ²	
	IMF	BIS	IMF	BIS	IMF	BIS
Industrial countries	1,946	1,522	1,600	1,195	346	327
Eastern Europe ⁴	51	49	41	39	10	10
Developing countries	1,071	945	676	573	395	372
Europe ³	58	56	31	27	27	29
Oil-exporting countries	99	112	30	42	69	70
Major offshore banking centers	479	394	434	347	45	47
All others ⁶	435	383	181	157	254	226
Other countries and international organizations	173	53	42	16	131	37
Unallocated claims on nonbanks ⁷ .....	...	...	...	...	...	32
Statistical offset ⁸ .....	...	...	...	-32	...	...
Total	3,241	2,569	2,359	1,793	882	776

1. As reported by borrowing banks in the IMF series and lending banks in the BIS series.

2. As reported entirely (BIS) or largely (IMF) by lending banks in the BIS reporting area. The IMF series includes geographical detail from a few countries not in the BIS reporting area and unallocated data from other countries.

3. Country groups follow the IMF format. BIS groups have been rearranged accordingly, and the BIS data are therefore approximate.

4. Excludes Hungary, Romania, and Yugoslavia.

5. Includes Cyprus, Greece, Hungary, Malta, Portugal, Romania, Turkey, and Yugoslavia.

6. Includes South Africa.

7. One reporting country's claims on nonbanks are not allocated geographically in the specific data for claims on nonbanks, but are allocated geographically when included in total claims.

8. Because of the procedure described in note 7, claims on banks for the various country groups, which are obtained by subtracting claims on nonbanks from total claims, add to a sum that is larger than the grand total for claims on banks.

with figures going back to 1978. Collection and publication of the data were a response to a need for an explicit and systematic account of the role of external banking flows in the external debts of countries and in overall international financial flows.

Like the BIS quarterly series, the reporting in the IMF statistics is territorial, and the authorities in each reporting country supply data on foreign claims and liabilities of banking offices within their borders irrespective of their nationality. But the IMF data are less detailed than the BIS quarterly series in that the reporters supply no breakdown by currency of their banks' foreign positions. The IMF therefore does not publish changes in claims or liabilities adjusted for exchange rate changes as a regular accompaniment to the unadjusted data. However, the IMF uses BIS data to publish flows adjusted for exchange rate changes in its annual publications, *World Economic Report* and *International Capital Markets Developments and Prospects*.

A primary benefit of the IMF data is that they measure the amount of worldwide cross-border bank lending that is not captured by the BIS quarterly series. The IMF data have wider coverage because they come from more reporting countries. Examples are lending by Arab banks

and by banks in many developing countries. Moreover, some countries, notably Switzerland, that report to both institutions can give the IMF data with a wider coverage of domestic banks because that series requires less detail. But with a much wider set of reporters the IMF encounters longer lags before it has complete data, and therefore the claims on country groups are based partly on estimates by IMF staff until the missing numbers become available. Table 4 compares IMF and BIS data for December 1985.

The IMF statistics and the BIS quarterly series differ in an important aspect of their construction: the IMF data consist of two separate sets that are obtained from different sources and that may not sum perfectly to a measure of banks' total lending to (or deposit taking from) a particular country or country group. The IMF collects monthly from 137 countries detailed data on the balance sheets of financial institutions with which it measures various monetary and credit aggregates. Among these data are four series that the IMF publishes as its international banking statistics. These are cross-border interbank claims and cross-border bank credit to nonbanks, each by residence of the lending bank; and cross-border interbank liabilities and cross-border bank deposits of nonbanks, each by resi-

dence of the borrowing (deposit-taking) bank. However, most of the countries do not (and in most cases cannot) report their banks' lending to (or deposit taking from) nonbanks *by residence of the nonbank customers*, information that is part of the geographical detail in the BIS data aggregated over all reporting countries. For such information, the IMF must to a large extent employ the BIS quarterly data.

Consequently, in using IMF data to measure, on the claims side for example, worldwide bank lending to both banks and nonbanks in a particular country, it is necessary to add (1) the borrowing by banks in that country from banks in all other countries, as reported in standard submissions to the IMF, and (2) the lending to nonbanks in that country as reported only by BIS-reporting banks in various national submissions to the BIS. Differences between the two series in timing and in the definition of "bank" sometimes make the sum of the two subject to error.

OECD-BIS Joint Statistics

Beginning with data for December 1982, the OECD and the BIS have collaborated to produce a semiannual series on the debts of borrowing countries to banks and on certain trade-related debts of those countries to nonbanks. This series combines data from the BIS quarterly series with data collected by the OECD on official export credits and on officially guaranteed or insured export credits extended by banks and by suppliers. The combined series is more than the simple sum of two data sets: the BIS data cover all foreign claims of banks, including those that have been officially guaranteed or insured, the latter of which are also part of the OECD data; the integration process must avoid counting these twice. The set of reporting countries for this joint series is slightly larger than that for the BIS quarterly series because the OECD collects data from Australia, Greece, New Zealand, and Portugal, which are not in the BIS reporting system.

U.S. STATISTICS

The United States produces three series of data on bank lending to foreign borrowers. One is a

monthly series, under U.S. Treasury jurisdiction, on foreign claims of banks and certain other financial institutions in the United States; its coverage is territorial. The other two series, which are quarterly and are produced by the Federal Reserve System in one case and as a joint effort by all the bank regulatory agencies in the other, refer to U.S.-chartered banks only but cover most or all of the banks' foreign affiliates in addition to their domestic offices.

Treasury Series

The Treasury series, initiated in 1935 and greatly expanded since then, was developed as part of the U.S. international accounts. It covers banks (including international banking facilities) in the United States proper and in U.S. dependencies (Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, Midway Island, and Wake Island). These reporters include U.S. branches, agencies, and subsidiaries of foreign banks. The Treasury collects data on foreign claims and foreign liabilities. The reporting thresholds have been raised periodically and are now \$15 million for the total foreign claims or liabilities of any individual reporting institution. The data also include foreign claims and liabilities of thrift institutions, bank holding companies, and (for selected data) brokerage houses. The Federal Reserve Banks collect these data for the Treasury.

In their submissions to the Treasury the reporting banks indicate their own claims and liabilities vis-à-vis foreigners and certain foreign claims of their customers that they are in a position to know about; on the liabilities side they also report the negotiable financial instruments held in custody for foreign customers. The Treasury series constitute the U.S. submission to the BIS quarterly series, but do not include the customer claims on the assets side or custody liabilities other than bank-issued paper.

In addition to the geographical breakdown of foreign claims and liabilities, the published Treasury statistics include breakdowns by type of claim or liability and by type of customer, including banks' own related offices abroad (foreign affiliates of U.S. banks and head offices and other affiliates of U.S. offices of foreign banks).

Basic characteristics of selected series on foreign lending by banks

Characteristic	International sources			U.S. sources ¹		
	BIS quarterly ²	BIS semiannual ³	IMF	Treasury	FEDERAL RESERVE BULLETIN	Country Exposure Lending Survey
Location or headquarters of banks covered	Industrial countries, offshore centers	Industrial countries, offshore centers ⁴	136 member countries plus Switzerland	United States	United States	United States
Basis of coverage	Location	Nationality	Location	Location	Nationality	Nationality
Geographical breakdown of borrowers	Yes	Yes	Yes	Yes	Yes	Yes
Claims on banks and nonbanks separately	Yes	No	Yes	Yes	No	Yes
Currency composition	Yes	No	No	Yes ⁵	No	No
Maturity profile	No	Yes	No	Yes	No	Yes
Sectoral breakdown of borrowers	No	Yes	No	Yes	No	Yes
Reallocation of risk	No	No	No	No	No	Yes
Unutilized commitments	No	Yes	No	No	No	Yes
Publication	<i>International Banking Developments; International Banking and Financial Market Developments</i>	<i>Maturity Distribution of International Bank Lending</i>	<i>International Financial Statistics</i>	<i>Treasury Bulletin; FEDERAL RESERVE BULLETIN, tables 3.18-3.20⁶</i>	Table 3.21	Statistical Release E.16 (126)
Reporting frequency	Quarterly	Semiannual	Monthly	Monthly	Quarterly	Quarterly

1. Several countries besides the United States publish data on foreign lending by banks.

The United Kingdom has a semiannual series on cross-border claims of banks registered in the United Kingdom. The banks file on a worldwide consolidated basis a report that includes a maturity profile, type of borrower, reallocations of risk because of guarantees and the like, and unused commitments. The series is published in Bank of England, *Quarterly Bulletin*, table 15.

A series on the external assets and liabilities of domestic banks in Germany and (separately) of the foreign branches of domestic banks appears in Deutsche Bundesbank, *Monthly Bulletin*, Statistical Supplement Series 3. Overall data and the breakdown by maturity are monthly, and the geographical breakdown is quarterly.

The foreign assets and liabilities of banks in Switzerland on year-end dates are shown in Swiss National Bank, *Das Schweizerische Bankwesen in Jahre 19—*, published annually. There is a detailed country breakdown together with a bank-nonbank breakdown.

2. Besides the series detailed here, the BIS publishes a quarterly interbank series, which first appeared in *International Interbank Market*, published in 1983, and has subsequently been included occasionally in the same publication as the quarterly data.

3. Besides the series detailed here, BIS prepares statistics with the Organisation for Economic Co-operation and Development. They appear semiannually in *Statistics on External Indebtedness: Bank and Trade-Related External Claims on Individual Borrowing Countries and Territories*, which the two organizations publish jointly. See text for details.

4. Banks in offshore centers include only affiliates of banks headquartered elsewhere in the BIS reporting area. The series also covers local offices of banks headquartered outside the BIS reporting area.

5. Only a breakdown between dollars and all other currencies combined.

6. Details shown in the two publications differ.

nonrelated foreign banks, official institutions, public borrowers, and other nonbanks.

FEDERAL RESERVE BULLETIN Series

Foreign lending by banks chartered in the United States grew rapidly in the 1960s and early 1970s. But at that time its geographical distribution was unknown. The Treasury series, when shorn of the claims of U.S. branches and agencies of

foreign banks, showed only the geographical distribution of the foreign lending at the U.S. offices; it did not show the large amount at the foreign offices of those banks, which in fact formed more than one-half of total foreign lending by U.S.-chartered banks.

It was in these circumstances that the Federal Reserve instituted a new report by foreign branches of U.S. banks, to be filed quarterly beginning with data for December 1975. This

report (FR 2502S) shows the geographical distribution of the assets and liabilities of all foreign branches of U.S. banks above a certain minimum asset size of branch (at present \$150 million). Several years earlier the Federal Reserve had initiated a monthly report from foreign branches that provided data on types of customers but gave no geographical breakdown of the branches' lending and deposit-taking activity.

Combining the Treasury data for the U.S. offices of U.S. banks with the Federal Reserve data for the foreign branches of those banks makes it possible to observe the country breakdown of a large part of the total foreign lending of U.S.-chartered banks on an unconsolidated basis; the only missing element is the lending by those banks' foreign subsidiaries, which is far smaller than that of the foreign branches, though still significant. The combined lending can be adjusted to approximate a consolidated basis (excluding the subsidiaries) by deleting the claims of the U.S. parent banks on their foreign branches and the claims between foreign branches of the same bank using information from the monthly branch reports.²

Publication of the combined data for U.S. offices and foreign branches, for claims only, started in June 1979 with figures going back to December 1975, when the series began. These published data have been put on a consolidated basis by eliminating claims between offices of the same bank.

The Country Exposure Lending Survey

Although the FEDERAL RESERVE BULLETIN series meets an important need, it has the shortcoming that it supplies only a single, overall figure for claims by U.S. banks on each borrowing country. For many purposes, including bank-

ing supervision, it is highly desirable to know the maturity profile of the claims, the types of borrowers, the amount of undisbursed credit commitments, and (in the cases of foreign affiliates) whether the borrower is cross-border or local and whether the claim is denominated in a foreign currency or the local currency. Furthermore, banking supervisors seek to measure a bank's exposure to a particular country—that is, claims on that country adjusted for guarantees or other considerations that shift the risk of nonpayment of principal or interest from the borrower to another party in a different country.

The Country Exposure Report was initiated on a permanent basis in December 1977 to provide information of the kinds just mentioned. It is administered by the Federal Financial Institutions Examination Council, which represents the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Board of Governors of the Federal Reserve System. Initially, the report was filed for June and December, but it became quarterly beginning with data for March 1984. It is filed by all U.S.-chartered banks (including U.S. subsidiaries of foreign banks) that have at least \$30 million in consolidated claims on non-U.S. residents and that have at least one foreign branch or foreign subsidiary. Its information is on a worldwide consolidated basis covering domestic offices, foreign branches, and majority-owned foreign subsidiaries. No data on liabilities are collected.

The Country Exposure Lending Survey (CELS) aggregates across banking institutions and makes public much of the information collected on the Country Exposure Report.³ The CELS includes all cross-border claims of the reporting banks, and claims of foreign affiliates on local borrowers that are denominated in a foreign currency. But the main body of the CELS, the country-by-country breakdown of claims, does not include claims of foreign affiliates on local borrowers in *local* currency, although these data are collected; on a worldwide

2. In combining data on foreign branches with those on domestic offices, measures of foreign claims (or liabilities) are obtained in connection with which the term "foreign" has a meaning somewhat broader than the usual one. On the claims side, for example, the claims of foreign branches include claims on residents of the country where the branch is located, as well as on residents of other countries. The former are not foreign (cross-border) from the standpoint of the branch, but they are foreign from the standpoint of the headquarters of the bank because the borrowers are not U.S. residents.

3. In addition, individual reporting banks file Country Exposure Information Reports for large exposures to individual countries as reported on their Country Exposure Reports. These reports are available to the public at the Freedom of Information Office of the Board of Governors of the Federal Reserve System.

basis, their total was \$107 billion in March 1986, or 27 percent of all reported claims. The data on cross-border claims constitute the U.S. submission to the BIS semiannual series as concerns domestically owned banks.

The main body of the CELS breaks down the other 73 percent of total claims (that is, all cross-border claims and claims of affiliates that are in other than local currency) into three categories of time remaining to maturity—one year and under, over one to five years, and over five years—and by three categories of borrowers—banks, public borrowers, and private nonbank borrowers. The total of these claims on each country is also shown, together with the adjustments needed to derive the reporting banks' exposure to that country. The adjustments are partly for guarantees extended either in favor of borrowers in that country by guarantors in other countries (thereby reducing exposure to that country), or by guarantors in that country in favor of borrowers in other countries (thereby raising exposure to that country). Another adjustment is to shift claims on the foreign branches of foreign banks from the country where the branch is located to the country where the parent is located. Finally, the CELS shows contingent claims (undisbursed credit commitments), with various details. A breakdown of all the information noted above for three groups of banks—the nine largest, the next fifteen largest, and all others—reveals the concentration of lending by bank size.

Because of the differences in the way they are determined, total claims on a given country or country group shown in the main body of the CELS will almost always differ somewhat from the corresponding figure in the FEDERAL RESERVE BULLETIN series (see table 5 for a comparison). Two factors tend to make claims in the BULLETIN series larger than those in the CELS. First, the number of reporters in the former is larger because it includes some banks that have no foreign affiliate and are thereby exempted from filing the Country Exposure Report. Second, the BULLETIN series includes foreign-branch claims on local borrowers denominated in local currency, a type that can loom large in total claims on some countries, mostly the industrial ones. However, the omission of majority-owned

5. U.S.-chartered banks' foreign claims.
FEDERAL RESERVE BULLETIN series and CELS,
December 31, 1985

Billions of dollars

Country group	BULLETIN series	Country Exposure Lending Survey
Non-OPEC developing countries	105.5	98.2
Argentina	8.9	8.4
Brazil	25.7	22.8
Mexico	23.9	24.9
Korea	9.5	9.2
All others	37.5	32.9
OPEC countries	21.8	20.8
Eastern Europe ¹	4.2	4.4
Smaller developed countries	30.5	30.4
G-10 countries	150.5	105.5
Offshore banking centers	67.2	34.2
Others and unallocated	17.2	1.1
Total	396.9	294.5

1. Includes Yugoslavia.

foreign subsidiaries from the institutional coverage of the BULLETIN series may have a net effect in either direction. Claims in the BULLETIN series include claims on foreign subsidiaries, which are netted out in the CELS, but at the same time the BULLETIN series does not capture the claims held by foreign subsidiaries on unaffiliated borrowers, which are included in the CELS totals.

SOME PROBLEMS OF INTERPRETATION

With respect to all the statistics of foreign bank lending, a problem of interpretation of the changes in claims has emerged in recent years. The amount of reported claims on a particular country may change because of net new lending to that country or net repayments by it. And, as noted earlier, it may change because of changes in the exchange rates between the currencies of denomination and the currency in which the values are expressed in the statistics. But it may also change because lending banks write off claims on borrowers when the prospects of repayment are poor. Write-offs of foreign loans have become much more prevalent in the last several years, when prospects of repayment of some claims on developing countries, especially on private borrowers, have worsened. Tax motivations for write-offs are important in some countries.

It is impossible to estimate the effect of write-offs on the international banking statistics. Estimates suggest that U.S. banks wrote off about \$2.4 billion of foreign claims in 1983–84 and another \$2.2 billion in 1985; of these totals, about \$1.3 billion and \$0.9 billion respectively was in claims on non-OPEC developing countries. U.S. banks' foreign claims have also been reduced by sales of claims to foreign banks and (in small amounts) by debt–equity swaps. Furthermore, the exercise of loan guarantees by the Export–Import Bank and the Commodity Credit Corporation allowed some claims of U.S. banks on

developing countries to be repaid on schedule that otherwise would have remained on the books (unless and until written off or repaid). The exercise of such guarantees affected more than \$800 million of claims on non-OPEC developing countries in 1983–84. Write-offs, debt–equity swaps, and the exercise of official guarantees reduce banks' reported claims but do not reduce debtors' liabilities. Thus the banking data may convey an inaccurate impression of the development of the external debt of individual countries. □

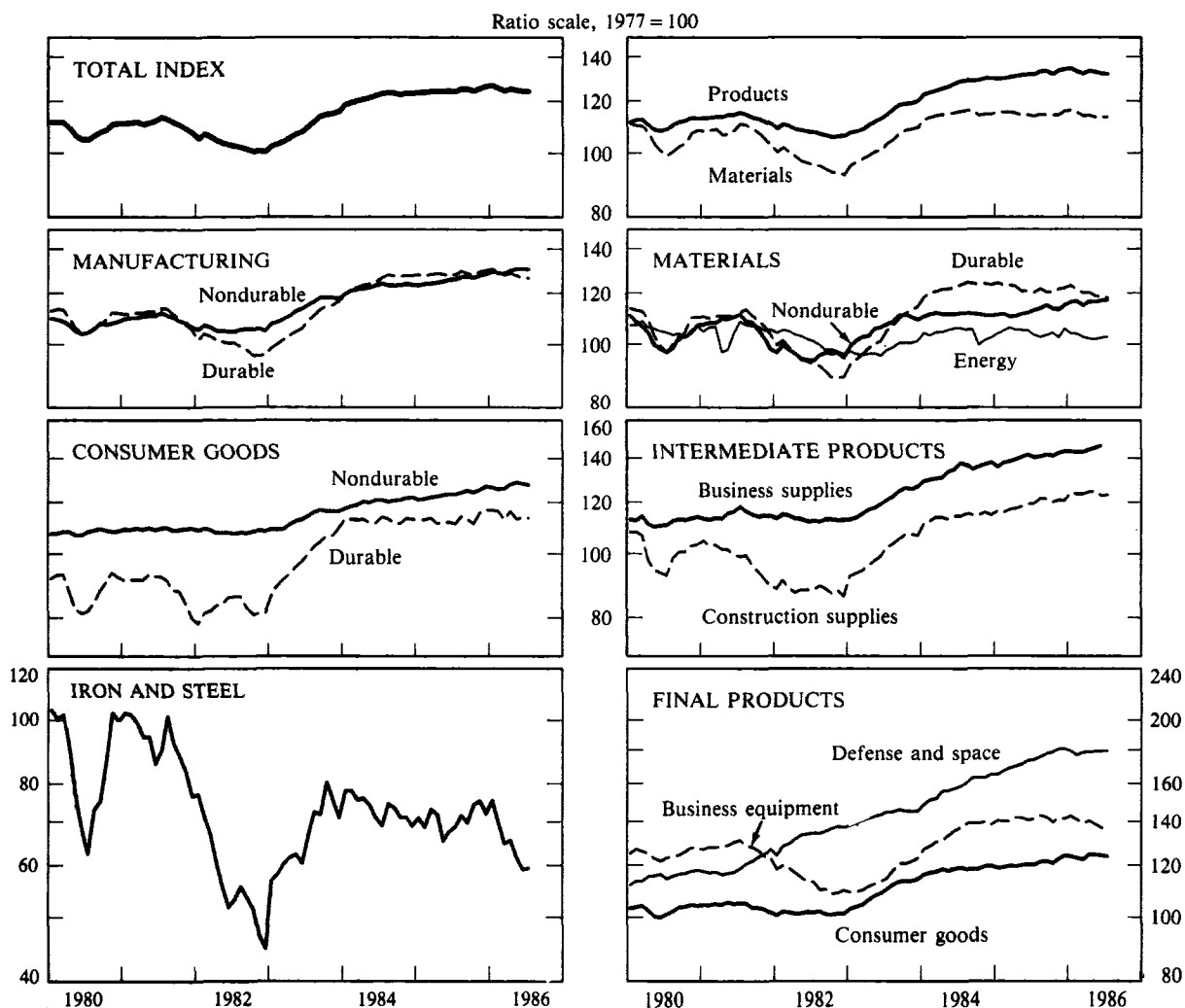
Industrial Production

Released for publication August 15

Industrial production edged down an estimated 0.1 percent in July after having declined 0.3 percent in June and 0.5 percent in May. Despite strike-related rebounds, mainly in communication equipment, activity remained generally sluggish. Output of consumer goods and durable materials was off in July, and the weakness in

most business equipment industries continued. At 124.1 percent of the 1977 average, the total index was at about the same level as a year earlier and about 2 percent lower than its peak level in January 1986.

In market groups, output of consumer goods decreased 0.3 percent in July after a similar decline in June. Auto assemblies fell to an annual rate of 7.6 million units from a rate of 8.0 million



All series are seasonally adjusted. Latest figures: July.

Group	1977 = 100		Percentage change from preceding month					Percentage change, July 1985 to July 1986
	1986		1986					
	June	July	Mar.	Apr.	May	June	July	
	Major market groups							
Total industrial production	124.2	124.1	-.9	.7	-.5	-.3	-.1	.1
Products, total	132.0	131.9	-.7	.9	-.4	-.6	-.1	.2
Final products	131.0	130.9	-1.0	1.0	-.6	-.7	-.1	-.7
Consumer goods	124.2	123.9	-.5	1.8	-.1	-.3	-.3	3.1
Durable	113.7	113.6	-2.9	2.8	-2.5	.4	-.1	2.1
Nondurable	128.1	127.7	.3	1.4	.7	-.5	-.3	3.5
Business equipment	136.8	136.9	-1.4	.9	-1.3	-1.2	.0	-3.1
Defense and space	179.3	179.5	1.0	.1	.2	.1	.1	3.2
Intermediate products	135.4	135.4	.0	.8	.4	-.3	.0	3.6
Construction supplies	122.7	123.2	.0	.8	.2	-1.6	.4	3.2
Materials	113.5	113.6	-1.3	.2	-.7	.1	.0	-.2
	Major industry groups							
Manufacturing	128.0	128.0	-.7	.8	-.2	-.5	.0	.8
Durable	126.4	126.3	-1.0	.6	-.8	-.8	.0	-1.2
Nondurable	130.3	130.2	-.1	1.1	.6	-.1	.0	3.7
Mining	99.6	99.2	-2.5	-1.1	-1.6	-.3	-.4	-8.7
Utilities	111.6	111.4	-.2	.2	-.9	.2	-.2	.6

NOTE. Indexes are seasonally adjusted.

units in June, but the decline was largely offset by gains in production of light trucks. Production of home goods, which rose very rapidly in the latter part of 1985, edged down in July and is off 4¼ percent so far this year. Output of nondurable consumer goods fell 0.3 percent last month. The output of total business equipment was unchanged in July after substantial declines in May and June. Most business equipment groups declined except commercial equipment, which rebounded 1.4 percent in July owing largely to a resumption of production in telephone equipment after the strike curtailment in June. Elsewhere in the equipment sector, the defense and space component continued to edge up, while oil and gas well drilling was reduced again—but much less than in other recent months and with a negligible effect on overall industrial output. Production of construction supplies rose 0.4 percent in July after a drop of 1.6 percent in June.

Materials production was little changed in July as durable goods materials decreased while nondurable goods, such as chemicals and paper, as well as energy materials both rose.

In industry groups, manufacturing output in July was unchanged after having declined in May and June. During the past year total manufacturing increased only slightly as nondurables gained about 4 percent, but durables were reduced more than 1 percent. Production at mines and utilities fell 0.3 percent further in July, and the output of mines, which includes oil drilling and extraction, was almost 9 percent lower than it was a year earlier.

Revised indexes

In September revised indexes of industrial production will be issued for the period from January 1984 through mid-1986. The revision is based on data that were unavailable at the time the original estimates were made and it also incorporates updated seasonal adjustment factors developed from data through 1985. The Federal Reserve statistical release, Industrial Production (G.12.3) for September 16, 1986, will contain the revised indexes both in seasonally adjusted and not seasonally adjusted form.

Statement to Congress

Statement by Martha R. Seger, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs and Coinage of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, August 12, 1986.

I appreciate the opportunity to appear before this subcommittee to discuss H.R. 1575, a bill to amend the Equal Credit Opportunity Act (ECOA) relative to business credit transactions.

Access to credit is an area in which I have a strong personal interest. Over the past two years, as a member of the Federal Reserve Board I have had the opportunity to meet with a variety of groups throughout the United States. Many of them have been women's groups and organizations of small business owners, and one recurring theme in these meetings has been access to credit for small businesses. In today's business climate, the availability of credit is critical, particularly to increasing numbers of women business owners. There are about 3.2 million businesses owned by women in the country today, according to a study by the Department of Commerce, and two out of three new businesses are started by women.

Access to credit is essential to all small business enterprises. They need capital to become established and to grow, and must depend not only on the resources of their owners but also on the credit market. And, they represent an important sector in our economy: data from the U.S. Small Business Administration (SBA) show that small business establishments with fewer than 100 employees have accounted for more than half our net employment growth in recent periods.

Yet obtaining credit can be a difficult process. Lenders are selective in granting loans. They have to be: they are not investors, and they have an obligation to their stockholders and depositors to be sure that the loans they make will be

repaid—and many small businesses fail each year. A successful loan proposal must persuade the lender that the applicant is well qualified for the credit requested.

Obtaining credit is particularly difficult for first-time business borrowers, who not only must contend with managing the business and keeping it afloat but also with making their way through the credit process. There is need for strong practical advice on the application process. And sometimes women and minority applicants may be concerned that they are receiving less favorable treatment than other applicants, not for credit-related reasons, but because of their sex, race, or marital status. Thus, there is need also to ensure that applicants know about their rights under the Equal Credit Opportunity Act, a law that ensures them equal treatment in the credit market.

The proposed legislation, H.R. 1575, seeks to address these concerns about access to credit by amending the ECOA regarding business credit. The Federal Reserve Board too is working toward improving access to credit by launching a special educational effort. The Board recently completed the first step of this project, conceived almost a year earlier, by publishing *A Guide to Business Credit and the Equal Credit Opportunity Act*. The *Guide* takes what we believe to be a useful approach, offering practical advice to entrepreneurs on the loan application process and on the preparation of an effective loan proposal. In drafting it, we had expert counsel from a number of sources. Industry groups—the National Association of Bank Women, the American Bankers Association, the Consumer Bankers Association, the Independent Bankers Association of America, and the National Bankers Association—participated in its development, as did the Small Business Administration. We were fortunate also to have the active participation of representatives from the National Association of Women Business

Owners (NAWBO), who brought to the project the viewpoint of the business owner as credit applicant.

We believe that this *Guide* will go a long way toward facilitating the credit application process for the business owner and for those who aspire to own their own businesses. Having published it, we are now making every effort to see that the *Guide* reaches its intended audience. The Board is sending copies to all members of NAWBO, as well as to a variety of other organizations of women business owners, minority group entrepreneurs, and business owners generally, and will be making other distributions through the Reserve Banks. The SBA has plans for wide distribution of the pamphlet in response to calls from business owners. (They receive approximately 50,000 calls annually on SBA's toll-free "Answer Desk" telephone line, many of them dealing with requests for help on access to business credit.) The banking trade associations are sending copies to their member institutions to let them know of its availability. In addition, we have enlisted the support of the other banking regulators. By involving all parties to the credit process in this educational effort, we hope to achieve success in improving the availability of credit to women and minority entrepreneurs and in ensuring full compliance with the ECOA.

As noted earlier, the proposed legislation, H.R. 1575, is directed also toward improving access to credit for women and minorities. It seeks to do so by amending the ECOA with regard to the Board's rulewriting authority and implementation of the business credit exceptions.

The three major provisions are as follows:

1. The legislation would direct the Board to hold public hearings in accordance with the Administrative Procedure Act (APA) as a precondition to determining whether any exception in the business credit area would be granted or continued. Under existing law, the Board may make such a determination within the rulemaking requirements of the APA, but without the requirement for a public hearing.

2. Any exception granted by the Board for business credit would terminate after five years; the Board could only extend the exception by

conducting a second public hearing. There is no comparable "sunset" provision in the current law.

3. The legislation would permit Board exceptions only in the area of business or commercial transactions. Existing law also authorizes the Board to grant exceptions for other classes of transactions. Regulation B now provides certain exceptions for extensions of securities credit, public utility credit, and incidental credit—categories that may essentially be consumer in nature, but for which exceptions have been found to be appropriate. H.R. 1575 appears to prohibit the Board from granting any exceptions for extensions of credit for personal, family, or household purposes, and thus would require elimination of these existing exceptions.

As the Board indicated in a letter to the Congress last November (commenting on a companion bill, S. 1486), we do not favor the enactment of these changes to the ECOA. We believe that the legislation would not significantly enhance or improve the Board's rulewriting processes. While holding a public hearing before granting or continuing any exception for business credit would provide an extra information-gathering effort, we have found that written public comment, which always takes place as part of the Board's rulewriting process, is both useful and more than adequate. And, the periodic re-evaluation of regulatory provisions called for by the bill is a procedure that we already follow under the Board's Regulatory Improvement Project, a program calling for the review of regulations every five years or so. This Board program complies with the Regulatory Flexibility Act, which requires that federal agencies make a periodic review of all regulations.

In exercising its statutory authority to write regulations, the Board has sought to ensure that business credit applicants enjoy the full protections provided by the ECOA. Consequently, no class of transactions—of whatever type or size—is exempt from the ECOA or Regulation B. Lenders are barred from discriminating against business applicants in any aspect of a business credit transaction just as they are in a consumer credit transaction.

Under the ECOA and Regulation B, in busi-

ness as in consumer credit, lenders may not take into account the applicant's race, national origin, sex, marital status, or any of several other prohibited bases. Lenders are subject to all the limitations concerning an evaluation of the applicant's creditworthiness. For example, in the case of a business applicant who is married, the creditor may not, as a general rule, ask about or take into consideration information about the applicant's spouse unless that individual has some connection to the business. Similarly, all the restrictions of Regulation B dealing with the signature of a cosigner—whether it be the spouse or some other person—apply in the business credit transaction.

Some limited exceptions do exist in the business credit area. These exceptions were adopted by the Board after extensive notice and comment. They are not so broad as some people appear to believe and are directly related to the practical distinctions between consumer credit and business credit.

First, there are the rules dealing with the notification given when credit is denied. Under the regulation the consumer applicant has the right to notice of the creditor's granting or denial of an application; so has the business applicant. The consumer applicant has the right also to receive a statement of the principal reason or reasons for the denial; so has the business applicant. And each applicant has the right, upon request, to receive a written statement of those reasons.

The difference between the two transactions is that the consumer applicant receives a written statement either of the reasons, or of the right to request the reasons, whereas the business applicant does not automatically receive a written notice of that right. This exception in the notification rules reflects the close personal contact that generally marks the business credit application process. Lenders are a valuable source of business and financial counsel to business credit applicants. They commonly discuss the loan proposal with business credit applicants in person, and if credit is denied will have the opportunity to explain the reasons for the denial, in detail, and to address the elements of the loan proposal that will need to be strengthened before the application can be approved. This procedure,

of course, obviates the need for the written statement that consumer applicants receive telling them that they are entitled to know the reasons for the denial.

The second exception for business credit pertains to record retention. Lenders are required to retain business records for only 90 days, and not the 25-month period applicable in consumer transactions. However, if the business credit applicant requests, the lender is required to retain the records for the full 25 months. Record retention for the longer period is not automatically required because the documentation for business credit applications can be quite voluminous—much more so than in consumer credit applications. For example, the documentation may include business projections, financial statements (both personal and for the business), copies of income tax returns, itemizations and descriptions of collateral, certificates of incorporation, partnership agreements, invoices, vendor quotes, and the like. In addition, this documentation is costly for the applicant to produce and is often returned, upon request, to the applicant.

The third exception for business credit has to do with inquiries about marital status. In consumer credit transactions, creditors are prohibited by Regulation B from asking about marital status in applications for unsecured credit, but may ask about marital status in secured transactions (to ascertain whether under state law the spouse might have an interest in the property). Under the Board's regulation, business credit applicants may be asked for this information regardless of whether the credit is secured or unsecured.

However, most business credit is secured by business and personal assets. As a matter of fact, therefore, the lender could properly inquire about marital status in most cases—even if the business credit exception were eliminated. Again, even in cases in which the creditor is permitted to ask about marital status, the creditor may not deny credit based on marital status (or any prohibited basis), or take it into account in setting the account terms.

The Board recognizes and appreciates the difficulty that small business applicants generally and some women and minorities, in particular, may be experiencing in obtaining business credit.

But we also believe that the ECOA and Regulation B in their present form provide an adequate legal basis for protection against credit discrimination and that the exceptions established are sufficiently narrow in scope, carefully written, and directly responsive to the distinctions between consumer and business credit.

We expect that our joint effort with industry and women's and minority group organizations will serve to better inform business credit applicants of their rights under the ECOA, besides giving them practical assistance in obtaining

credit. We will continue to publicize actively the availability of the *Guide to Business Credit and the ECOA* and the message it contains: that business credit is not exempt from the ECOA. Besides the distribution efforts previously mentioned, for example, we are also investigating the use of public service announcements to increase the potential for reaching the widest possible audience. We would like to give these efforts a chance to succeed before considering any amendments to the regulation or reopening rule-making on the business credit exceptions. □

Announcements

MANUEL H. JOHNSON: APPOINTMENT AS VICE CHAIRMAN OF THE BOARD OF GOVERNORS

On May 12, 1986, President Reagan announced his intention to nominate Governor Manuel H. Johnson to be Vice Chairman of the Board of Governors. Governor Johnson was subsequently confirmed by the Senate on August 2 and took the oath of office, administered by Chairman Volcker, on August 22.

The text of the White House announcement of May 12 follows:

The White House
Office of the Press Secretary

May 12, 1986

The President today announced his intention to nominate Manuel H. Johnson of Virginia to be Vice Chairman of the Board of Governors of the Federal Reserve System for a term of four years. He would succeed Preston Martin in his capacity as Vice Chairman. Mr. Johnson has served as a Member of the Board of Governors since February 7, 1986.

Dr. Johnson has served as Assistant Secretary for Economic Policy at the Department of the Treasury, 1982-86 and previously served as Deputy Assistant Secretary for Economic Policy, 1981-82. Dr. Johnson was an Associate Professor of Economics at George Mason University in Fairfax, Virginia, 1980-81, and an Assistant Professor of Economics, 1977-80. He was an instructor and research associate at Florida State University in the Department of Economics, 1973-76.

Dr. Johnson graduated from Troy State University, B.S., 1973; Florida State University, M.S., 1974; and Ph.D., 1977. He is married, has two children and resides in Fairfax, Virginia. He was born February 10, 1949, in Troy, Alabama.

H. ROBERT HELLER: APPOINTMENT AS A MEMBER OF THE BOARD OF GOVERNORS

On May 12, 1986, President Reagan announced his intention to nominate H. Robert Heller as a

member of the Board of Governors. Dr. Heller was subsequently confirmed by the Senate on August 16 and took the oath of office, administered by Chairman Volcker, on August 19.

The text of the White House announcement of May 12 follows:

The White House
Office of the Press Secretary

May 12, 1986

The President today has announced his intention to nominate H. Robert Heller of California, District 12, to be a Member of the Board of Governors of the Federal Reserve System for the unexpired term of fourteen years from February 1, 1982. He would succeed Preston Martin.

Since 1978 Dr. Heller has been Senior Vice President and Director of International Economic Research at Bank of America, San Francisco, California. Previously, he was Chief, Financial Studies Division, International Monetary Fund, Washington, D.C., 1974-78; Professor of Economics, University of Hawaii, 1971-74; and Assistant and Associate Professor, University of California, Los Angeles, 1965-71.

Dr. Heller graduated from Parsons College, B.A., 1961; the University of Minnesota, M.A., 1962; and the University of California, Berkeley, Ph.D., 1965. He is married, has two children, and resides in Mill Valley, California. Dr. Heller was born January 8, 1940, in Cologne, Germany.

CHANGE IN THE DISCOUNT RATE

The Federal Reserve Board announced a reduction in the discount rate from 6 percent to 5½ percent, effective on Thursday, August 21.

In the light of prevailing economic and financial circumstances, the action appears consistent with the objective of sustaining orderly growth within a framework of greater price stability.

The Board acted on requests submitted by the Boards of Directors of the Federal Reserve

Banks of Boston, New York, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, Dallas, and San Francisco. (The Board subsequently approved similar actions by the Federal Reserve Banks of Philadelphia and St. Louis, effective Friday, August 22.)

The discount rate is the interest rate that is charged depository institutions when they borrow from their District Federal Reserve Banks.

NEAR-TERM CONTINGENCY SUPPORT FOR MEXICO'S RESERVES

The U.S. Treasury and the Federal Reserve announced on August 27, 1986, their participation in completed arrangements to provide a \$1.6 billion facility for near-term contingency support for Mexico's international reserves. The official component of the facility is \$1,100 million; the remaining \$500 million will be provided through a parallel arrangement by a group of international commercial banks. Up to \$850 million of the official component will be available to Mexico immediately if needed.

Of these amounts, the U.S. monetary authorities will provide \$545 million in cooperation with the Bank for International Settlements—acting with the support of the central banks of the other Group of Ten countries and Spain—and with the central banks of Argentina, Brazil, Colombia, and Uruguay, which will together provide the balance of \$555 million. The U.S. Treasury Department, through the Exchange Stabilization Fund, will provide \$273 million and the Federal Reserve will provide \$272 million through swap arrangements.

This facility is being made available in light of the agreement between the United Mexican States and the managements of the International Monetary Fund and World Bank on a growth-oriented economic program. Any drawings on the official component are to be repaid from disbursements by these two international institutions. Any drawings on the commercial bank portion are to be repaid from disbursements by commercial banks under the more permanent financing arrangements for Mexico now being formulated.

FINANCIAL RESULTS AVAILABLE FOR PRICED SERVICE OPERATIONS

The Federal Reserve Board has reported financial results of Federal Reserve priced service operations for the quarter ending June 30, 1986.

The Board issues a report on priced services annually and a priced service balance sheet and income statement quarterly. The financial statements are designed to reflect standard accounting practices, taking into account the nature of the Federal Reserve's activities and its unique position in this field.

PROPOSED ACTIONS

The Federal Reserve Board has issued for public comment a proposal to amend its Regulation E (Electronic Fund Transfers). The proposal would eliminate the periodic statement requirement for providers of EFT services that do not hold consumer accounts, such as retailers, and would make other changes to ensure consumer protections. Comment is requested by October 10.

The Federal Reserve Board also issued for public comment a proposal to amend its Regulation Z (Truth in Lending) to exclude some refinancings by a creditor, other than the original creditor, from the right of rescission. Because of the large volume of refinancings, the Board expedited its comment period procedures. Comment was requested by September 10, 1986.

CHANGES IN BOARD STAFF

The following changes were announced in the Board's Division of Consumer and Community Affairs: Jerauld C. Kluckman, Associate Director, Division of Consumer and Community Affairs, retired effective August 31, 1986; Ellen Maland has been appointed Assistant Director.

Ms. Maland joined the Board's staff in August 1976 and spent four years as an attorney before becoming Chief of Regulations Section I in July 1980. She has a J.D. from the University of Texas.

The Board also announced that Mr. William C. Schneider, Assistant Director in the Division of Applications Development and Statistical Services, resigned, effective September 5, 1986.

**SYSTEM MEMBERSHIP: ADMISSION OF
STATE BANKS**

The following banks were admitted to member-

ship in the Federal Reserve System during the period August 1 through August 31, 1986:

- Texas*
- Austin..... MBank Aboretum
- Virginia*
- Manassas Security Bank Corporation

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON JULY 8-9, 1986

Domestic Policy Directive

The information reviewed at this meeting indicates that economic activity has expanded at a relatively slow pace recently. Consumer spending and housing activity have been strong, reflecting large gains in real income and lower interest rates. However, business investment has remained sluggish, and the trade balance has continued to deteriorate. At the same time, wage and price increases have been moderate.

Total nonfarm payroll employment grew slowly again in June, rising about 80,000 after adjusting for strike activity. Employment continued falling in manufacturing, particularly in the metals and machinery industries, and more jobs were lost in oil and gas extraction. Hiring in construction, which had surged in April, leveled off in May and fell in June. Service industries continued to post large gains in employment in June; however, hiring at retail establishments was markedly slower than earlier in the year. The civilian unemployment rate declined to 7.1 percent from 7.3 percent in May.

The index of industrial production fell 0.6 percent in May and has declined 1¾ percent since December, erasing the gains that occurred at the end of 1985. The decrease in output in May was related in part to a further contraction in oil and gas drilling and to a decline in auto assemblies. Output elsewhere generally was lower with notable weakness in the production of business equipment and selected materials for durable goods. Available indicators of industrial activity in June are mixed; auto assemblies are expected to have increased, but the output of steel decreased and strike activity hampered production in the lumber, aluminum, and communication equipment industries. Capacity utilization in

manufacturing was 78.6 percent in May, off 0.6 percentage point from April and more than 2 percentage points from January.

Total retail sales were about unchanged in May; however, sales at the retail control group of stores, which excludes outlets for autos, gasoline, and building materials, rose somewhat and were stronger in the previous two months than originally reported. Total car sales in May were at an annual rate of 11¼ million units, up from the 10¾ million unit pace registered in the first quarter. Sales of domestic automobiles have held at around a rate of 8¼ million units since the expansion of incentive financing programs in late April, up from the 7¾ million unit pace earlier in the year.

Housing activity generally has been brisk. Starts fell a little in May but still were at a 1.9 million unit annual rate. Single-family starts held steady at a level that was fractionally above the first-quarter average, while the pace of house sales, although down in May, has remained relatively robust. At the same time, home prices have risen sharply. Multifamily starts fell sharply in May, owing in part to the depletion of tax-exempt funds raised by huge issues of mortgage revenue bonds in late 1985 and to overbuilding in a number of major markets.

Business investment probably declined again in the second quarter, reflecting weakness in the energy sector, the availability of unutilized capacity, and concerns about tax reform. Shipments of nondefense capital goods have been sluggish in recent months. In the construction area, drilling activity has fallen sharply further, and spending for office and other commercial projects also has weakened. Moreover, advance indicators of investment spending have been weak. New commitments for nonresidential building have fallen since late last year, and new orders for nondefense capital goods were flat in

May after two months of declines. In addition, according to the latest surveys, businesses are planning little, if any, increase in nominal spending for 1986 as a whole.

The producer and consumer price indexes turned up in May, as the steep decline in energy prices ended. Producer prices rose 0.6 percent, after declining in the previous four months. Consumer prices were up 0.2 percent; retail gasoline prices rose 2½ percent, after falling around 25 percent from January to April. Excluding food and energy, the CPI has risen at an annual rate of about 3½ percent so far this year, somewhat less than in 1985. Prices of goods have been essentially flat, while some types of services have registered large increases.

The trade-weighted value of the dollar against major foreign currencies has declined almost 2½ percent on balance since the FOMC meeting on May 20; the largest decline was registered against the yen. In the first two weeks of the intermeeting period, the dollar appreciated somewhat in response to data indicating a possible strengthening of U.S. economic activity. This rise was subsequently reversed when additional information on the economic performance in the United States disappointed market expectations. The differential between U.S. interest rates and a weighted average of foreign short-term interest rates changed little on balance over the period. Preliminary data for the U.S. merchandise trade deficit showed a somewhat larger deficit in April than the average for the first quarter because a decline in the value of oil imports was more than offset by an increase in imports of other goods; exports in April-May combined seem to have been no higher than the first-quarter rate.

At its meeting on May 20, 1986, the Committee had adopted a directive that called for maintaining the existing degree of pressure on reserve positions. The members expected such an approach to policy to be consistent with a deceleration in money growth over the balance of the quarter. However, because such growth had been rapid in April and early May, the Committee anticipated faster growth for the quarter as a whole, particularly for M1, than was expected at the time of the April meeting. M2 and M3 were expected to expand over the period from March to June at annual rates of 8 to 10 percent. Over

the same period, M1 was anticipated to grow at an annual rate of 12 to 14 percent, although the members acknowledged that the behavior of M1 continues to be subject to unusual uncertainty. The Committee agreed that if money growth did not slow as anticipated, somewhat greater reserve restraint would be acceptable in the context of a pickup in the economic expansion, while also taking account of conditions in domestic and international financial markets and the behavior of the dollar on foreign exchange markets. On the other hand, they agreed that somewhat lesser restraint might be acceptable if the expansion weakened noticeably in conjunction with a marked slowing in monetary growth. The intermeeting range for the federal funds rate was reduced to 5 to 9 percent.

In the circumstances, M1 continued to expand rapidly over the past two months, with growth surging to an annual rate of around 23 percent in May before decelerating to a rate of about 15 percent in June. Consequently, growth in M1 from March to June, at an annual rate of almost 18 percent, substantially exceeded the Committee's short-run expectations and so far this year has been well above the Committee's 3 to 8 percent range for 1986. Growth in M2 slowed in both May and June but was still somewhat above earlier expectations for the quarter and brought this aggregate up to around the midpoint of its range for the year. M3 continued to increase at rates around the middle of its long-run range in May and June.

However, in the light of the clear indications that business activity, rather than picking up momentum, was growing at a slower pace, open market operations during the intermeeting period continued to be directed at maintaining the prevailing degree of pressure on reserve positions. In the three complete maintenance periods since the May meeting, adjustment plus seasonal borrowing at the discount window averaged \$285 million. Excess reserves averaged around \$830 million in the first two maintenance periods after the meeting, but then rose to \$1.3 billion in the most recent period, which included the quarter-end statement date.

Federal funds generally traded in a narrow range around 6½ percent over the intermeeting period, aside from some firming around the quar-

ter end. Other interest rates rose early in the period but then retreated amid signs of weakness in the economies of the United States and some of its major trading partners, renewing expectations of a discount rate cut in the near future. Since the May meeting short-term market rates had declined 10 to 40 basis points on balance. In long-term markets, yields on Treasury securities were down about 35 to 45 basis points, while rates on corporate and municipal bonds were about unchanged and those on fixed-rate mortgages were up around $\frac{1}{2}$ of a percentage point. The widening spread between rates on long-term private securities and Treasury issues appeared to reflect strong foreign demand for recently issued long-term Treasuries, large supplies of private securities, and increased focus on the value of the greater call protection for Treasury issues.

The staff projections presented at this meeting continued to suggest that growth in real GNP, though relatively slow in the second quarter, was likely to strengthen somewhat in the second half of the year. However, growth over the next two quarters probably would be at a slower pace than had been expected earlier in part because news on business investment and foreign trade was disappointing. Growth was projected to continue at a moderate pace in 1987. The civilian unemployment rate was forecast to decline somewhat over the projection horizon. Inflation was expected to pick up a bit over the next six quarters, as the favorable effects of declining energy prices diminished while upward pressure on prices from the effects of the dollar's depreciation tended to intensify.

In their discussion of the economic situation and outlook, Committee members generally agreed that some strengthening in the economic expansion was a reasonable expectation for the second half of the year and that, on the whole, the prospects were favorable for continuing growth at a moderate pace in 1987. At the same time, members emphasized the uncertainties that surrounded the economic outlook and a number commented that the improvement in economic activity might well be more delayed or less pronounced than they had anticipated earlier. In this connection, some members expressed concern about the lack of firm evidence to date of a

prospective pickup in the rate of economic growth and, in particular, the absence thus far of any apparent improvement in the balance of trade, which many members saw as the key to stronger economic expansion. The members continued to view the outlook for inflation as relatively favorable, although they anticipated that, in the context of a growing economy, the lagged impact of the dollar's depreciation was likely to boost prices somewhat.

In keeping with the usual practice at meetings when the Committee considers its long-run objectives for monetary growth, the members of the Committee and the Federal Reserve Bank presidents not currently serving as members prepared specific projections of economic growth, the rate of unemployment, and changes in the overall price level. With regard to the rate of expansion in real GNP, the projections had a central tendency of $2\frac{1}{2}$ to 3 percent for 1986 as a whole and 3 to $3\frac{1}{2}$ percent for 1987. Forecasts of growth in nominal GNP centered on ranges of $4\frac{3}{4}$ to $5\frac{3}{4}$ percent for 1986 and 6 to $7\frac{1}{2}$ percent for 1987. The central tendency for the rate of unemployment was an average of 7 percent in the fourth quarter of 1986 and around $6\frac{3}{4}$ percent in the fourth quarter of 1987. With respect to the rate of inflation, as indexed by the GNP deflator, the projections centered on rates of $2\frac{1}{4}$ to $2\frac{3}{4}$ percent for 1986 and 3 to 4 percent for 1987. In making these forecasts, the members took account of the Committee's objectives for monetary growth that were established at this meeting. The projections were based on the assumption that fluctuations over the projection period in the foreign exchange value of the dollar would not be of sufficient magnitude to have a significant effect on economic activity or prices during the period. The members also assumed that the Congress would seek to achieve the deficit reductions contemplated by the Gramm-Rudman-Hollings legislation. In the members' views, significant progress in reducing the federal deficit was essential in order to maintain financial conditions that were conducive to sustained economic expansion and an improved pattern of international transactions.

In their assessment of the factors pointing to somewhat faster economic growth over the balance of the year and in 1987, members referred

as they had at earlier meetings to a number of favorable underlying developments including reduced interest rates, higher stock market prices, lower energy costs, and the positive impact of the dollar's depreciation on the competitive position of U.S. businesses. Members also made reference to the stimulative impact of a broadly accommodative monetary policy, as evidenced by rapid growth in money and credit and several decreases in the discount rate. One member suggested that stimulative financial conditions probably helped to account for the relative longevity of the current business expansion in the face of a variety of unfavorable factors. The latter included the negative impact that the decline in oil prices and the uncertainties associated with pending tax reform legislation were currently exerting on investment activity; some members commented that both of these factors were likely to have a less inhibiting impact on the economy over the course of the next several quarters. On the other hand, the overbuilding of various commercial facilities, notably of office structures, in several parts of the country and severe problems in agriculture were deemed likely to have retarding influences on economic activity that could persist.

Such developments were reflected in sharp contrasts in the economic performance of different sectors and regions of the country and in strains on financial institutions that serviced the depressed industries. Moreover, members expressed concern about the continuing rapid growth in total debt and its negative implications for sustained business expansion.

The members gave particular emphasis during the discussion to the key role of foreign trade developments, which were seen as a major source of uncertainty in shaping the economic outlook. The substantial depreciation of the dollar against the currencies of several large industrial countries had strengthened the international competitiveness of U.S. businesses, notably in the industrial sector, and pointed to eventual improvement in the U.S. trade balance. Unfortunately, evidence of such improvement had proved elusive to date and several members commented that significant progress in reducing the nation's trade deficit was unlikely in the absence of faster economic growth in key indus-

trial nations abroad. Indications of such growth were mixed, with several countries having experienced relative weakness earlier in the year. The absence of more robust growth abroad—and an improvement in the U.S. trade balance—would constitute a major risk to the realization of stronger domestic economic expansion.

At this meeting the Committee reviewed its ranges for growth of the monetary and debt aggregates in 1986 and established tentative ranges for 1987 within the framework of the Full Employment and Balanced Growth Act of 1978 (the Humphrey-Hawkins Act).¹ At its meeting on February 11–12, 1986, the Committee had adopted monetary growth ranges of 3 to 8 percent for M1 and 6 to 9 percent for both M2 and M3 for the period from the fourth quarter of 1985 to the fourth quarter of 1986. The associated range for growth in total domestic nonfinancial debt was set at 8 to 11 percent. With respect to M1 the Committee had recognized that, based on the experience of recent years, the behavior of that aggregate was subject to substantial uncertainties in relation to economic activity and prices. The Committee had indicated its intention to evaluate M1 behavior in the light of its consistency with the other monetary aggregates, developments in the economy and financial markets, and potential inflationary pressures.

In the Committee's discussion of its long-run ranges at this meeting, all of the members supported a proposal to retain the range of 6 to 9 percent for growth in M2 and in M3 for the year 1986. Both aggregates had expanded at rates that left them close to the midpoint of their ranges at midyear. Growth within these ranges for the year as a whole was still deemed to be consistent with the Committee's overall policy objectives. A majority of the members preferred a slightly lower range for 1987. In their view, a modest reduction would be consistent with the Committee's long-term objective of achieving a rate of monetary growth compatible with price stability. They also believed that the lower range was likely to prove fully consistent with somewhat

1. The midyear Monetary Policy Report prepared pursuant to this legislation was transmitted to the Congress on July 18, 1986, and was published in the *FEDERAL RESERVE BULLETIN* for September 1986, pages 603–17.

faster economic growth in 1987 and, in that context, with some decline in velocity should that develop. Some members suggested maintaining the 6 to 9 percent range for 1987 because it would provide a little extra leeway that might prove useful in support of continuing growth in nominal GNP, given the possibility of some further decline in the velocity of the broader aggregates. However, the slightly lower range favored by the majority was considered acceptable by most members.

In the discussion of appropriate ranges for M1 growth in 1986 and 1987, the members gave considerable emphasis to the exceptional uncertainties that continued to affect M1 velocity. Over the course of recent years, the relationship of M1 to income appeared to have been significantly altered by changes in the composition of the aggregate, resulting in part from the deregulation of interest rate ceilings and the relatively rapid growth of its interest-bearing components. In the process, the demand for M1 balances has become much more sensitive to movements in interest rates. Given the evolving nature of that demand, it had become very difficult to assess or predict the implications of M1 growth for the future course of economic activity and the rate of inflation. As a consequence, a number of members questioned the usefulness of M1 as a guide for the conduct of monetary policy under present circumstances. A few proposed dropping the M1 range, at least pending the reestablishment of a more predictable relationship with overall measures of economic performance. A majority, however, preferred to retain an M1 range even though they believed its operational significance could only be judged in the perspective of concurrent economic and financial developments, including the behavior of M2 and M3. It was noted in this discussion that even under current circumstances M1 continued to have some information value for policy and that retention of some range for M1, even if used only as a benchmark for measuring deviations, might well assist judgments about monetary policy. Moreover, the importance of M1 could again become greater in the future.

After reviewing the available evidence, the members concluded that much of the rapid growth of M1 in recent months probably reflect-

ed shifts in holdings of liquid assets in response to declining interest rates and subsiding inflationary expectations rather than excessive money creation with potentially inflationary consequences. Tending to reinforce that judgment was the moderate growth in overall economic activity, the behavior of broad measures of inflation, and the expansion of M2 and M3 at rates well within their ranges for the year. As events unfolded, relatively rapid growth in M1 had been needed to accommodate continuing economic expansion. Given developments for the year to date, growth in excess of the 3 to 8 percent range established in February appeared likely for 1986 as a whole, but most of the members did not want to raise or to rebase the existing range; such an adjustment might imply greater certainty about future performance than in fact existed. Since they believed that the significance of changes in M1 could only be evaluated in the context of the behavior of the broader aggregates and against the background of economic and financial developments, including trends in interest rates, they agreed that after taking account of those factors M1 growth above the existing range would be acceptable for the year.

With regard to 1987, some members argued that the uncertainties precluded setting a meaningful range for M1 so far in advance, but a majority preferred to retain this year's range of 3 to 8 percent. The members noted that this range should be considered even more tentative than usual. Such a range assumed that the velocity of M1 would not change as much as in the recent period under conditions of greater economic, price, and interest rate stability. In any event the members agreed that developments over the balance of this year would provide a better basis for judging the prospects for M1 behavior in 1987 and that careful appraisal of the range—including the weight that M1 should receive as a guide to policy—would be required at the start of next year.

Turning to the Committee's monitoring range for total domestic nonfinancial debt, most of the members indicated that they were in favor of retaining the 8 to 11 percent range adopted in February for 1986 even though growth in excess of that range now appeared likely for the year. Members expressed concern about the persis-

tence of rapid growth of total debt in the context of already large debt burdens. As in the past, they felt that raising the Committee's range for debt would create an inappropriate benchmark for evaluating long-term trends in debt expansion. One member proposed dropping the range for total debt and substituting a measure for total liquid assets, which, at least in the past year or two, had had a closer relationship to developments in nominal GNP. Other members preferred to continue to monitor debt trends explicitly in light of their concerns about the implications of overall debt levels. For 1987, the members generally felt that a range of 8 to 11 percent for total debt growth would remain appropriate, though that range would need to be reviewed early next year.

At the conclusion of the Committee's review, all of the members indicated that they favored, or could accept, a proposal to reaffirm the ranges for monetary and debt growth that had been established in February for the year 1986. The behavior of all of the monetary aggregates would continue to be judged against the background of developments in the economy and financial markets and potential price pressures. Growth of M1 in excess of its range would be acceptable and would be evaluated in the light of the behavior of the broader aggregates. The Committee recognized that expansion in total debt also might exceed its range for the year.

The following paragraph relating to the long-run ranges for 1986 was approved for the domestic policy directive:

The Committee agreed at this meeting to reaffirm the ranges established in February for growth of 6 to 9 percent for both M2 and M3, measured from the fourth quarter of 1985 to the fourth quarter of 1986. With respect to M1, the Committee recognized that, based on the experience of recent years, the behavior of that aggregate is subject to substantial uncertainties in relation to economic activity and prices, depending among other things on the responsiveness of M1 growth to changes in interest rates. In light of these uncertainties and of the substantial decline in velocity in the first half of the year, the Committee decided that growth of M1 in excess of the previously established 3 to 8 percent range for 1986 would be acceptable. Acceptable growth of M1 over the remainder of the year will depend on the behavior of velocity, growth in the other monetary aggregates, developments in the economy and financial markets, and price pressures.

Given its rapid growth in the early part of the year, the Committee recognized that the increase in total domestic nonfinancial debt in 1986 may exceed its monitoring range of 8 to 11 percent, but felt an increase in that range would provide an inappropriate benchmark for evaluating longer-term trends in that aggregate.

Votes for this action: Messrs. Volcker, Corrigan, Angell, Guffey, Mrs. Horn, Messrs. Johnson, Melzer, Morris, Rice, Ms. Seger, and Mr. Wallich. Votes against this action: None. Absent and not voting: None.

With respect to the tentative ranges for 1987, most of the Committee members supported a reduction of $\frac{1}{2}$ percentage point in the ranges for M2 and M3. For M1 and total debt the members agreed that with the reservations noted above, the 1986 ranges should be retained for 1987; those ranges implied considerable reductions from the rates of growth that now seemed likely for 1986. It was understood that all the ranges were provisional and that, notably in the case of M1, they would be reviewed in early 1987 in the light of intervening developments.

The following paragraph relating to the ranges for 1987 was approved for inclusion in the domestic policy directive:

For 1987 the Committee agreed on tentative ranges of monetary growth, measured from the fourth quarter of 1986 to the fourth quarter of 1987, of $5\frac{1}{2}$ to $8\frac{1}{2}$ percent for M2 and M3. While a range of 3 to 8 percent for M1 in 1987 would appear appropriate in the light of most historical experience, the Committee recognized that the exceptional uncertainties surrounding the behavior of M1 velocity over the more recent period would require careful appraisal of the target range at the beginning of 1987. The associated range for growth in total domestic nonfinancial debt was provisionally set at 8 to 11 percent for 1987.

Votes for this action: Messrs. Volcker, Corrigan, Angell, Guffey, Mrs. Horn, Messrs. Johnson, Melzer, Morris, Rice, and Wallich. Vote against this action: Ms. Seger. Absent and not voting: None.

Ms. Seger dissented because she preferred to retain—at least for now—this year's range of 6 to 9 percent for growth in both M2 and M3 in 1987. In her view, the higher range might be needed to accommodate an acceptable rate of economic expansion, especially in light of the possibility that the velocity of these aggregates might re-

main weak next year. At the same time she did not want to rule out the possibility that interim developments might justify reductions in the M2 and M3 ranges when the latter were reconsidered early next year. She also preferred not to specify a tentative range for M1 at this time because of the substantial uncertainties currently surrounding the relationship between M1 growth and broad measures of economic activity.

In their discussion of policy implementation for the weeks immediately ahead, Committee members took account of the likelihood that the discount rate would be reduced within a few days after the meeting. Against the background of sluggish expansion in economic activity and a subdued rate of inflation, most of the members believed that some easing was desirable and they indicated a preference for implementing the easing, at least initially, through a lower discount rate rather than through open market operations. Some members commented that further easing could have a favorable impact on interest-sensitive sectors of the economy, particularly in light of what could be viewed as still relatively high real interest rates. It was also suggested that a reduction in the discount rate might encourage over time similar actions by a number of major countries abroad, although such actions were not expected over the near term, at least in the case of some of the key industrial nations.

While nearly all the members indicated their acceptance of the policy approach in question, a few referred to the risks of easing under present circumstances, particularly the risk under current conditions of sharp further depreciation of the dollar in foreign exchange markets. Concern also was expressed about the absence of clearer indications of a reduction in federal budgetary deficits. In one view, a cut in the discount rate might need to be accompanied by some increase in the degree of pressure on reserve positions, pending evaluation of further economic and financial developments.

With respect to the outlook for monetary growth, the members expected that M2 and M3 might continue to expand at rates around their 1986 ranges over coming months, even assuming some pickup in the rate of business activity and some easing in overall conditions of reserve availability. In their evaluation of the outlook for

growth in M1, the members took account of an analysis that indicated that appreciably slower growth might be expected over the months ahead even if interest rates were to fall somewhat further. However, the members recognized that the timing and extent of any slowing in M1 growth continued to be subject to unusual uncertainty. In the circumstances and taking account of their willingness to accept M1 growth in excess of the 3 to 8 percent range, especially if growth of the broader aggregates remained within their ranges, a majority of the members expressed a preference for not indicating a specific rate of expected growth for M1 in the short-run operational paragraph of the Committee's directive.

In the Committee's discussion of possible intermeeting adjustments in policy implementation, the members generally agreed that there should be no presumptions about the likely direction of any such adjustments, given the current uncertainties about prospective economic and financial developments and the behavior of the monetary aggregates. A majority of the members also indicated a preference for reducing the existing intermeeting range for the federal funds rate by 1 percentage point to 4 to 8 percent. The reduction was viewed as a technical adjustment that would provide a more symmetrical range around a lower federal funds rate that could be expected to emerge following the anticipated reduction in the discount rate. The Committee regards the federal funds range as a mechanism for initiating Committee consultation when its boundaries are persistently exceeded.

At the conclusion of the Committee's discussion, all but one member indicated their acceptance of an operational paragraph for the directive that called for some decrease in the existing degree of reserve pressure, recognizing that that relaxation could be accomplished in the first instance by a reduction in the discount rate. The members expected such an approach to policy implementation to be consistent with growth in M2 and M3 at annual rates of about 7 to 9 percent over the three-month period from June to September. Over the same period growth in M1 was expected to moderate from the exceptionally large increase during the second quarter. The specific rate of M1 growth remained subject to

unusual uncertainty and the Committee agreed that this aggregate should continue to be judged in the light of the behavior of the broader aggregates and other factors. The Committee indicated that it might find somewhat greater or somewhat lesser reserve restraint acceptable over the intermeeting period depending on the growth of the monetary aggregates, the strength of the business expansion, the performance of the dollar on foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets.

At the conclusion of the meeting, the following domestic policy directive, embodying the Committee's long-run ranges and its short-run operating instructions, was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting indicates a mixed pattern of developments but suggests on balance that economic activity expanded slowly in the second quarter. In June total nonfarm payroll employment grew little after accounting for striking workers, with continued weakness in the industrial sector reflected in further declines in employment in manufacturing and mining. The civilian unemployment rate moved down to 7.1 percent from 7.3 percent in May. Industrial production declined in May. Total retail sales were about unchanged during the month, although consumer spending rose considerably for the second quarter as a whole. Housing starts fell somewhat in May from a relatively high level. Weakness in the energy sector has contributed to a slowing of business capital spending. Preliminary data for the U.S. merchandise trade balance in April show a somewhat larger deficit than the rate recorded in the first quarter. Both consumer and producer prices turned up in May but have fallen on balance since late 1985, largely reflecting declines in energy prices.

M1 growth in June, though less than in May, was still rapid; through June, M1 grew at a rate well above the Committee's range for 1986. Growth of M2 slowed somewhat and expansion of M3 remained relatively moderate in June, keeping these two aggregates close to the middle of their respective ranges for the year. Expansion in total domestic nonfinancial debt remains appreciably above the monitoring range for 1986. Most short-term interest rates have declined on balance since the May 20 meeting of the Committee. Rates on Treasury bonds also have moved lower while rates on private long-term obligations are about unchanged to somewhat higher. The trade-weighted value of the dollar against major foreign currencies has declined somewhat on balance since the May meeting.

The Federal Open Market Committee seeks monetary and financial conditions that will foster reasonable

price stability over time, promote growth in output on a sustainable basis, and contribute to an improved pattern of international transactions. In furtherance of these objectives the Committee agreed at this meeting to reaffirm the ranges established in February for growth of 6 to 9 percent for both M2 and M3, measured from the fourth quarter of 1985 to the fourth quarter of 1986. With respect to M1, the Committee recognized that, based on the experience of recent years, the behavior of that aggregate is subject to substantial uncertainties in relation to economic activity and prices, depending among other things on the responsiveness of M1 growth to changes in interest rates. In light of these uncertainties and of the substantial decline in velocity in the first half of the year, the Committee decided that growth of M1 in excess of the previously established 3 to 8 percent range for 1986 would be acceptable. Acceptable growth of M1 over the remainder of the year will depend on the behavior of velocity, growth in the other monetary aggregates, developments in the economy and financial markets, and price pressures. Given its rapid growth in the early part of the year, the Committee recognized that the increase in total domestic nonfinancial debt in 1986 may exceed its monitoring range of 8 to 11 percent, but felt an increase in that range would provide an inappropriate benchmark for evaluating longer-term trends in that aggregate.

For 1987 the Committee agreed on tentative ranges of monetary growth, measured from the fourth quarter of 1986 to the fourth quarter of 1987, of 5½ to 8½ percent for M2 and M3. While a range of 3 to 8 percent for M1 in 1987 would appear appropriate in the light of most historical experience, the Committee recognized that the exceptional uncertainties surrounding the behavior of M1 velocity over the more recent period would require careful appraisal of the target range at the beginning of 1987. The associated range for growth in total domestic nonfinancial debt was provisionally set at 8 to 11 percent for 1987.

In the implementation of policy for the immediate future, the Committee seeks to decrease somewhat the existing degree of pressure on reserve positions, taking account of the possibility of a change in the discount rate. This action is expected to be consistent with growth in M2 and M3 over the period from June to September at annual rates of about 7 to 9 percent. While growth in M1 is expected to moderate from the exceptionally large increase during the second quarter, that growth will continue to be judged in the light of the behavior of M2 and M3 and other factors. Somewhat greater or lesser reserve restraint might be acceptable depending on the behavior of the aggregates, the strength of the business expansion, developments in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that reserve conditions during the period before the next meeting are likely to be associated with

a federal funds rate persistently outside a range of 4 to 8 percent.

Votes for the short-run operational paragraph: Messrs. Volcker, Corrigan, Angell, Guffey, Mrs. Horn, Messrs. Johnson, Morris, Rice, Ms. Seger, and Mr. Wallich. Vote against this action: Mr. Melzer. Absent and not voting: None.

Mr. Melzer preferred to direct open market operations toward maintaining the existing degree of pressure on reserve conditions. He was concerned that easing under current circum-

stances could foster inflationary expectations, especially in light of the uncertain outlook for reductions in the federal deficit, and have adverse repercussions on the dollar in foreign exchange markets. In addition, he noted that the outlook for the balance of 1986 and 1987 appeared to be in line with the economy's long-run potential and, in any event, he believed that further accommodation would have little positive impact on real output in the short run and would be accompanied by greater price pressures in the long run.

Legal Developments

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

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 (12 U.S.C. § 1842) to acquire Consumers Savings Bank, Worcester, Massachusetts ("Consumers"), a state-chartered stock savings bank which is insured by the Federal Deposit Insurance Corporation.¹

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, with nine banking subsidiaries located in Massachusetts and Connecticut, is the second largest banking organization in New England with consolidated assets of \$17.6 billion and total domestic deposits of \$14.0 billion.² Applicant is the second largest commercial banking organization in Massachusetts, control-

ling 7.3 percent of the total deposits in commercial banks in Massachusetts, and the largest commercial banking organization in Connecticut, controlling 26.5 percent of the total deposits in commercial banks in Connecticut.³ Applicant seeks to acquire Consumers,⁴ which is the 41st largest depository institution located in Massachusetts, with total deposits of \$308.8 million, representing 0.4 percent of total deposits in depository institutions in the state of Massachusetts.

Upon consummation of this proposal, Applicant would remain the second largest commercial banking organization in Massachusetts with \$13.2 billion in total domestic deposits, representing 7.3 percent of the total deposits in commercial banks in the state. Accordingly, consummation of this proposal would have no significant effect of the concentration of banking resources in Massachusetts.

Both Applicant and Bank compete directly in the Boston⁵ and Worcester⁶ banking markets.⁷ In the Boston banking market, Applicant is the third largest of 260 depository institutions operating in the market, and controls 6.8 percent of total deposits in depository institutions in the market. Consumers is the 257th largest depository institution in the market, with less than 0.1 percent of the total deposits in depository institutions in the market. Upon consummation of the proposal, Applicant's share of the deposits in depository institutions in the market would remain at 6.8 percent. The Boston market is considered to be unconcentrated, with a Herfindahl-Hirschman Index

3. Statewide data for Connecticut are as of June 30, 1985; statewide data for Massachusetts are as of September 30, 1985.

4. In connection with this application, Applicant has committed to divest its interest in Consumers' three nonbank subsidiaries: Financial Enterprises Corporation; Plymouth Inc.; and CSB Realty Corporation, within 180 days of consummation.

5. The Boston banking market consists of the Boston Ranally Metropolitan Area ("RMA"), minus the New Hampshire towns of Brentwood, Chester and Derry, plus 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.

6. The Worcester banking market consists of the Worcester RMA, plus the towns of Barre, Dudley, Hubbardston, New Braintree, Oakham, Webster and West Brookfield and that portion of Charlton not already included in the RMA.

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

1. The Board has previously determined that state-chartered stock savings banks, which are not covered by the exemption created by the Garn-St Germain Depository Institutions Deregulation Act of 1982 for thrift institutions insured by the Federal Savings and Loan Insurance Corporation ("FSLIC"), and which accept demand deposits and engage in the business of making commercial loans, are within the definition of "bank" contained in section 2(c) of the Act. Consumers accepts demand deposits and engages in the business of making commercial loans and its deposits are not insured by FSLIC. Accordingly, Consumers is a "bank" for purposes of the Act. The application has therefore been considered in light of the requirements of section 3 of the Act pertaining to the acquisition of banks.

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

("HHI") of 381, which would remain unchanged upon consummation of the proposal.

In the Worcester banking market, Applicant is the smallest of 31 depository institutions operating in the market, with 0.1 percent of total deposits in depository institutions in the market. Consumers is the seventh largest depository institution in the market, with 6.9 percent of the total deposits in depository institutions in the market. Upon consummation of the proposal, Applicant's share of the deposits in depository institutions in the market would increase to 7.0 percent. The Worcester banking market is considered to be unconcentrated, with an HHI of 952, which would increase by only one point upon consummation of the proposal. Accordingly, consummation of this proposal would have no significant effect on the concentration of banking resources in the Boston or Worcester banking markets.

The financial and managerial resources of Applicant, its subsidiary banks, and Consumers are consistent with approval, particularly in light of certain commitments made by Applicant in connection with this proposal. In its assessment of Applicant's managerial resources, the Board has considered Applicant's conviction in March 1986, of 31 counts of willfully violating the Currency and Foreign Transaction Reporting Act ("CFTRA"), which Applicant is appealing. The Board recently has considered Applicant's indictment on these charges in assessing managerial factors in connection with Applicant's proposal to acquire Maine National Bank, *Bank of New England Corporation*, 72 FEDERAL RESERVE BULLETIN 42 (1986). In approving the application, the Board noted the fact that Applicant had discovered its 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 considered that Applicant and its subsidiaries undertook comprehensive remedial and preventive actions. The existence and efficacy of these measures were verified by supervisory authorities. Finally, the Board consulted appropriate law enforcement agencies and considered Applicant's past record of compliance with the law. Based upon these and other facts of record, the Board concludes the managerial factors of Applicant and its subsidiaries are consistent with approval. Considerations relating to convenience and needs of the communities to be served also are consistent with approval.⁸

8. In connection with this application, the Citizens' Research Education Network ("CREN") submitted a comment to the Board indicating CREN's belief that one of Applicant's subsidiaries, Connecticut Bank and Trust Company ("CBT") was not meeting the credit needs of Hartford's low- and moderate-income people. Based upon an analysis of CBT's Home Mortgage Disclosure Act data,

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

By order of the Board of Governors, effective August 4, 1986.

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

JAMES MCAFEE
[SEAL] Associate Secretary of the Board

Citicorp
New York, New York

Order Approving Acquisition of a Bank Holding Company

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("BHC Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire through its subsidiary, Citicorp Holdings, Inc., Wilmington, Delaware ("CHI"), GWB Holding Company, Phoenix, Arizona, and thereby indirectly to acquire Great Western Bank and Trust, Phoenix, Arizona ("Bank").

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

Citicorp, with total consolidated assets of approximately \$181.9 billion, is the largest banking organiza-

however, it is apparent that CBT has consistently lent proportionately more to low- and moderate-income tracts than to high income tracts in both the Hartford Metropolitan Statistical Area and the City of Hartford. In addition, CBT recently has undertaken a \$3 million program to provide first and second mortgage and home improvement loans at below-market rates to low- and moderate-income persons in Hartford. Accordingly, based upon these and other facts of record, the Board believes that Applicant and its subsidiary CBT are meeting the convenience and needs of its community, including the low- and moderate-income portions of that community.

tion in the nation.¹ It presently operates eight banking subsidiaries and engages directly and through subsidiaries in a variety of nonbanking activities. CHI was established by Citicorp to hold the shares of Citicorp's subsidiary banks domiciled outside of New York. CHI became a bank holding company on May 31, 1984, and currently holds shares of Citibank (South Dakota), Citibank (Maryland), Citibank (Delaware), Citibank (Maine), Citibank (Nevada), and Citibank (Utah). Bank is the fifth largest commercial banking organization in Arizona, with total domestic deposits of approximately \$534.0 million, representing 2.3 percent of the total deposits in commercial banks in Arizona.²

Section 3(d) of the BHC Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the bank holding company's home state,³ 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."

Effective October 1, 1986, the statute laws of Arizona will authorize an out-of-state bank holding company, with the approval of the Arizona Superintendent of Banks, to acquire an Arizona bank that had applied to operate in Arizona before May 31, 1984.⁴

The Arizona Superintendent of Banks has informed the Board that the proposal does not present any of the grounds for denial of the application under Ariz. Rev. Stat. § 6-326 and that the Superintendent anticipates approving the proposal on October 1, 1986, the first day the interstate banking statute is effective. Based on the foregoing, the Board has determined, as required by the Douglas Amendment, that the proposed acquisition is specifically authorized by the statute laws of Arizona, subject to Citicorp's obtaining the approval of the Superintendent pursuant to section 6-322 of Arizona Revised Statutes, and the October 1, 1986, effective date of such statute. The Board's order is specifically conditioned upon satisfaction of the state regulatory approval requirement and the effectiveness of the state statute on October 1, 1986.

Citicorp does not operate a bank in any of the markets in which Bank operates. Citicorp does operate certain nonbanking subsidiaries in several of the same markets as Bank, providing mortgage loans, consumer and commercial loans, automobile dealer

receivables financing, real estate construction loans, and credit-related property insurance. Citicorp's presence in these markets, however, is not significant in comparison with total market volume. In addition, numerous competitors will continue to provide these services in these markets. Accordingly, consummation of this proposal would be unlikely to eliminate significant existing competition in any relevant market. In view of the existence of numerous other potential entrants into the relevant markets, the Board also concludes that consummation of the proposed transaction would not have any significant adverse effects on probable future competition.

Since 1966, Bank has operated, under state law, two subsidiaries, Great Western Insurance Agency ("GWIA") and Great Western Insurance Company ("GWIC"), engaged in insurance agency and underwriting activities. GWIA engages in a broad range of insurance agency activities, including selling life and health and accident insurance directly related to extensions of credit, and non-credit-related homeowners', life, disability and automobile insurance to individuals, and property and casualty, automobile and worker's compensation insurance to businesses. GWIC underwrites credit life insurance and credit accident and health insurance that is directly related to extensions of credit. GWIC is also licensed as a fully capitalized, legal reserve life and disability insurance underwriter.⁵ The National Association of Life Underwriters and the National Association of Professional Insurance Agents ("Protestants") have protested the acquisition by Citicorp of the insurance activities of Bank.

Protestants argue that the prohibition against the conduct of insurance activities that is contained in Title VI of the Garn-St Germain Depository Institutions Act of 1982, as incorporated in section 4(c)(8) of the BHC Act, applies to insurance activities conducted by subsidiaries of holding company banks. Protestants argue that the prohibitions of section 4(c)(8) of the BHC Act override section 225.22(d)(2)(ii) of the Board's Regulation Y, which provides that state bank subsidiaries of bank holding companies may acquire all of the securities of a company that engages solely in activities in which the parent bank may engage, subject to the same limitations as if the bank were engaging in the activity directly. 12 C.F.R. § 225.22(d)(2)(ii).

1. Asset data are as of March 31, 1986.

2. Deposit data are as of December 31, 1985.

3. 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. Citicorp's home state is New York.

4. Ariz. Rev. Stat. § 6-322 to -323 (effective October 1, 1986).

5. Applicant states that Bank's insurance activities are authorized by Arizona banking law, which provides that a bank holding company may "directly or through a bank subsidiary engage in any lawful activity which is reasonably related or incidental to banking. All activities in which any bank was lawfully engaged directly or through a subsidiary on December 31, 1971, are declared to be incidental and related to banking for the purposes of this paragraph." Ariz. Rev. Stat. § 6-184(3).

In response to Protestants' comment, Citicorp argues that Bank's insurance agency activities do not fall within the prohibitions of the BHC Act, which Citicorp argues do not apply to activities conducted by a subsidiary of a state bank owned by a bank holding company. Citicorp argues that, even if the BHC Act prohibitions were found to apply, the exceptions found in section 4(c)(8)(D) for insurance agency activities engaged in by a bank holding company or its subsidiaries on May 1, 1982, and in section 4(c)(8)(G) for insurance agency activities performed directly or indirectly by a bank holding company, with approval by the Board, prior to January 1, 1971, would apply to the insurance activities of Bank's subsidiaries.

Citicorp, however, while reserving its position on the applicability of the BHC Act to nonbank subsidiaries of holding company banks, has committed that, following consummation of this transaction, and pending completion of the Board's current rulemaking on this issue in connection with section 225.22(d)(2) of Regulation Y, GWIC will not engage in underwriting activities, other than those related to credit life and accident and health insurance that are permissible for bank holding companies under the provisions of section 4(c)(8)(A) of the BHC Act.

Citicorp has also committed that, pending completion of the rulemaking on section 225.22(d)(2), GWIA will cease to conduct any insurance agency activities, which will instead be conducted directly by Bank pursuant to Arizona law.⁶ Citicorp argues that even if the BHC Act applies to the nonbank subsidiaries of holding company banks, the prohibitions of the Garn-St Germain Act do not apply to the direct activities of holding company banks, and that Bank's insurance activities would thus not be barred by the BHC Act.

In a previous order, the Board noted that section 225.22(d)(2) of Regulation Y as currently written implicitly recognizes that activities conducted directly by banks that are subsidiaries of bank holding companies do not require prior approval under Regulation Y. *NCNB Corporation*, 72 FEDERAL RESERVE BULLETIN 57 (1986). The Board, however, also noted that questions concerning the scope of the BHC Act's nonbanking prohibitions with respect to the direct activities of holding company banks and the subsidiaries of holding company banks and of whether the exemption currently provided in section 225.22(d)(2) of Regulation Y should be eliminated had been raised in a number of contexts, including in the context of the real estate development powers of state banks and the insurance

powers of holding company banks under the Garn-St Germain Act. The Board currently has these questions under consideration in connection with its rulemaking proceeding under Regulation Y⁷ and its request for comment regarding the real estate activities of holding company banks.⁸

Protestants contend that the Board should decide the scope of the BHC Act's coverage in deciding this application.⁹ As the Board has previously stated,¹⁰ however, the Board believes it is appropriate to reserve judgment on the issue of the applicability of section 4 of the BHC Act to the direct activities of holding company banks for decision in the context of its currently ongoing rulemaking proceedings, in which all interested parties may participate, and without prejudging those issues in the context of the limited facts of a particular application. The Board wishes to emphasize that its action in this case is taken in light of its outstanding rulemaking proceedings and does not constitute a decision by the Board on the merits of the issues subject to this rulemaking. In this regard, Citicorp has committed that it will conform Bank's insurance activities to the results of the Board's rulemaking and will not expand Bank's activities, including those of GWIA and GWIC, without Board approval.¹¹

The financial and managerial resources and future prospects of Applicant, its subsidiaries, CHI and Bank and its subsidiaries are consistent with approval of the application. In this regard, the Board has previously stated that it expects banking organizations experiencing substantial growth internally and by acquisition, such as Applicant, to maintain a strong capital position

7. 49 *Federal Register* 794 (1984).

8. 50 *Federal Register* 4519 (1985).

9. Protestants also contend that Citicorp's commitments are insufficient because they fail to specifically state that Citicorp will conform its future activities to the results of the Board's current rulemaking regarding section 225.22(d)(2) of Regulation Y. The Board has read Citicorp's general commitments to conform its activities to the results of the Board's rulemaking under Regulation Y to include the rulemaking regarding section 225.22(d)(2).

10. *NCNB Corporation*, 72 FEDERAL RESERVE BULLETIN 57 (1986).

11. The Board has also considered Protestants' request for a formal hearing. The BHC Act does not require the Board to hold a formal hearing in this case because the Arizona Superintendent of Banks has not expressed written disapproval of the proposed transaction. 12 U.S.C. § 1842(b). See, e.g., *Northwest Bancorporation v. Board of Governors*, 303 F.2d 832, 843-44 (8th Cir. 1962); *Grandview Bank & Trust Co. v. Board of Governors*, 550 F.2d 415 (8th Cir. 1977); and *Farmers & Merchants Bank of Las Cruces v. Board of Governors*, 567 F.2d 1082, 1089 (D.C. Cir. 1977). The Board also finds that Protestants have not raised any questions of fact that would render a hearing appropriate. Protestants' claims appear to raise questions of law which, as noted, the Board has under consideration in its rulemaking proceeding. In light of this, the opportunity granted to Protestants to submit comments in this case and the information and representations provided by Citicorp in response to Protestants' comments, the Board has determined to deny Protestants' request for a hearing at this time.

6. Citicorp has stated that Bank will not expand its insurance activities outside Arizona without the Board's approval.

substantially above the minimum levels specified in the Capital Adequacy Guidelines without significant reliance on intangibles, particularly goodwill.¹² The Board will carefully analyze the effect of expansion proposals on the preservation or achievement of such capital positions.

As the Board recently noted in its approval of Citicorp's application to acquire National Permanent Bank, Washington, D.C.,¹³ Applicant has raised substantial amounts of equity capital, and has restored its primary capital on a tangible basis to the levels it had achieved prior to its acquisition of Quotron Systems, Inc.¹⁴ The Board has also considered as a significant factor Applicant's program of capital improvement and its plans to raise Bank's capital above the minimum level specified in the Board's Capital Adequacy Guidelines.

Accordingly, on the basis of the above considerations and Applicant's continuing efforts to strengthen its capital position, the Board concludes that financial factors are consistent with approval of the proposal. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that this application should be, and hereby is, approved, subject to the express conditions that Applicant obtain the approval of the Arizona Superintendent of Banks pursuant to section 6-322 of the Arizona Revised Statutes and that the proposal not be consummated before the October 1, 1986, effective date of the Arizona statute. In addition, this 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 New York, pursuant to delegated authority.

By order of the Board of Governors, effective August 25, 1986.

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

JAMES MCAFEE

[SEAL]

Associate Secretary of the Board

12. 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).

13. *Citicorp* (National Permanent Bank), 72 *FEDERAL RESERVE BULLETIN* 724 (1986).

14. *Citicorp* (Quotron Systems Inc.), 72 *FEDERAL RESERVE BULLETIN* 497 (1986).

Citizens Fidelity Corporation Louisville, Kentucky

Order Approving Acquisition of a Bank

Citizens Fidelity Corporation, Louisville, Kentucky, 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(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire First Midwest Bancorp, New Albany, Indiana, and thereby indirectly to acquire First Midwest Bank and Trust, New Albany, Indiana ("Bank"). Applicant will make this acquisition through Citizens Fidelity Corporation of Indiana, New Albany, Indiana, a wholly owned subsidiary of Applicant that has filed an application under section 3(a)(1) of the Act (12 U.S.C. § 1842(a)(1)) for prior approval to become a bank holding company.

Notice of the applications, 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 applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

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 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 Kentucky.¹ The statute laws of Indiana authorize a Kentucky bank holding company to acquire an Indiana bank holding company if Kentucky law "permits Indiana bank holding companies to acquire banks and bank holding companies in that state" and would also permit the acquiror Kentucky bank holding company "to be acquired by the Indiana bank holding company . . . sought to be acquired." (Ind. Code § 28-2-15-18(e) effective January 1, 1986). The Board has previously determined that Kentucky has enacted a statute that meets the reciprocity requirements of the Indiana statute, that the Kentucky and Indiana statutes are, in fact, reciprocal, and that the Indiana statute expressly authorizes a Kentucky bank holding company, such as Applicant, to acquire an Indiana bank or bank holding

1. 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(d).

company.² Accordingly, approval of Applicant's proposal to acquire Bank is not barred by the Douglas Amendment.

Applicant is the second largest commercial banking organization in Kentucky, controlling six Kentucky banks, which hold total deposits of \$2.7 billion, representing 11.2 percent of the total deposits in commercial banks in the state.³ Applicant is the 59th largest banking organization in Indiana, where it controls one bank subsidiary with total deposits of \$114.7 million, representing 0.3 percent of total deposits in commercial banks in Indiana. Bank is the 27th largest commercial banking organization in Indiana, with total deposits of \$226.9 million, representing 0.6 percent of total deposits in commercial banking organizations in that state. Upon consummation of this proposal, Applicant would become the 17th largest commercial banking organization in Indiana, controlling aggregate deposits of \$341.6 million, or 0.9 percent of total deposits in commercial banking organizations in the state. Consummation of this proposal would not have a significant effect upon the concentration of banking resources in either state.

Both Applicant and Bank operate in the Louisville, Kentucky banking market.⁴ Applicant, the second largest of 19 commercial banking organizations in the market,⁵ controls deposits of \$2.2 billion, representing 30.3 percent of total deposits in commercial banking organizations in the market. Bank is the sixth largest commercial banking organization in the market, controlling deposits of \$218.4 million, representing 3.1 percent of total deposits in commercial banking organizations in the market. Upon consummation of this proposal, Applicant would become the largest commercial banking organization in the market, controlling deposits of \$2.42 billion, representing 33.4 percent of total deposits in commercial banking organizations in the market. The Louisville banking market is highly concentrated with the four largest commercial banks controlling 83.6 percent of commercial banks in the market. Following consummation of this transaction, the four-firm concentration ratio would increase to 86.7 percent and the market's Herfindahl-Hirschman

Index ("HHI") for commercial banking organizations would increase by 185 points to 2445.⁶

Although consummation of the proposals would eliminate existing competition between Applicant and Bank in the Louisville banking market, numerous other commercial banking organizations would remain as competitors after consummation. In addition, the presence of eight thrift institutions that control approximately 24.2 percent of the total deposits in the market⁷ mitigates the anticompetitive effects of the transaction.⁸ Thrift institutions already exert a considerable competitive influence in the market as providers of NOW accounts and consumer loans. Most of these institutions also provide commercial loans. Based upon the above considerations, the Board concludes that consummation of the proposal is not likely substantially to lessen competition in the Louisville banking market.⁹

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

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 applications should be, and hereby are, approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is

6. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)) ("Guidelines"), a market in which the post-merger HHI is over 1800 is considered highly concentrated. In such markets, the Department is likely to challenge a merger that produces an increase in the HHI of more than 50 points. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

7. 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 Corporation*, 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).

8. Thrift data are as of June 30, 1985.

9. If 50 percent of deposits held by thrift institutions in the Louisville banking market are included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 73 percent. Applicant's market share would increase by 2.6 percentage points to 27.3 percent and the HHI would increase by 138 points to 1854 upon consummation of the proposal.

2. *Citizens Fidelity Corporation*, 72 *FEDERAL RESERVE BULLETIN* 576 (1986).

3. State banking data are as of December 31, 1985, and reflect holding company acquisitions approved and mergers consummated through June 26, 1986.

4. The Louisville, Kentucky banking market is approximated by the Louisville, Kentucky Ranally Metro Area and Clark County, Indiana.

5. Market banking data are as of June 30, 1985, and reflect holding company acquisitions approved and mergers consummated through June 26, 1986.

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 August 25, 1986.

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

JAMES MCAFEE

[SEAL]

Associate Secretary of the Board

Key Centurion Bancshares, Inc.
Charleston, West Virginia

Order Approving Acquisition of a Bank

Key Centurion Bancshares, Inc., Charleston, West Virginia, 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(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Boone National Bank of Madison, Madison, West Virginia ("Bank").

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

Applicant is the largest commercial banking organization in West Virginia, controlling five banking subsidiaries, with deposits of \$890.2 million, representing 7.5 percent of the total deposits in commercial banking organizations in the state.¹ Bank is the 30th largest commercial banking organization in the state, controlling deposits of \$78 million, representing 0.6 percent of the total deposits in commercial banking organizations in the state. Upon consummation, Applicant would control 8.1 percent of the total deposits in commercial banking organizations in the state and would remain the largest bank holding company in the state. Consummation of the proposed transaction would not have a significant effect upon the concentration of banking resources in West Virginia.

Bank is the largest of five commercial banking organizations in the Boone County-Chapmanville

banking market, controlling 44.9 percent of total deposits in commercial banking organizations in the market.² A branch of Applicant's subsidiary bank is the smallest commercial banking organization in the relevant market, controlling deposits of \$3.2 million, representing 1.9 percent of the total deposits in commercial banking organizations in the market. Upon consummation of this proposal, Applicant would become the largest commercial banking organization in the market, controlling 46.8 percent of the total deposits in commercial banking organizations there. Following consummation of this transaction, the four-firm concentration ratio in the market would increase to 100 percent and the market's Herfindahl-Hirschman Index ("HHI") for commercial banking organizations would increase by 171 points to 3311.³ In reviewing the effect of this proposal on existing competition in the Boone County-Chapmanville banking market, the Board has considered Applicant's small absolute and relative size in the market. Applicant's branch was opened in February 1985, and holds deposits of only \$3.2 million. In addition, the Board notes that four banks would remain in the market after consummation of the proposal. In view of all the facts of record, the Board concludes that consummation of the proposal would not have a significant effect on existing or probable future competition in the market.

The financial and managerial resources of Applicant, its subsidiary banks, and Bank are regarded as satisfactory and consistent with approval of this proposal. Applicant proposes to provide new services to customers of Bank, including trust and investment services. Considerations relating to the convenience and needs of the community to be served are also consistent with approval of the application.

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, and hereby is, approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of the Order or later than three months after the

2. The Boone County-Chapmanville banking market is approximated by Boone County, and the community of Chapmanville in the northern portion of Logan County, West Virginia.

3. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is over 1800 is considered highly concentrated and the Department is likely to challenge a merger that increases the HHI by more than 100 points, unless other facts of record indicate that the merger is not likely substantially to lessen competition. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

1. Banking data are as of December 31, 1985; market data are as of June 30, 1985.

effective date of the Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, pursuant to delegated authority.

By order of the Board of Governors, effective August 18, 1986.

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

BARBARA R. LOWREY
[SEAL] Associate Secretary of the Board

Marshall & Ilsley Corporation Milwaukee, Wisconsin

Order Approving Acquisition of a Bank Holding Company

Marshall & Ilsley Corporation, Milwaukee, Wisconsin ("M&I"), a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*, ("BHC Act")) has applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Thunderbird Capital Corporation, Phoenix, Arizona ("Company"), and thereby to acquire Thunderbird Bank, Phoenix, Arizona ("Bank").¹

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the BHC Act. The time for filing comments has expired, and the Board has considered the applications and all comments received, including comments in opposition to the applications from the Arizona Association of Community Organizations for Reform Now ("ACORN"), in light of the factors set forth in section 3(c) of the BHC Act (12 U.S.C. § 1842(c)).

Section 3(d) of the BHC 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 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." The statute laws of Arizona authorize an out-of-state bank holding company, with the approval of the Arizona Superintendent of Banks, to acquire an Arizona bank that had applied to operate in Arizona before May 31, 1984.²

The Arizona Superintendent of Banks has informed the Board that the proposal does not present any of the grounds for denial of the application under Ariz. Rev. Stat. § 6-326 and that the Superintendent anticipates approving the proposal on October 1, 1986, the first day the interstate banking statute is effective. Based on the foregoing, the Board has determined, as required by the Douglas Amendment, that the proposed acquisition is specifically authorized by the statute laws of Arizona, subject to M&I's obtaining the approval of the Superintendent pursuant to section 6-322 of Arizona Revised Statutes, and the October 1, 1986, effective date of such statute. The Board's Order is specifically conditioned upon satisfaction of the state regulatory approval requirement and the effectiveness of the state statute on October 1, 1986.

M&I is the second largest banking organization in Wisconsin, operating 34 subsidiary banks with total deposits of \$3.7 billion, representing approximately 12 percent of total deposits in commercial banks in Wisconsin.³ Company is the seventh largest banking organization in Arizona, operating one bank subsidiary with total deposits of \$205.1 million, representing 1.0 percent of total deposits in commercial banks in Arizona.

M&I does not provide banking services in the Phoenix banking market,⁴ where Bank competes, nor elsewhere in Arizona. The Arizona interstate banking statute permits banking organizations from any state to enter Arizona, and, accordingly, there are numerous potential entrants into the state and into the Phoenix market where Bank competes. Based on the foregoing, the Board concludes that the proposal would not have any adverse effects on the concentration of banking resources in any relevant area, and that the proposal would not result in the elimination of substantial existing or probable future competition in any relevant market. Thus, the competitive effects of the proposal are consistent with approval of the application.

1. M&I has also applied under section 3(a)(1) of the BHC Act (12 U.S.C. § 1842(a)(1)) for approval for its wholly owned subsidiary, M&I Thunderbird Acquisition Corporation ("Acquisition Corp.") to become a bank holding company through merger with Company. Acquisition Corp. is of no significance except as a means to facilitate the acquisition by M&I of Company and Bank.

2. Ariz. Rev. Stat. § 6-322 to -323 (effective October 1, 1986).

3. Deposit data refer to total domestic deposits as of March 31, 1986; state bank data as of June 30, 1985.

4. The Phoenix banking market is approximated by the Phoenix, Arizona RMA.

The financial and managerial resources and future prospects of M&I, Company and Bank are considered satisfactory and consistent with approval.

In considering the convenience and needs of the communities to be served, the Board has also taken into account the record of M&I under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*, ("CRA")). 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.

With regard to M&I's CRA record, the Board has considered extensive comments from ACORN. ACORN requests that the Board not approve the application until M&I and Bank "provide adequate assurances that they will meet the convenience and needs of the low- and moderate-income and minority persons in Bank's service area in Arizona." ACORN asserts that after consummation of the proposal, M&I would not provide a variety of needed services in Phoenix, including home mortgage and small business loans (particularly FHA, VA and SBA guaranteed loans), home improvement loans, basic banking services at affordable fees, and check-cashing services for U.S. government checks.

In accordance with the Board's practice and procedures for handling protested applications,⁵ the Board reviewed the CRA record of M&I and Bank, the allegations made by ACORN, and M&I's response. Both M&I and Bank met with ACORN, and to address ACORN's concerns, M&I has proposed to undertake the following measures to enhance Bank's service to the convenience and needs of the community, particularly low- and moderate-income segments:

1. All branches of Bank will cash government checks at no charge to both customers and non-customers with proper identification.
2. Bank will develop and offer a basic checking account, sometimes referred to as a "Lifeline account," within one year after becoming affiliated with M&I, and M&I will consider the needs of the community in the development of the Lifeline account.
3. Within one year after Bank becomes affiliated with M&I, M&I Grootemaat Mortgage Corp. ("M&I Mortgage"), intends to open a Phoenix

office and begin accepting applications for one-to-four-family, owner occupied, mortgage loans, including FHA, VA and Federal Home Loan Mortgage Corporation programs. FHA and VA loans will be made in accordance with the appropriate regulatory guidelines with no additional restrictions, including no minimum loan size.

4. M&I Mortgage will use its best efforts to make mortgage loans to all qualified borrowers in the Phoenix SMSA and will contact real estate brokers to inform them of loan availability. M&I anticipates making mortgage loans approximating \$2 million in the target low- and moderate-income areas of Phoenix.

5. M&I Mortgage will provide brochures outlining mortgage programs in all lobbies of Bank and, where appropriate, brochures printed in the Spanish language will be provided.

6. Bank will continue to make home improvement loans to qualified borrowers, including loans for amounts as low as \$1,000.

7. Bank will continue to make SBA guaranteed loans to small businesses where job creation can be demonstrated.⁶

8. Bank will consider loans to qualified non-profit developers and joint ventures between non-profit and for-profit developers for economic development purposes.

9. Bank has not and does not anticipate closing any branch offices.

10. Bank will make small business loans at market and will consider blended rates transactions in conjunction with public agencies; Bank will lower equity requirements to 20 percent for small business loans and will extend lines of credit, with no minimum dollar requirement, to qualified small businesses which would meet the guidelines of the SBA 7(a) program.

11. Bank will establish an officer call program for small businesses in low- and moderate-income areas to inform the owners of credit opportunities.

In addition, M&I has agreed to meet with community groups, on a regular basis, to discuss the needs of the community.

Notwithstanding the commitments advanced by M&I, ACORN continues to oppose the application on the basis of the records of Bank and M&I's lead bank,

5. See 12 C.F.R. § 262.25(c).

6. The Board notes that Bank has been a leader in SBA loan originations in the Phoenix area, that Bank's marketing is directed to all types of small businesses, including minority-owned firms, and that Bank does not appear to exclude low- and moderate-income areas in its loan distributions.

Marshall & Ilsley Bank ("M&I Bank"), Milwaukee, Wisconsin, in meeting the deposit and credit needs of the low- and moderate-income communities in the areas they serve.

The Board has carefully reviewed the records of M&I Bank and Bank in meeting the convenience and needs of all segments of their communities. Based on this review and after taking into account the programs M&I has proposed to enhance Bank's service to the convenience and needs of its community, including low- and moderate-income segments, the Board concludes that convenience and needs considerations are consistent with approval of this application.

ACORN has also requested the Board to order a public meeting to receive public testimony on the issues presented by this application. While section 3(b) of the BHC Act does not require a formal hearing in this instance, the Board may, in any case, order a formal or informal hearing. In its request for a hearing, however, ACORN does not present any material questions of fact that are in dispute. In accordance with the Board's guidelines, M&I and ACORN have met privately to discuss this application and have exchanged extensive correspondence. In the Board's view, the parties have had ample opportunity to present their arguments in writing and to respond to one another's submissions. In light of these facts, the proposals by M&I to expand Bank's service, and other facts of record, the Board has determined that a hearing would serve no useful purpose. Accordingly, ACORN's request for a hearing is hereby denied.

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 express condition that Applicant obtain the approval of the Arizona Superintendent of Banks pursuant to section 6-322 of the Arizona Revised Statutes and that the proposal not be consummated before the October 1, 1986 effective date of the Arizona statute. This transaction shall also not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 25, 1986.

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

JAMES MCAFEE

Associate Secretary of the Board

[SEAL]

Safra Holding S.A.

Cartago Empreendimentos e Participacoes Ltda.

Safra S.A. Administracao e Participacoes

Banco Safra, S.A.

Sao Paulo, Brazil

Order Approving the Acquisition of a Bank

Safra Holding S.A., Cartago Empreendimentos e Participacoes Ltda., Safra S.A. Administracao e Participacoes and Banco Safra, S.A., all of Sao Paulo, Brazil, have applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("BHC Act") to become bank holding companies by acquiring, directly or indirectly, a majority of the voting shares of Safra National Bank of New York ("Bank"), New York, New York, a proposed new bank.

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

Banco Safra, S.A., with total assets of approximately \$1.7 billion, is a full service commercial bank operating 125 branches throughout Brazil, and a bank subsidiary in the Bahamas. Banco Safra represents approximately 97 percent of the total assets of the remaining Applicants, which are Brazilian holding companies. In the United States, Banco Safra operates a branch office in New York City and has chosen New York as its home state for purposes of section 5 of the International Banking Act (12 U.S.C. § 3103) and section 211.22 of Regulation K (12 C.F.R. § 211.22). Bank is a proposed new bank that will operate in the New York Metropolitan banking market.¹

In view of the *de novo* status of Bank, and based upon the facts of record, the Board concludes that the proposed transaction will have no adverse effect on competition. Accordingly, competitive considerations are consistent with approval of these applications.

1. The New York Metropolitan banking market is defined to include New York City, Nassau, Westchester, Rockland, Putnam and western Suffolk Counties in New York; portions of Bergen and Hudson Counties in New Jersey; and a portion of Fairfield County in Connecticut.

Section 3(c) of the BHC Act requires in every case that the Board consider the financial resources of the applicant and the bank to be acquired. In this case, the Board notes that the primary capital ratio of Banco Safra is above the minimum capital guidelines established by the Board for domestic bank holding companies. The Board also notes that Applicants will establish Bank *de novo*, and that Bank will be strongly capitalized and small in relation to Applicants.

Based on these and all of the other facts of record, including the commitments made by Applicants, the Board concludes that financial and managerial factors in this case are consistent with approval of the applications. The Board has also determined that considerations relating to the convenience and needs of the community to be served are consistent with approval.

Based upon the foregoing and other facts of record, the Board has determined that consummation of the transaction would be consistent with the public interest and that the applications should be and hereby are approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York pursuant to delegated authority.

By order of the Board of Governors, effective August 25, 1986.

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

JAMES MCAFEE

[SEAL]

Associate Secretary of the Board

Southside Bancshares Corp.
St. Louis, Missouri

Order Approving Acquisition of a Bank

Southside Bancshares Corp., St. Louis, Missouri, has applied for the Board's approval pursuant to section 3(a)(3) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(3)) to acquire at least 92.3 percent of the voting shares of Weldon Spring Bank ("Bank"), Weldon Spring, Missouri.

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

ceived in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, with total deposits of \$280.1 million, is the 13th largest banking organization in Missouri, controlling 0.77 percent of total deposits in commercial banks in the state.¹ Bank, with total deposits of \$3.6 million, is one of the smaller commercial banks in Missouri, controlling 0.01 percent of total deposits in the state. Upon consummation of the proposal, Applicant would remain the state's 13th largest banking organization with \$283.7 million in deposits, which represents less than 1 percent of the state's total commercial bank deposits. Accordingly, consummation of the proposal would not have any significant adverse effect on the concentration of banking resources in Missouri.

Two of Applicant's subsidiary banks, and Bank, operate in the St. Louis banking market.² Applicant's subsidiary banks in the St. Louis market, with total deposits of \$229.7 million, render Applicant the market's 10th largest commercial banking organization, controlling 1.4 percent of deposits in commercial banks in that market. Bank is the smallest of the 61 commercial banking organizations in the St. Louis market, representing only 0.02 percent of total commercial bank deposits in the market.

The St. Louis banking market is unconcentrated and would remain so after consummation of the proposal. Upon consummation, Applicant would control 1.45 percent of total deposits in commercial banks in the market and remain the market's 10th largest commercial banking organization. Accordingly, the proposed acquisition is not likely to have a significant adverse effect on existing competition in the St. Louis 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 also are consistent with approval of the application.

Based on the foregoing and other facts of record, the Board has determined that consummation of the proposed acquisition would be in the public interest and that the application should be approved. Accordingly, the application is approved for the reasons summarized above. The transaction shall not be consummated before the thirtieth calendar day following the

1. Banking data are as of June 30, 1985.

2. The St. Louis banking market is approximated by the St. Louis Ranally Metro Area, adjusted to include all of St. Charles and Jefferson Counties, Missouri, and all of Lebanon and Mascoutah townships in St. Clair County, Illinois.

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 St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 21, 1986.

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

WILLIAM W. WILES
Secretary of the Board

[SEAL]

Orders Issued Under Section 4 of the Bank Holding Company Act

Citicorp
New York, New York

Order Approving Application to Acquire Federal Savings Bank

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.* ("Act" or "BHC Act"), has applied pursuant to section 4(c)(8) of the Act and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), to acquire through its subsidiary, Citicorp Person-to-Person, Inc., St. Louis, Missouri, all of the voting shares of the successor to National Permanent Bank, FSB ("National Permanent"), Washington, D.C., and indirectly its wholly owned service corporation subsidiaries.¹ Upon consummation of the proposed acquisition, Applicant will engage through National Permanent in the activity of operating a federal savings bank in the District of Columbia and Maryland.

Citicorp, with total consolidated assets of \$181.9 billion, is the largest banking organization in the nation.² It presently operates eight banking subsidiaries and engages directly and through subsidiaries in a variety of nonbanking activities, including the operation of three thrift institution subsidiaries in California, Illinois and Florida.

National Permanent, with \$1.14 billion in assets as of April 30, 1986, is the second largest savings institu-

tion in the District of Columbia. The association currently operates 13 offices located in the District of Columbia, and one grandfathered office in Langley Park, Maryland. National Permanent has three active and one inactive service corporation subsidiaries. The three active service corporations engage in mortgage operations, real estate development, and insurance agency activities, respectively.

Although the Board has not added the operation of a federal savings bank to the list of activities specified in section 225.25(b) of Regulation Y as generally permissible for bank holding companies, the Board has previously determined by order that the operation of a federal savings bank (and thrift institutions generally) is closely related to banking.³

By letter dated June 18, 1986, the Federal Home Loan Bank Board ("Bank Board") requested that the Board act immediately upon the application in view of the emergency nature of the situation at National Permanent and its deteriorating financial condition. The Bank Board indicated that National Permanent has incurred significant operating losses over a prolonged period. Absent the Federal Savings and Loan Insurance Corporation's ("FSLIC") action to provide financial assistance to this institution, National Permanent would have reported a negative net worth of \$51.8 million at year-end 1985.

Despite financial assistance from the FSLIC, however, National Permanent's financial condition has continued to deteriorate. The Bank Board stated that National Permanent's regulatory net worth has been reduced to a negative \$317,000 as of May 31, 1986, and that its deposit base is clearly eroding, indicating a loss of public confidence in the institution.⁴

The Bank Board also stated that in view of the uncertainty regarding the institution's future prospects, National Permanent has found it difficult to attract and retain competent middle and senior level management, and that its mortgage lending operations in particular have been adversely affected. The Bank Board concludes that "there is a serious risk that the management of National Permanent will collapse in the near future, absent a permanent solution to the institution's problems."

In its letter, the Bank Board urged the Board to act immediately on this application in order to restore public confidence in National Permanent, maintain confidence in the savings and loan industry generally,

1. National Permanent is currently operated as a mutual association. In order to effect consummation of the proposal, National Permanent will be converted to a federal stock savings association and renamed National Permanent Savings & Loan.

2. Asset data are as of March 31, 1986.

3. See e.g., *First Pacific Investments Limited*, 72 FEDERAL RESERVE BULLETIN 342 (1986); *F.N.B. Corporation*, 71 FEDERAL RESERVE BULLETIN 340 (1985).

4. There has been a total net savings outflow of \$110.52 million, or approximately 13.1 percent of deposits, over the past five months.

and stabilize the daily increasing potential cost to the FSLIC. The Bank Board based its request for immediate action on the current financial condition of National Permanent and its weakened management, as well as the substantial public benefits of the proposal, including the significant and stabilizing capital injection proposed by Applicant.

In light of the Bank Board's request for immediate action, the Board promptly caused notice of the application to be published in the *Federal Register* and in a newspaper of general circulation in those areas served by National Permanent. The notices provided interested persons until July 3, 1986, to comment on the application.⁵ The Board has determined that no further public comment period is necessary.

Section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) authorizes a bank holding company to engage in nonbanking activities and acquire shares of a nonbanking company that engages in activities determined by the Board to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Act provides that the Board may make such determinations by order or by regulation. The Board has determined previously that the operation of a thrift institution is closely related to banking, and reaffirms that determination in this Order.⁶

With respect to the "proper incident" requirement, section 4(c)(8) of the BHC Act requires the Board to consider whether the performance of the activity by an affiliate of a holding company "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."

In 1977, the Board considered the general question whether savings and loan association ("S&L") activities are a proper incident to banking. At that time, the Board determined that, as a general matter, S&L

activities were not a proper incident to banking because the potential adverse effects of generally allowing affiliations of banks and S&Ls were then sufficiently strong to outweigh any public benefits that might result from individual cases. (*D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977)).

Because of the considerations elaborated in *D.H. Baldwin*, the Board has not permitted bank holding companies to acquire thrift institutions on a general basis. However, the Board has consistently regarded the BHC Act as authorizing it to permit such an acquisition and has approved several such proposals involving failing thrift institutions on the basis that any adverse effects would be overcome by the public benefits of preserving the failing thrift institutions.⁷

The Board approved acquisitions of failing thrift institutions by bank holding companies both before and after the enactment of the Garn-St Germain Act. That Act recognized the Board's authority under section 4(c)(8) of the BHC Act to approve such acquisitions by authorizing the Board in such cases to dispense with the notice and hearing requirements of section 4(c)(8) under appropriate emergency circumstances. Although the Garn-St Germain Act expired on July 15, 1986, the Board's authority to permit a bank holding company to acquire a failing thrift under the net public benefits test of section 4(c)(8) remains unaffected. *Rainier Bancorporation*, 72 FEDERAL RESERVE BULLETIN 666; see also *Citicorp*, 68 FEDERAL RESERVE BULLETIN 656 (1982).

The Board has reexamined, in the context of this application, the general adverse factors cited in the Board's 1977 *D.H. Baldwin* decision, including regulatory conflict, erosion of institutional rivalry, and the potential for undermining interstate banking prohibitions. The Board has also considered the adverse factors that might be associated with this particular application, including the potential for decreased or unfair competition, concentration of resources, conflicts of interests, financial risks, diversion of funds, and participation in impermissible activities.

Based upon the Board's review of the record, the Board has determined that substantial benefits to the public in this case outweigh the generalized adverse effects found by the Board in the *D.H. Baldwin* case. The Board considers Applicant's acquisition of National Permanent to be a substantial and compelling

5. Other than the request for stay discussed below, the Board has received one other untimely comment and request for hearing on the proposal. The commenter, in litigation with Citicorp over a credit card application, protested the transfer of the litigation from state to federal court, and has requested a hearing on Citicorp consumer credit policies prior to Board consideration of this proposal. The Board reviewed the commenter's submissions and has determined that these allegations do not raise a genuine issue of material fact that would warrant a hearing. Moreover, the commenter is pursuing his available remedies in the proper forum, the courts. Accordingly, the request for hearing is denied.

6. See, e.g., *D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977); *Interstate Financial Corp.*, 68 FEDERAL RESERVE BULLETIN 316 (1982); *Old Stone Corporation*, 69 FEDERAL RESERVE BULLETIN 812 (1983).

7. See, e.g., *F.N.B. Corporation*, *supra* (1985); *The Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 462 (1985); *Interstate Financial Corp.*, *supra*.

public benefit in that Applicant will provide National Permanent with new capital sufficient to enable it to achieve and maintain a satisfactory tangible primary capital to assets ratio, to strengthen its management, and to permit National Permanent to continue its operations and remain a viable competitor.

The proposed acquisition would not substantially lessen or otherwise decrease competition in any relevant market. On the contrary, the acquisition would have the substantial beneficial effect of preserving National Permanent as an effective competitor. Both Applicant and National Permanent engage in deposit taking⁸ and mortgage lending within the Washington, D.C. banking market.⁹ In view of the small market shares involved, the unconcentrated nature of the market, the weak condition of National Permanent, and the large number of banks and thrift institutions that would remain in the market, the acquisition would have no substantial adverse effect on existing or potential competition in the market.

In evaluating this application, the Board has considered the financial resources of Applicant and the effect on these resources of the proposed acquisition of National Permanent. 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 where a significant acquisition is proposed.¹⁰

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 Capital Adequacy Guidelines without significant reliance on intangibles, particularly goodwill.¹¹ The Board will carefully analyze the effect of expansion proposals on the preservation or achievement of such capital positions.

In its recent Order approving Applicant's acquisition of *Quotron Systems, Inc.*, the Board, noting that Applicant's *pro forma* tangible primary capital would be only slightly above the minimum specified in the Capital Adequacy Guidelines, relied upon the expectation that Applicant would use its capacity to raise capital to restore its tangible primary capital ratio to pre-acquisition levels.¹²

Applicant has raised substantial amounts of equity capital, and its primary capital on a tangible basis is in compliance with the Board's expectations stated in the *Quotron* Order. The Board has also considered as a significant factor Applicant's program of capital improvement.

Accordingly, on the basis of the above considerations and Applicant's continuing efforts to strengthen its capital position, the Board concludes that financial factors are consistent with approval of the proposal.

In its evaluation of this application, the Board has also considered that certain allegations have been raised about the actions of Citicorp or its agents in lobbying efforts surrounding the recent passage of interstate banking legislation by the District of Columbia. Based upon its review of the record as of this date, the Board has found no evidence implicating Citicorp management in this affair other than those of its officials or agents previously publicly identified. In view of the current record and in light of certain commitments by Applicant relating to management controls over its lobbying activities, including the conduct of a review by an independent accounting firm of its lobbying functions, the Board concludes that Applicant's managerial resources are consistent with approval of the proposal.

To guard against possible adverse effects of affiliation between a banking organization and a savings bank, including the potential for unfair competition and diversion of funds, the Board conditions its approval as follows:¹³

1. Applicant will operate National Permanent as a federal savings bank having as its primary purpose the provision of residential housing credit. National Permanent will limit its activities to those currently permitted to thrift institutions under the Home Owners' Loan Act, but shall not engage in any activity prohibited to bank holding companies and their

8. Within the Washington, D.C., RMA (see below), National Permanent is the fourteenth largest depository institution among banks and thrift institutions in the market, with total deposits of \$759.8 million, representing approximately 2.21 percent of market deposits in banks and thrift institutions as of June 30, 1984. Citicorp, through its Citibank (Maryland), N.A., credit card bank subsidiary, solicits deposits by mail from holders of the Choice credit card, including Choice card-holders within the Washington, D.C., RMA. These deposits represent an insignificant portion of the relevant banking market.

9. The Washington, D.C., banking market is defined as the Washington, D.C., RMA Metropolitan Area ("RMA"), which comprises the District of Columbia and the surrounding suburban areas of Virginia and Maryland.

10. See e.g., *Chase Manhattan Corporation*, 70 FEDERAL RESERVE BULLETIN 529 (1984); *NCNB Corporation*, 69 FEDERAL RESERVE BULLETIN 49 (1983).

11. 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).

12. *Citicorp*, 72 FEDERAL RESERVE BULLETIN 497 (1986).

13. The Board recently requested public comment on a proposal by Applicant to remove certain of the restrictions on the tandem operation of a thrift institution and its bank holding company affiliates. 51 *Federal Register* 18,797 (1986). The Board will review the conditions established in this Order in the light of any decision taken in connection with this request for public comment.

subsidiaries under section 4(c)(8) of the Bank Holding Company Act. As discussed below, these limitations will apply to National Permanent's wholly owned service corporations.

2. National Permanent will not establish or operate a remote service unit at any location outside the District of Columbia.

3. National Permanent will not establish or operate branches at locations not permissible for national or state banks located in the District of Columbia.¹⁴

4. National Permanent will be operated as a separate, independent, profit-oriented corporate entity and shall not be operated in tandem with any other subsidiary of Applicant. Applicant and National Permanent will limit their operations to effect this condition and will observe the following conditions:

a. No banking or other subsidiary of Applicant will link its deposit-taking activities to accounts at National Permanent in a sweeping arrangement or similar arrangement.

b. Neither Applicant nor any of its subsidiaries will solicit deposits or loans for National Permanent, nor shall National Permanent solicit deposits or loans for any other subsidiary of Applicant.

5. Applicant shall not change National Permanent's name to any title that might confuse the public regarding its status as a nonbank, thrift institution.

6. National Permanent will not convert its charter to that of a national or state commercial bank without the Board's prior approval.

7. To the extent necessary to insure independent operation of National Permanent and prevent the improper diversion of funds, there shall be no transactions between National Permanent and Applicant or any of its subsidiaries without the prior approval of the Federal Reserve Bank of New York. This limitation encompasses the transfer, purchase, sale or loan of any assets or liabilities, but does not include infusions of capital from Applicant, the payment of dividends by National Permanent, or the sale of residential real estate loans from National Permanent to any subsidiary of Applicant.

In addition, in connection with the application, Applicant has made a number of commitments designed to, among other things, increase the provision of lending and other financial services in low- and moderate-income neighborhoods in the District of Columbia. In particular, Citicorp has committed that:

a. National Permanent will continue to originate the same volume of District of Columbia mortgages as originated in 1985;

b. National Permanent will use its commercial lending powers under the Home Owners' Loan Act for the benefit of small businesses in the District; and

c. National Permanent will develop community programs specifically tailored to the needs of the District of Columbia communities it serves.

The Board believes these commitments by Applicant relating to the convenience and needs of the communities to be served lend additional weight towards approval of the application.

By virtue of this proposal, Applicant also will acquire National Permanent's service corporation subsidiaries, which engage in certain insurance and real estate development activities impermissible for bank holding companies and their subsidiaries. In any application by a bank holding company to acquire a nonbanking organization, the nonbanking organization ordinarily would be required to divest any impermissible assets, or to cease to engage in any impermissible activities, prior to consummation of the acquisition. Applicant has committed to cease the impermissible insurance activities upon consummation of this proposal. In view of the emergency nature of this acquisition and the compelling public benefits provided thereby, the Board has determined to grant Applicant's request to retain the service corporations' interests in certain real estate development activities for a two-year period.¹⁵ This will allow for an orderly divestiture of these assets without further loss to National Permanent.

The Board concludes that consummation of the proposal, subject to the conditions set out above, may reasonably be expected not to result in conflicts of interests, unsound banking practices, decreased or unfair competition, undue concentration of resources, or other adverse effects.

Based upon the foregoing and other facts and circumstances reflected in the record, the Board has determined that the acquisition of National Permanent by Applicant would result in substantial and compelling public benefits that are sufficient to outweigh any adverse effects that may reasonably be expected to result from this proposal, including any potential adverse effects of the affiliation of a commercial banking

14. National Permanent may, however, retain its existing branch in Maryland.

15. This is consistent with the provisions of section 4 of the BHC Act relating to the time for compliance by bank holding companies with the nonbanking provisions of that Act.

organization with a thrift institution. Accordingly, the application is approved subject to the conditions described in this Order, and the record of the application.

Request for Stay

The Board has received an untimely comment requesting that the Board stay its consideration of this application and await the outcome of a lawsuit against the Bank Board by an unsuccessful bidder, Mr. Gordon P. Getty, who has challenged the award of National Permanent to Citicorp. In his lawsuit, the petitioner asserts that the Bank Board failed to follow the *intra-industry and intra-state priorities contained in the Garn-St Germain Act*. The petitioner also argues that the Bank Board incorrectly determined that Citicorp's bid was the "lowest acceptable offer" for National Permanent as provided in the Garn-St Germain Act. Finally, the petitioner has sought a judicial stay and expedited review of the Bank Board's actions regarding National Permanent. The U.S. Court of Appeals for the District of Columbia has denied petitioner's request for a stay, stating that "the public interest weighs heavily in favor of denying a stay and expeditious consummation of the acquisition." Upon reconsideration, the Court of Appeals granted the concurrent requests of petitioner and the Bank Board for expedited review of the Bank Board's action.

Petitioner now requests that the Board stay its action on the application pending the outcome of the review petition before the Court of Appeals. For the reasons set forth below, the Board has determined to deny the request for stay.

The emergency acquisition provisions of the Garn-St Germain Act provide for a division of responsibilities between the Board under the BHC Act and the Bank Board under the National Housing Act. Under that Congressionally mandated division of responsibility, the Bank Board is authorized to arrange for the acquisition or merger of failing thrift institutions under specified conditions, and after a consideration of a series of priorities that favor intra-industry and intra-state transactions over inter-industry and interstate transactions. The statute also provides that the Bank Board's calculations and estimations of offers shall be determinative.

While the Garn-St Germain Act assigns to the Bank Board the responsibility for selection of the appropriate solution to a failing thrift institution situation, that statute also requires the Board's consideration of the effects of a proposal involving a bank holding company acquisition under the prudential standards of section 4(c)(8) of the BHC Act, which involve an evaluation of the possible adverse effects and anticipated public

benefits of the proposal.¹⁶ As the Board has previously held, that evaluation does not, however, include a review of the FSLIC's selection of the appropriate bidder for the failing thrift.¹⁷ That decision is committed to the exclusive discretion of the FSLIC.

Accordingly, because Mr. Getty has failed to raise a cognizable claim under the separate statutory provisions of the BHC Act, the Board hereby denies the request for an administrative stay of the Board's action on this application. In the light of the statutory framework described above, the Board is not the proper forum in which to challenge those statutory determinations explicitly left by the Congress to the Bank Board. The Board's approval of this acquisition and its denial of the stay request do not, however, reflect any decision on the Board's part regarding the merits of Mr. Getty's claims in ongoing litigation with respect to the bidding procedures before the FSLIC.

The Board's decision in this case is subject to the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the 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. This transaction 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 Board or by the Federal Reserve Bank of New York, pursuant to authority hereby delegated.

By order of the Board of Governors, effective August 1, 1986.

Voting for this action: Governors Wallich, Rice, Seger and Angell. Abstaining from this action: Governor Johnson. Governor Wallich abstained from the insurance portion of this action. Absent and not voting: Chairman Volcker.

[SEAL]

JAMES MCAFEE
Associate Secretary of the Board

16. Section 4(c)(8) of the BHC Act does not require a determination that a given proposal is the most desirable that could be presented. The fact that alternative purchasers may be available is not determinative.

17. *Citicorp*, 68 FEDERAL RESERVE BULLETIN 656, 668 (1982).

Concurring Statement of Governor Angell

I join in the Board's decision to approve this acquisition in view of the substantial public benefits in restoring a failing thrift institution to a position as an effective provider of financial services to the community. My approval should not be interpreted as indicating my satisfaction with the capital position of Citicorp or other large banking organizations. I believe that the capital positions of such organizations need strengthening, and note with approval Citicorp's efforts to enhance its capital.

August 1, 1986

Norstar Bancorp, Inc.
Albany, New York

*Order Approving the Acquisition of a Company
Engaged in Providing Employee Benefits Consulting
Services*

Norstar Bancorp, Inc., Albany, New York, 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 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 voting shares of Smith, Everett & Associates, Inc., Rochester, New York ("Company").

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (51 *Federal Register* 17,245 (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 commercial banks in New York and Maine, has total consolidated assets of \$9.0 billion.¹ Applicant also engages in certain nonbanking activities, including discount brokerage, credit-related insurance activities, and mortgage banking activities.

Applicant proposes to 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 executive compensation, defined benefit, defined contribution, insured and uninsured

retirement, health care, disability income, life insurance,² and cafeteria plans.³

Company's activities can be divided into four basic categories:

1. *Plan Design*—designing employee benefit plans, including determining actuarial funding levels and cost estimates, including the performance of single company salary surveys;
2. *Plan Implementation*—providing assistance in implementing plans, including assistance in the preparation of plan documents and the implementation of employee benefit administration systems;
3. *Administrative Services*—providing administrative services including recordkeeping services, calculating and certifying employee benefits, preparing periodic, actuarial and other reports and government filings pursuant to ERISA, and assisting in IRS audits of plans;
4. *Employee Communications*—developing employee communication programs, including informing clients of developments in the field of employee benefit programs through newsletters, other correspondence, and participation in seminars, public programs and other forums relating to such developments.

Applicant has also applied to provide subaccounting for individual funds in pooled escrow accounts maintained at banks and other financial institutions and to assist companies in determining appropriate salary structures by providing clients with industry-wide salary surveys. These activities are permissible for bank holding companies pursuant to sections 225.25(b)(4) and (7) of Regulation Y, 12 U.S.C. §§ 1843(b)(4) and (7).

The Board has previously approved applications by bank holding companies, including Applicant, to provide employee benefits consulting services with regard to defined benefit and defined contribution plans.⁴ In its Orders, the Board determined that the provision of services for these types of plans encompassed the type of services banks have traditionally performed and that the provision of employee benefits consulting services for these plans was operationally or function-

2. Norstar has committed that it will not act as an underwriter, agent, or broker with regard to the insurance plans.

3. A cafeteria plan is a compensation plan in which an employer allows each eligible employee to allocate a certain percentage of the employee's compensation among such benefits as the employee may select.

4. *BankVermont Corporation*, 72 *FEDERAL RESERVE BULLETIN* 337 (1986); *Norstar Bancorp, Inc.*, 71 *FEDERAL RESERVE BULLETIN* 656 (1985).

1. Data are as of December 31, 1985.

ally related to the trust services that banks traditionally provide to customers. Although these types of plans require actuarial analysis, which is generally not performed by trust companies or banks, the actuarial services are an integral part of providing employee benefits services, are not provided as an independent service, and are limited in scope to determining the appropriate funding level of the plans. Thus, the Board concluded that the provision of employee benefits consulting services for defined benefit and defined contribution plans is closely related to banking.

Applicant now proposes to expand the types of plans for which it will provide consulting services to include health insurance, life insurance, and cafeteria plans. Although the provision of consulting services and advice for such plans has not previously been found to be permissible for bank holding companies, the Board believes that the activity essentially involves the provision of financial information and in this regard, is similar to the provision of services for defined benefit and defined contribution plans as well as a number of financial advisory services and that are permissible for bank holding companies. For example, bank holding companies may provide investment and general economic information and advice to clients,⁵ consumer financial counseling, tax preparation and planning,⁶ and financial data processing and transmission.⁷ These activities result in the provision of financial information to clients regarding tax planning, retirement and estate planning, and insurance. Employee benefits consulting is similar to these activities because it provides companies with information with regard to the choice of insurance plans and investment plans, and proposals for assisting companies to provide employees with the best alternative uses for their compensation. Accordingly, the Board concludes that the provision of consulting services with regard to the expanded list of employee benefit plans is closely related to banking.⁸

Norstar also has applied to provide expert witness testimony with regard to the calculation of employee

benefits and lost future earnings.⁹ The testimony proposed by Applicant relies primarily on the use of actuarial skills. This service would be provided to clients as well as other individuals who are not otherwise clients for Company's other services. Norstar asserts that its proposed activity is either incidental to the services that Company would provide or is closely related to banking.

In order to determine if an activity is closely related to banking under section 4(c)(8) of the Act the Board has relied on guidelines that the federal courts have established.¹⁰ Under these guidelines, an activity may be found to be closely related to banking if it is demonstrated:

- (1) that banks generally have, in fact, provided the proposed services;
- (2) that banks generally provide services that are operationally or functionally so similar to the proposed services as to equip them particularly well to provide the proposed services; or
- (3) that banks generally provide services that are so integrally related to the proposed service as to require their provision in a specialized form.

The Board also may consider other factors in determining whether an activity is closely related to banking and has stated that it will consider evidence of any reasonable connection to banking in making its analysis.¹¹ In addition, section 225.21(a)(2) of Regulation Y permits a bank holding company to engage in incidental activities that are necessary to carry on activities that the Board has determined are closely related to banking.¹²

In its 1985 Order approving Norstar's acquisition of Altman & Brown, the Board determined that the provision of expert witness testimony was not a permissible activity for bank holding companies.¹³ The record does not contain any evidence that banks

5. 12 C.F.R. § 225.25(b)(4).

6. *United City Corporation*, 71 FEDERAL RESERVE BULLETIN 662 (1985); *Citicorp*, 65 FEDERAL RESERVE BULLETIN 265 (1979). The Board recently decided to add consumer financial counseling and tax preparation and planning to the list of activities that are permissible for bank holding companies.

7. 12 C.F.R. § 225.25(b)(7) (1986).

8. Applicant has also applied to perform single-company salary surveys. Company has stated that the client for the surveys would already be customers of the Company and the activity would not be an independent fee-generating business for the Company. Accordingly, the Board concludes that the provision of single-company surveys can be viewed as part of the plan design aspect of the employee benefits consulting activity.

9. This type of testimony is commonly used in determining damages in wrongful death and personal injury cases.

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

11. 49 *Federal Register* 806 (1984).

12. The courts have determined that, to be permissible for bank holding companies, an incidental activity must be necessary to the successful performance of a closely related activity. See *Association of Data Processing Service Organizations, Inc. v. Board of Governors of the Federal Reserve System*, 745 F.2d 677 (D.C. Cir. 1984) (sale of general purpose hardware with software); *National Courier Ass'n v. Board of Governors of the Federal Reserve System*, 516 F.2d 1229 (D.C. Cir. 1975) (general courier services not needed in order to provide courier services for banking and financial materials).

13. See *Norstar Bancorp.*, 71 FEDERAL RESERVE BULLETIN at 658 n.6. Because of this determination, the Board did not publish notice of this activity in connection with the current application.

generally perform activities that rely on actuarial analysis to the extent proposed in this application. Furthermore, the record does not show that banks generally provide functionally equivalent services or that the proposed service is integrally related to services that are provided by banks. The Board has determined that limited actuarial analysis is permissible only because it was performed as an essential part of a package of otherwise permissible services. The Board does not believe that an activity that primarily relies on actuarial analysis that is not performed in connection with other permissible activities is closely related to banking.

The Board also does not believe that providing expert witness testimony, as proposed by Applicant, is permissible as an incidental activity. Under Regulation Y and judicial decisions construing the phrase "incidental activities," in order to be considered incidental, an activity must be necessary to carry on a closely related activity.¹⁴ Although the revenue derived from the activity would represent only 2 percent of Company's total revenues, Applicant has not presented any evidence to indicate that the performance of the activity is necessary to the provision of employee benefits consulting services. Indeed, Applicant proposes to provide the service to entities that are not customers for the employee benefits consulting services, a fact that indicates that the service is not necessarily connected with the provision of employee benefits consulting services. Accordingly, the Board concludes that bank holding companies may not provide expert witness testimony with regard to the calculation of employee benefits and lost future earnings.

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 performance of 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 upon 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. 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.

By order of the Board of Governors, effective August 19, 1986.

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

[SEAL] WILLIAM W. WILES
Secretary of the Board

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

Excel Bancorp, Inc.
Quincy, Massachusetts

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

Excel Bancorp, Inc., Quincy, Massachusetts, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C.

14. *National Courier Association*, 516 F.2d at 1240-41.

§ 1842(a)(1)), to become a bank holding company by acquiring Quincy Savings Bank, Quincy, Massachusetts ("Bank"). Bank is a state-chartered mutual savings bank, the accounts of which are insured by the Federal Deposit Insurance Corporation. Bank has adopted a conversion plan by which it will convert to a state-chartered savings bank. Applicant will acquire Bank following Bank's conversion from mutual to stock form.

Applicant also has applied under section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), to acquire 20 percent of the shares of Mutual Advisory Corporation, Braintree, Massachusetts ("MAC"), and 29 percent of the shares of First National Systems Corporation, Cotuit, Massachusetts ("Systems Corp."). These shares are currently owned by Bank; the remainder of the shares of MAC are owned by other state-chartered savings banks. MAC engages in data processing and discount brokerage services that are permissible for bank holding companies under the Board's Regulation Y, 12 C.F.R. §§ 225.25(b)(7),(15). Systems Corp. provides data processing software for back-office accounting systems designed for the provision of financial data only, an activity also permissible under Regulation Y, 12 C.F.R. § 225.25(b)(7).

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3(b) and 4(c)(8) of the Act (51 *Federal Register* 23,832, 24,580 (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 (12 U.S.C. §§ 1842(c), 1843(c)(8)).

The Board has previously 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 Deregulation 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 the Act pertaining to the acquisition of banks.

Applicant is a nonoperating corporation with no subsidiaries, formed for the purpose of acquiring Bank and Bank's subsidiaries. Bank is the 27th largest depository institution among commercial banks and thrift institutions in Massachusetts, with deposits of approximately \$391.5 million, controlling 0.50 percent of the total deposits in commercial banks and thrift institutions in the state.² Bank is the 23rd largest depository institution in the metropolitan Boston banking market,³ controlling 0.70 percent of the total deposits in commercial banks and thrift institutions in the market.⁴ Because this proposal involves the formation of a bank holding company, 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 subsidiaries in certain real estate investment and development activities authorized pursuant to state law. The Board has requested comment regarding the permissible scope and extent of real estate investment and development activities of holding company banks and their subsidiaries.⁵ Pending completion of the Board's rulemaking on these issues, the Board has, in a limited number of instances, permitted state-chartered savings banks to continue to engage 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.⁶ Applicant has provided commitments that so limit Bank's real estate activities, and has committed to conform these activities to the results of the Board's rulemaking. Accordingly, subject to these commit-

1. *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 December 31, 1985.

3. The metropolitan Boston banking market is approximated by the Boston Ranally Metropolitan Area, the towns of Ayer, Berlin, Grotton, Harvard, Pepperell and Shirley, Massachusetts, and those portions of Bellingham, Carver, 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. 50 *Federal Register* 4519 (1985).

6. See, e.g., *First Fidelity Bancorporation*, 72 *FEDERAL RESERVE BULLETIN* 487 (1986).

ments, the Board has determined that Bank's real estate investment and development activities do not preclude approval of this application.

Because this proposal involves only a restructuring of ownership interests in connection with the formation of a bank holding company, Applicant's indirect acquisition of shares of MAC and Systems Corp. would not have a significantly adverse effect upon competition in any relevant market.

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

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 interest, 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 Bank's nonbanking subsidiaries and activities.

Based on the foregoing and other facts of record, including the 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 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. 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 225.25(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 August 5, 1986.

Voting for this action: Chairman Volcker and Governors Seger and Angell. Abstaining from this action: Governor Wallich. Absent and not voting: Governors Rice and Johnson.

JAMES MCAFEE

Associate Secretary of the Board

[SEAL]

First American Corporation
Nashville, Tennessee

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

First American Corporation, Nashville, Tennessee, 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(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to acquire Tennessee National Bancshares, Inc., Maryville, Tennessee ("TNB").¹ As a result of the acquisition, Applicant would acquire indirectly TNB's five subsidiary banks.²

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23) to acquire TNB's only nonbanking subsidiary, Southeastern Life Insurance Co., Maryville, Tennessee ("Southeastern"). Southeastern is engaged in reinsuring life, accident, and health insurance written in connection with extensions of credit by TNB's subsidiary banks.

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act (51 *Federal Register* 23,831 (1986)). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the Act.

Applicant, the second largest commercial banking organization in Tennessee, controls six subsidiary banks in Tennessee with \$3.4 billion in total deposits, representing 12.4 percent of total deposits in commercial banks in the state.³ Applicant also controls one subsidiary bank in Kentucky, with deposits of \$143 million, representing 0.6 percent of total deposits in the state. TNB, the sixth largest commercial banking organization in Tennessee, controls five subsidiary banks, with \$280 million total deposits, representing 1.0 percent of total deposits in commercial banks in

1. Applicant has also applied under section 3(a)(1) of the Act (12 U.S.C. § 1842(a)(1)) for approval for its wholly owned subsidiary, First American Acquisition Corporation, Nashville, Tennessee ("Acquisition Corporation"), to become a bank holding company through merger with TNB. Acquisition Corporation would be the surviving corporation in the merger and would directly control all of TNB's existing subsidiaries.

2. TNB controls the following banks, all in Tennessee: Blount National Bank, Maryville; Merchants and Farmers Bank, Greenback; The First National Bank of Jefferson City, Jefferson City; Bank of Cannon County, Woodbury; and Citizens State Bank, McMinnville.

3. State deposit data are as of June 30, 1985.

the state. Upon consummation of the proposed transaction, Applicant will remain the second largest commercial banking organization in Tennessee, with total deposits of \$3.7 billion, representing 13.4 percent of total deposits in commercial banks in the state. Based on the above considerations and other facts of record, the Board concludes that consummation of the proposal would have no significant effect on the concentration of banking resources in Tennessee.

Applicant's banking subsidiaries operate in 13 local banking markets; TNB's banking subsidiaries operate in five local banking markets. Applicant and TNB compete directly only in the Knoxville banking market.⁴ Applicant is the second largest of 17 commercial banking organizations in the Knoxville banking market, with deposits of \$665 million, representing 25.5 percent of the deposits in commercial banking organization in the market.⁵ TNB is the fifth largest commercial banking organization in the market, with total deposits of \$139 million, representing 5.3 percent of the deposits in commercial banks in the market. After consummation of the proposal, Applicant's share of the deposits in commercial banks in the market would be 30.8 percent. The market's three-firm concentration would increase from 68 percent to 73.5 percent and, based on commercial banks alone, the Herfindahl-Hirschman Index ("HHI") would increase by 273 points to 2153.

Although the proposed acquisition would eliminate some existing competition between Applicant and TNB in the Knoxville banking market, the Board has concluded that the effect of this proposal on existing competition is mitigated by the extent of competition offered by thrift institutions in the market.⁶ Twelve thrift institutions located in the Knoxville banking market hold deposits of \$1.3 billion, representing 33 percent of the total deposits in depository institutions in the market. These institutions compete with commercial banks in the provision of consumer loans, consumer transaction accounts, commercial real estate loans, and, to some extent, commercial lending services and commercial checking accounts. The Board has also noted that 16 commercial banks and 12 thrift institutions would remain in the market following

consummation of this proposal. On the basis of these and other facts of record, the Board concludes that consummation of the proposal is not likely to substantially lessen competition in the Knoxville market.⁷

The Board also has considered the effects of this proposal on probable future competition in the markets in which Applicant and TNB do not compete with each other. In light of the number of probable future entrants into each of these markets and other facts of record, the Board concludes that consummation of this proposal would not have any significant adverse effect on probable future competition in any relevant market.

The financial and managerial resources of Applicant, its subsidiaries and TNB are consistent with approval of the application. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

Applicant has also applied under section 4(c)(8) of the Act to acquire TNB's only nonbanking subsidiary, Southeastern, which is engaged in reinsuring life, accident and health insurance written in connection with extensions of credit by TNB's subsidiary banks. Southeastern does not compete in any market with Applicant or its subsidiaries. In addition, in the market where Southeastern competes, there are a very large number of competitors with regard to both the sale of credit life, accident and health insurance and the reinsurance of credit life, accident and health insurance.

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

4. The Knoxville banking market consists of all of Knox County and parts of Anderson, Blount, Jefferson, Loudon, Roane, and Sevier Counties.

5. Market deposit data are as of June 30, 1984.

6. 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 Corporation*, 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).

7. If 50 percent of the deposits held by thrift institutions in the Knoxville banking market were included in the calculation of market concentration, the pre-acquisition three-firm concentration ratio would decrease to 55 percent and the HHI would decrease to 1323. Upon consummation of this proposal, the three-firm concentration ratio would increase to 59.1 percent and the HHI would increase by 176 points to 1499. The resulting market share of Applicant would decrease to 25 percent. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be and hereby are approved. The banking acquisition shall not be consummated before the thirtieth calendar day following the effective date of this Order, and neither the banking acquisition nor the nonbanking acquisition shall occur later than three months after the effective date of this Order, unless the latter period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta, acting pursuant to delegated authority. The determination with respect to Applicant's acquisition of TNB's nonbanking subsidiary 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 author-

ity 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 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 August 22, 1986.

Voting for this action: Chairman Volcker and Governors Wallich, Rice, and Johnson. Governor Wallich abstained from the insurance portion of this action. Absent and not voting: Governors Seger, Angell, and Heller.

[SEAL]

WILLIAM W. WILES
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 of the orders are available upon request to the Reserve Banks.

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Adamsville Bancshares, Inc., Adamsville, Tennessee	Bank of Adamsville, Adamsville, Tennessee	St. Louis	August 11, 1986
AmeriTrust Corporation, Cleveland, Ohio	American National Bancshares, Inc., Noblesville, Indiana	Cleveland	August 8, 1986
AmeriTrust Corporation, Cleveland, Ohio	Indcorp, Martinsville, Indiana	Cleveland	August 8, 1986
Ames Holding Company Ltd., Omaha, Nebraska	Western Security Bank, Phoenix, Arizona	Kansas City	June 20, 1986
Banc One Corporation, Columbus, Ohio	Spartan Bankcorp, Inc., East Lansing, Michigan	Cleveland	August 8, 1986
Bandera Bancshares, Inc., Dallas, Texas	Bandera Bank, Bandera, Texas	Dallas	April 24, 1986
Bonneville Bancorp Employee Stock Ownership Trust, Provo, Utah	Bonneville Bancorp, Provo, Utah	San Francisco	July 31, 1986
Brighton Bancorp, Inc., Brighton, Tennessee	Brighton Bancshares Corporation, Brighton, Tennessee	St. Louis	August 5, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
BTB Corp., Boston, Massachusetts	Boston Trade Bank, Boston, Massachusetts	Boston	August 8, 1986
Carroll County Bancshares, Inc., Carroll, Iowa	Citizens State Bank, Pocahontas, Iowa	Chicago	June 27, 1986
Charter National Bancorp, Inc., Taylor, Michigan	National Bank Wyandotte— Taylor, Taylor, Michigan	Chicago	August 15, 1986
Citizen's Bancorp Investment, Inc., Lafayette, Tennessee	Citizen's Bank, Lafayette, Tennessee	Atlanta	August 4, 1986
Citizens Development Company, Billings, Montana	First Citizens Bank National Association, Columbia Falls, Montana	Minneapolis	May 30, 1986
Citizens Group, Inc., Toluca, Illinois	The Citizens National Bank of Toluca, Toluca, Illinois	Chicago	July 24, 1986
The Colonial BancGroup, Inc., Montgomery, Alabama	Bank of Anniston, Anniston, Alabama	Atlanta	August 13, 1986
Commerce Union Corporation, Nashville, Tennessee	Central South Bancorp, Franklin, Tennessee	Atlanta	August 21, 1986
Cortland First Financial Corporation, Cortland, New York	First National Bank of Cortland, Cortland, New York	New York	August 6, 1986
Denver City Bancshares, Inc., Denver City, Texas	First Borger Bancshares, Inc., Lubbock, Texas	Dallas	June 19, 1986
Duco Bancshares, Inc., Villa Park, Illinois	Bank of Villa Park, Villa Park, Illinois	Chicago	July 30, 1986
Fidelity Resources Company, Dallas, Texas	Fidelity National Bank, Dallas, Texas	Dallas	August 15, 1986
First Borger Bancshares, Inc., Lubbock, Texas	First National Bank of Borger, Borger, Texas	Dallas	June 19, 1986
First Breckinridge Bancshares, Inc., Irvington, Kentucky	River City Bank, Inc., Louisville, Kentucky	St. Louis	June 26, 1986
First Citizens Bancorp of Indiana, Anderson, Indiana	Alexandria Banking Company, Alexandria, Indiana	Chicago	August 13, 1986
First Florida Banks, Inc., Tampa, Florida	First Florida Bank of Pasco County, N.A., Bayonet Point, Florida	Atlanta	August 22, 1986
7L Corporation, Tampa, Florida			
First Golden Bancorporation, Golden, Colorado	First Interstate Bank of Centennial, N.A., Englewood, Colorado	Kansas City	May 23, 1986
First Lubbock Bancshares, Inc., Lubbock, Texas	First Borger Bancshares, Inc., Lubbock, Texas	Dallas	June 19, 1986
First National Cincinnati Corporation, Cincinnati, Ohio	Second National Corporation, Richmond, Indiana	Cleveland	August 15, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First National Corporation of Alexander City, Inc., Alexander City, Alabama	First Montgomery Bank, Montgomery, Alabama	Atlanta	July 28, 1986
First Security Corporation of Kentucky, Lexington, Kentucky	State Financial Bancshares, Inc., Richmond, Kentucky	Cleveland	August 19, 1986
First Sidney Banc Corp., Sidney, Ohio	The First National Bank, Sidney, Ohio	Cleveland	July 31, 1986
First State Bancorp, Inc., Caruthersville, Missouri	Bank of Hayti, Hayti, Missouri	St. Louis	August 18, 1986
First Union Corporation, Charlotte, North Carolina	Georgia State Bankshares, Inc., Atlanta, Georgia	Richmond	August 8, 1986
First Waukegan Corporation, Chicago, Illinois	FIRST GLENVIEW BANCORP, INC., Glenview, Illinois	Chicago	August 7, 1986
FNBM Financial Corporation, Minersville, Pennsylvania	The First National Bank of Minersville, Minersville, Pennsylvania	Philadelphia	August 12, 1986
G. S. Bancshares, Inc., Goodland, Kansas	The St. Francis State Bank and Trust Company, St. Francis, Kansas	Kansas City	May 15, 1986
GNB Financial Services, Inc., Gratz, Pennsylvania	Gratz National Bank, Gratz, Pennsylvania	Philadelphia	August 13, 1986
Hampton Park Corporation, Romeoville, Illinois	Northern Illinois Bancorp, Inc., Joliet, Illinois	Chicago	August 14, 1986
Heritage Financial Services, Inc., Blue Island, Illinois	BREMEN BANCORP, INC., Tinley Park, Illinois	Chicago	August 12, 1986
Howland Bancshares, Inc., San Antonio, Texas	The Bank of Corpus Christi, Corpus Christi, Texas	Dallas	August 18, 1986
Investors Trust Financial Corporation, Duluth, Georgia	Investors Trust Bank, Duluth, Georgia	Atlanta	July 23, 1986
LaFarge Bancorp, Inc., LaFarge, Wisconsin	Bank of Alma, Alma, Wisconsin	Chicago	June 20, 1986
Lake Granbury Financial Corporation, Granbury, Texas	Lake Granbury National Bank, Granbury, Texas	Dallas	August 1, 1986
Landmark Financial Corpora- tion, Hartford, Connecticut	The Landmark Bank, Hartford, Connecticut	Boston	August 22, 1986
Lincoln Financial Corporation, Fort Wayne, Indiana	Farmers & Merchants Bank, Bluffton, Indiana	Chicago	July 30, 1986
Lincolnshire Bancshares, Inc., Lincolnshire, Illinois	First National Bank of Lincolnshire, Lincolnshire, Illinois	Chicago	August 8, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Martinco Financial Corp., Shoals, Indiana	The Martin County Bank, Shoals, Indiana	St. Louis	August 7, 1986
Mounds Bancorp, Inc., Mounds, Illinois	The First State Bank of Mounds, Mounds, Illinois	St. Louis	August 11, 1986
National Bancshares Corpora- tion of Texas, San Antonio, Texas	NBC Bank-Edinburg, Edinburg, Texas	Dallas	May 28, 1986
Penn Laurel Financial Corp., Curwensville, Pennsylvania	Curwensville State Bank, Curwensville, Pennsylvania	Philadelphia	August 19, 1986
Peoples Financial Corp., Linton, Indiana	Peoples Trust Company, Linton, Indiana	St. Louis	August 13, 1986
Permian Financial Corporation, Crane, Texas	First Borger Bancshares, Inc., Lubbock, Texas	Dallas	June 19, 1986
Piedmont BankGroup Incorpo- rated, Martinsville, Virginia	The First National Bank of Salt- ville, Saltville, Virginia	Richmond	July 30, 1986
Premier Bankshares Corpora- tion, Tazewell, Virginia	Tazewell National Bank, Tazewell, Virginia Bank of Speedwell, Incorporated, Speedwell, Virginia	Richmond	August 5, 1986
Progressive Bank, Inc., Pawling, New York	Pawling Savings Bank, Pawling, New York	New York	August 8, 1986
Sharon Bancshares, Inc., Sharon, Tennessee	The Bank of Sharon, Sharon, Tennessee	St. Louis	August 12, 1986
Spivey Bank Shares, Inc., Swainsboro, Georgia	Spivey State Bank, Swainsboro, Georgia	Atlanta	July 28, 1986
Suburban Bancorp, Inc., Palatine, Illinois	Westbrook Bancshares, Inc., Westchester, Illinois	Chicago	July 30, 1986
Thurman State Corporation, Sidney, Iowa	American National Bank, Bedford, Iowa	Chicago	May 2, 1986
Todd Bancshares, Inc., Trenton, Kentucky	Planters Bank of Todd County, Trenton, Kentucky	St. Louis	August 8, 1986
United Carolina Bancshares Corporation, Whiteville, North Carolina	Bank of Greer, Greer, South Carolina	Richmond	August 5, 1986
United City Corporation, Plano, Texas	City National Bank of Irving, Irving, Texas	Dallas	April 24, 1986
United Community Corporation, Oklahoma City, Oklahoma	Citibancshares, Inc., Muskogee, Oklahoma	Kansas City	August 1, 1986
West Mass Bankshares, Inc., Greenfield, Massachusetts	United Savings Bank, Conway, Massachusetts	Boston	August 13, 1986
West Texas Bancorporation, Inc., Post, Texas	First Borger Bancshares, Inc., Lubbock, Texas	Dallas	June 19, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Whittington Bancorp, Inc., Whittington, Illinois	State Bank of Whittington, Whittington, Illinois	St. Louis	August 19, 1986
Winter Park Bancshares, Inc., Park Falls, Wisconsin	Voyageur Development Corpora- tion, Park Falls, Wisconsin Chippewa Valley Agency, Ltd., Winter, Wisconsin	Minneapolis	July 30, 1986

Section 4

Applicant	Nonbanking Company	Reserve Bank	Effective date
The Chase Manhattan Corporation, New York, New York Chase Manhattan National Corporation, New York, New York Chase Manhattan National Holding Corporation, Newark, Delaware	underwriting and/or reinsuring home mortgage redemption insurance	New York	August 19, 1986
Dakota Bankshares, Inc., Fargo, North Dakota	Dakota First Trust Company, Fargo, North Dakota	Minneapolis	August 13, 1986
Delaware National Bankshares Corp., Georgetown, Delaware	Professional Insurance Center, Inc., Seaford, Delaware	Philadelphia	August 18, 1986
First Wisconsin Corporation, Milwaukee, Wisconsin	Elan Life Insurance Company, Phoenix, Arizona	Chicago	August 1, 1986
Gulf Coast Holding Corporation, Panama City, Florida	ATM Network, Inc., Panama City, Florida	Atlanta	August 1, 1986
GREATER MILWAUKEE FINANCIAL CORP., Milwaukee, Wisconsin	Foremost Leasing Services, Inc., Wauwatosa, Wisconsin	Chicago	August 5, 1986
Hospers Agency Company, Sioux Center, Iowa	Van Bruggen Insurance Agency, Inc., Sioux Center, Iowa	Chicago	August 7, 1986
IntraWest Financial Corporation, Denver, Colorado	underwriting credit life, accident and health insurance in connec- tion with residential mortgages	Kansas City	August 15, 1986
NBD Bancorp, Inc., Detroit, Michigan	Heartwell Mortgage Corporation, Grand Rapids, Michigan	Chicago	July 29, 1986
Winter Park Bancshares, Inc., Park Falls, Wisconsin	Chippewa Valley Agency, Ltd., Winter, Wisconsin	Minneapolis	July 30, 1986

Sections 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
The Indiana National Corporation, Indianapolis, Indiana	CommerceAmerica Corp., Jeffersonville, Indiana	Chicago	July 29, 1986
Marisub, Inc., Milwaukee, Wisconsin	Marine Bank, N.A., Milwaukee, Wisconsin Marine Bank West, Waukesha, Wisconsin Marine Bank South, N.A., Racine, Wisconsin Marine Bank Dane County, Madison, Wisconsin Marine First National Bank, Janesville, Wisconsin West Bend Bank Marine Bank, West Bend, Wisconsin Marine Bank of Beaver Dam, Beaver Dam, Wisconsin Fidelity Marine Bank, Antigo, Wisconsin Marine Trust Company, N.A., Waukesha, Wisconsin Marine Bank Services Corporation, Milwaukee, Wisconsin Marinebanc Leasing Company, Inc., Milwaukee, Wisconsin Marine Mortgage Company, Inc., New Berlin, Wisconsin Marine Financial Services Corporation, St. Thomas, U.S. Virgin Island	Chicago	August 13, 1986
TB&C Bancshares, Inc., Columbus, Georgia	CB&T Bancshares, Inc., Columbus, Georgia nonbanking activities	Atlanta	August 7, 1986

ORDERS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
American Trust & Savings Bank, Dubuque, Iowa	The National Bank, Dyersville, Iowa	Chicago	April 10, 1986
1st Source Bank, South Bend, Indiana	Community State Bank, North Liberty, Indiana	Chicago	August 15, 1986
State Bank of Lima, Howe, Indiana	FIBC Service Bank II, Howe, Indiana	Chicago	August 5, 1986

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.

- Optical Coating Laboratory, Inc. v. United States*, No. 288-86C (U.S. Claims Ct., filed May 6, 1986).
- Adkins v. Board of Governors*, No. 86-3853 (4th Cir., filed May 14, 1986).
- Securities Industry Association v. Board of Governors*, No. 86-1412 (D.C. Cir., filed July 14, 1986).
- Jenkins v. Board of Governors*, No. 86-1419 (D.C. Cir., filed July 18, 1986).
- CBC, Inc v. Board of Governors*, No. 86-1001 (10th Cir., filed Jan. 2, 1986).
- Howe v. United States, et al.*, No. 85-4504-C (D. Mass., 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).
- Jensen v. Wilkinson, et al.*, No. 85-4436-S, *et al.* (D. Kan., filed Oct. 10, 1985).
- Alfonso v. Wilkinson, et al.*, No. A1-85-267 (D. N.D., filed Oct. 8, 1985).
- First National Bank of Blue Island Employee Stock Ownership Plan v. Board of Governors*, No. 85-2615 (7th Cir., filed Sept. 23, 1985).
- First National Bancshares II v. Board of Governors*, No. 85-3702 (6th Cir., filed Sept. 4, 1985).
- McHuin v. Volcker, et al.*, No. 85-2170 WARB (W.D. Okl., filed Aug. 29, 1985).
- Independent Community Bankers Association of South Dakota v. Board of Governors*, No. 84-1496 (D.C. Cir., filed Aug. 7, 1985).
- Florida Bankers Association, et al. v. Board of Governors*, No. 85-193 (U.S., filed Aug. 5, 1985).
- Urwylar, et al. v. Internal Revenue Service, et al.*, No. CV-F-85-402 REC (E.D. Cal., filed July 18, 1985).
- Johnson v. Federal Reserve System, et al.*, No. S85-0958(R) and S85-1269(N) (S.D. Miss., filed July 16, 1985).
- Wight, et al. v. Internal Revenue Service, et al.*, No. CIV S-85-0012 MLS (E.D. Cal., filed July 12, 1985).
- Cook v. Spillman, et al.*, No. CIV S-85-0953 EJG (E.D. Cal., filed July 10, 1985).
- 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. C-1-85-0099 (S.D. Ohio, filed Jan. 14, 1985).
- Brown v. United States Congress, et al.*, No. 84-2887-6(IG) (S.D. Cal., filed Dec. 7, 1984).
- Melcher v. Federal Open Market Committee*, No. 84-1335 (D.D.C., filed Apr. 30, 1984).
- Securities Industry Association v. Board of Governors*, No. 80-2614 (D.C. Cir., filed Oct. 24, 1980), and No. 80-2730 (D.C. Cir., filed Oct. 24, 1980).

Membership of the Board of Governors of the Federal Reserve System, 1913–86

APPOINTIVE MEMBERS¹

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership ²
Charles S. Hamlin.....	Boston.....	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936. ³
Paul M. Warburg.....	New York.....	do.....	Term expired Aug. 9, 1918.
Frederic A. Delano.....	Chicago.....	do.....	Resigned July 21, 1918.
W.P.G. Harding.....	Atlanta.....	do.....	Term expired Aug. 9, 1922.
Adolph C. Miller.....	San Francisco.....	do.....	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936. ³
Albert Strauss.....	New York.....	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah.....	Chicago.....	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt.....	New York.....	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills.....	Cleveland.....	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell.....	Minneapolis.....	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell.....	Chicago.....	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger.....	Cleveland.....	May 1, 1923	Resigned Sept. 15, 1927.
George R. James.....	St. Louis.....	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936. ⁴
Edward H. Cunningham.....	Chicago.....	do.....	Died Nov. 28, 1930.
Roy A. Young.....	Minneapolis.....	Oct. 4, 1927	Resigned Aug. 31, 1930.
Eugene Meyer.....	New York.....	Sept. 16, 1930	Resigned May 10, 1933.
Wayland W. Magee.....	Kansas City.....	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black.....	Atlanta.....	May 19, 1933	Resigned Aug. 15, 1934.
M.S. Szymczak.....	Chicago.....	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J.J. Thomas.....	Kansas City.....	do.....	Served until Feb. 10, 1936. ³
Marriner S. Eccles.....	San Francisco.....	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick.....	New York.....	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee.....	Cleveland.....	do.....	Served until Apr. 4, 1946. ³
Ronald Ransom.....	Atlanta.....	do.....	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison.....	Dallas.....	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis.....	Richmond.....	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper.....	New York.....	Mar. 30, 1938	Served until Sept. 1, 1950. ³
Rudolph M. Evans.....	Richmond.....	Mar. 14, 1942	Served until Aug. 13, 1954. ³
James K. Vardaman, Jr.	St. Louis.....	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton.....	Boston.....	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe.....	Philadelphia.....	Apr. 15, 1948	Resigned Mar. 31, 1951.
Edward L. Norton.....	Atlanta.....	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell.....	Minneapolis.....	do.....	Resigned June 30, 1952.
Wm. McC. Martin, Jr.	New York.....	April 2, 1951	Reappointed in 1956. Term expired Jan. 31, 1970.
A.L. Mills, Jr.....	San Francisco.....	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J.L. Robertson.....	Kansas City.....	do.....	Reappointed in 1964. Resigned Apr. 30, 1973.
C. Canby Balderston.....	Philadelphia.....	Aug. 12, 1954	Served through Feb. 28, 1966.
Paul E. Miller.....	Minneapolis.....	Aug. 13, 1954	Died Oct. 21, 1954.
Chas. N. Shepardson.....	Dallas.....	Mar. 17, 1955	Retired Apr. 30, 1967.
G.H. King, Jr.	Atlanta.....	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell.....	Chicago.....	Aug. 31, 1961	Reappointed in 1962. Served until Feb. 13, 1976. ³

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership ²
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974. ³
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	
Philip E. Coldwell	Dallas	Oct. 29, 1974	Served through Feb. 29, 1980.
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee	Richmond	Jan. 5, 1976	Served until Feb. 7, 1986. ³
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters	Chicago	Sept. 18, 1978	Served through June 27, 1984.
Emmett J. Rice	New York	June 20, 1979	
Frederick H. Schultz	Atlanta	July 27, 1979	Served through Feb. 11, 1982.
Paul A. Volcker	Philadelphia	Aug. 6, 1979	
Lyle E. Gramley	Kansas City	May 28, 1980	Resigned Sept. 1, 1985.
Preston Martin	San Francisco	Mar. 31, 1982	Resigned April 30, 1986.
Martha R. Seger	Chicago	July 2, 1984	
Wayne D. Angell	Kansas City	Feb. 7, 1986	
Manuel H. Johnson	Richmond	Feb. 7, 1986	
H. Robert Heller	San Francisco	Aug. 19, 1986	

Chairmen⁴

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916
W.P.G. Harding	Aug. 10, 1916–Aug. 9, 1922
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930
Eugene Meyer	Sept. 16, 1930–May 10, 1933
Eugene R. Black	May 19, 1933–Aug. 15, 1934
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951
Wm. McC. Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970
Arthur F. Burns	Feb. 1, 1970–Jan. 31, 1978
G. William Miller	Mar. 8, 1978–Aug. 6, 1979
Paul A. Volcker	Aug. 6, 1979–

Vice Chairmen⁴

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J.J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J.L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–Nov. 19, 1978
Frederick H. Schultz	July 27, 1979–Feb. 11, 1982
Preston Martin	Mar. 31, 1982–Mar. 31, 1986
Manuel H. Johnson	Aug. 22, 1986–

*EX-OFFICIO MEMBERS¹**Secretaries of the Treasury*

W.G. McAdoo	Dec. 23, 1913–Dec. 15, 1918
Carter Glass	Dec. 16, 1918–Feb. 1, 1920
David F. Houston	Feb. 2, 1920–Mar. 3, 1921
Andrew W. Mellon	Mar. 4, 1921–Feb. 12, 1932
Ogden L. Mills	Feb. 12, 1932–Mar. 4, 1933
William H. Woodin	Mar. 4, 1933–Dec. 31, 1933
Henry Morgenthau, Jr.	Jan. 1, 1934–Feb. 1, 1936

Comptrollers of the Currency

John Skelton Williams	Feb. 2, 1914–Mar. 2, 1921
Daniel R. Crissinger	Mar. 17, 1921–Apr. 30, 1923
Henry M. Dawes	May 1, 1923–Dec. 17, 1924
Joseph W. McIntosh	Dec. 20, 1924–Nov. 20, 1928
J.W. Pole	Nov. 21, 1928–Sept. 20, 1932
J.F.T. O'Connor	May 11, 1933–Feb. 1, 1936

1. Under the provisions of the original Federal Reserve Act, the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was ten years, and the five original appointive members had terms of two, four, six, eight, and ten years respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to twelve years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the

Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be fourteen years and that the designation of Chairman and Vice Chairman of the Board should be for a term of four years.

2. Date after words "Resigned" and "Retired" denotes final day of service.

3. Successor took office on this date.

4. Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

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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								
	1985		1986		1986				
	Q3	Q4	Q1	Q2 ^r	Mar.	Apr.	May ^r	June ^r	July
<i>Reserves of depository institutions²</i>									
1 Total	15.7	12.5	13.1	17.8	12.8	10.5	33.0	21.4	25.4
2 Required	16.4	11.5	12.3	19.8	18.4	13.2	32.7	19.5	26.4
3 Nonborrowed	17.5	10.4	19.1	17.6	16.3	7.3	34.1	23.7	27.3
4 Monetary base ³	9.6	8.2	8.6	8.7	8.0	5.9	13.7	9.1	8.7
<i>Concepts of money, liquid assets, and debt⁴</i>									
5 M1	14.5	10.7	7.7	15.8	14.1	14.5	23.4	14.6	16.9
6 M2	9.5	6.0	4.3	10.4	6.8	13.8 ^r	12.4	9.5	12.6
7 M3	7.6	6.5	7.4	8.0	7.7	10.6	5.7	6.6	12.9
8 L	7.8	9.4	8.1	6.4	4.1	6.7 ^r	9.2	4.5	n.a.
9 Debt	12.9	14.6	16.1	9.7	8.3	10.0 ^r	10.6	10.3	n.a.
<i>Nontransaction components</i>									
10 In M2 ⁵	8.0	4.6	3.2	8.7	4.4	13.5	8.8	7.8	11.3
11 In M3 only ⁶	-3	8.3	20.3	-1.5	11.0	-1.6	-20.8	-5.1	13.9
<i>Time and savings deposits</i>									
<i>Commercial banks</i>									
12 Savings ⁷	7.6	3.2	1.9	11.8	5.8	9.6	22.7	17.7	23.8
13 Small-denomination time ⁸	-3.3	-1.6	5.3	-3.1	2.8	-3.1 ^r	-9.6	-9.7	-5.3
14 Large-denomination time ^{9,10}	-3.6	14.1	18.5	-8.6	-18.1	-4	-23.0	-2.1	-9
<i>Thrift institutions</i>									
15 Savings ⁷	12.9	7.5	3.1	20.9	8.7	23.8 ^r	30.5	29.1	22.9
16 Small-denomination time	-2.8	-2.9	6.6	2.8	6.7	5.9	-4.5	-5.2	-1.9
17 Large-denomination time ⁹	-1.0	5.2	10.0	11.0	27.8	11.7	-7	-2.2	8.0
<i>Debt components⁴</i>									
18 Federal	14.6	15.2	17.5	9.5	5.3	7.8	12.7	15.4	n.a.
19 Nonfederal	12.4	14.4	15.7	9.8	9.2 ^r	10.6 ^r	10.0	8.8	n.a.
20 Total loans and securities at commercial banks ¹¹	9.6	9.4	12.7	4.0	5.6	2.0	5.9	3.8	14.5

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.

A4 Domestic Financial Statistics □ October 1986

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			1986						
	May	June	July	June 18	June 25	July 2	July 9	July 16	July 23	July 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit	205,800	207,619	210,913	209,481	207,270	207,862	212,108	213,490	209,274	209,773
2 U.S. government securities ¹	180,195	182,611	185,112	183,442	182,145	183,004	185,552	187,032	184,790	184,256
3 Bought outright	179,287	182,086	183,550	181,194	182,145	183,004	181,824	183,845	184,790	184,256
4 Held under repurchase agreements	908	525	1,562	2,248	0	0	3,728	3,187	0	0
5 Federal agency obligations	8,366	8,309	8,581	8,876	8,137	8,137	8,983	9,258	8,137	8,137
6 Bought outright	8,155	8,137	8,137	8,137	8,137	8,137	8,137	8,137	8,137	8,137
7 Held under repurchase agreements	211	172	444	739	0	0	846	1,121	0	0
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	858	780	762	734	784	974	692	824	658	746
10 Float	638	586	438	1,109	771	143	821	296	354	576
11 Other Federal Reserve assets	15,743	15,334	16,020	15,320	15,433	15,604	16,059	16,081	15,334	16,058
12 Gold stock	11,086	11,085	11,084	11,085	11,084	11,084	11,084	11,084	11,084	11,084
13 Special drawing rights certificate account	4,776	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818
14 Treasury currency outstanding	17,273	17,314	17,342	17,313	17,322	17,330	17,336	17,341	17,345	17,350
ABSORBING RESERVE FUNDS										
15 Currency in circulation	196,432 ^r	198,625 ^r	200,878	198,879 ^r	198,436 ^r	199,386	201,824	201,567	200,521	199,731
16 Treasury cash holdings	637	615 ^r	564	612 ^r	610 ^r	599	584	570	559	541
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	4,679	2,824	3,638	3,075	3,428	2,790	3,036	3,992	3,633	3,862
18 Foreign	212	229	256	209	241	239	370	204	210	255
19 Service-related balances and adjustments	1,841	1,882	1,824	1,960	1,931	1,948	1,800	1,710	1,908	1,811
20 Other	482	477	471	533	508	500	513	472	405	406
21 Other Federal Reserve liabilities and capital	6,384	6,289	6,383	6,456	6,382	6,354	6,538	6,394	6,305	6,258
22 Reserve balances with Federal Reserve Banks ²	28,269	29,895	30,143	30,972	28,957	29,280	30,681	31,825	28,978	30,161
End-of-month figures										
Wednesday figures										
1986										
1986										
SUPPLYING RESERVE FUNDS										
23 Reserve Bank credit	206,437	209,021	209,666	210,579	207,102	209,883	210,499	217,128	208,831	210,292
24 U.S. government securities ¹	181,992	183,849	183,446	184,450	181,893	182,818	183,996	188,513	183,742	184,104
25 Bought outright	181,992	183,849	183,446	183,555	181,893	182,818	182,610	183,050	183,742	184,104
26 Held under repurchase agreements	0	0	0	895	0	0	1,386	5,463	0	0
27 Federal agency obligations	8,137	8,137	8,137	8,917	8,137	8,137	8,590	9,808	8,137	8,137
28 Bought outright	8,137	8,137	8,137	8,137	8,137	8,137	8,137	8,137	8,137	8,137
29 Held under repurchase agreements	0	0	0	780	0	0	453	1,671	0	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	850	952	737	872	797	969	539	1,911	689	909
32 Float	132	283	831	632	363	1,719	1,251	269	194	913
33 Other Federal Reserve assets	15,326	15,800	16,515	15,708	15,912	16,240	16,123	16,627	16,069	16,229
34 Gold stock	11,085	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084
35 Special drawing rights certificate account	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818
36 Treasury currency outstanding	17,296	17,330 ^r	17,353	17,321	17,329	17,335	17,340	17,344	17,349	17,353
ABSORBING RESERVE FUNDS										
37 Currency in circulation	197,812 ^r	199,281 ^r	200,552	198,758 ^r	198,529 ^r	201,001	202,073	201,183	200,152	200,034
38 Treasury cash holdings	631	601 ^r	532	611 ^r	601 ^r	593	571	562	542	532
Deposits, other than reserve balances with Federal Reserve Banks										
39 Treasury	3,083	3,143	3,983	4,622	2,846	3,878	3,162	5,238	3,330	3,286
40 Foreign	254	354	233	181	240	246	241	229	218	204
41 Service-related balances and adjustments	1,596	1,593	1,631	1,579	1,591	1,593	1,603	1,604	1,614	1,614
42 Other	417	450	688	517	463	491	431	489	369	415
43 Other Federal Reserve liabilities and capital	6,110	6,484	6,658	6,271	6,184	6,255	6,076	6,242	6,200	6,088
44 Reserve balances with Federal Reserve Banks ²	29,733	30,347	28,644	31,262	29,879	29,063	29,584	34,827	29,657	31,374

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

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

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages ^a									
	1983	1984	1985	1985	1986					
	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 Reserve balances with Reserve Banks ¹	21,138	21,738	27,620	27,620	24,373	24,700	27,114	28,892	28,279	29,499
2 Total vault cash ²	20,755	22,316	22,956	22,956	24,245	24,962	22,688	22,231	22,474	22,805
3 Vault cash used to satisfy reserve requirements ³	17,908	18,958	20,522	20,522	21,687	21,952	20,160	19,990	20,140	20,439
4 Surplus vault cash ⁴	2,847	3,358	2,434	2,434	2,559	3,010	2,528	2,241	2,334	2,366
5 Total reserves ⁵	38,894	40,696	48,142	48,142	48,060	46,652	47,274	48,882	48,419	49,938
6 Required reserves	38,333	39,843	47,085	47,085	46,949	45,555	46,378	48,081	47,581	49,007
7 Excess reserve balances at Reserve Banks ⁶	561	853	1,058	1,058	1,111	1,097	896	801	838	931
8 Total borrowings at Reserve Banks	774	3,186	1,318	1,318	770	884	761	893	876	803
9 Seasonal borrowings at Reserve Banks	96	113	56	56	36	56	68	73	94	108
10 Extended credit at Reserve Banks ⁷	2	2,604	499	499	497	492	518	634	584	531
Biweekly averages of daily figures for weeks ending										
1986										
	Apr. 9	Apr. 23	May 7	May 21	June 4	June 18	July 2	July 16	July 30	Aug. 13 ^p
11 Reserve balances with Reserve Banks ¹	28,292	29,385	28,676	27,875	28,568	30,156	29,044	31,267	29,547	30,215
12 Total vault cash ²	22,121	22,369	22,100	22,700	22,422	22,250	21,580	22,466	23,644	23,323
13 Vault cash used to satisfy reserve requirements ³	19,809	20,190	19,824	20,366	20,045	20,106	20,958	20,283	21,094	20,983
14 Surplus vault cash ⁴	2,312	2,179	2,276	2,334	2,377	2,144	2,622	2,183	2,550	2,340
15 Total reserves ⁵	48,101	49,575	48,500	48,241	48,613	50,262	50,002	51,550	50,641	51,198
16 Required reserves	47,479	48,703	47,612	47,554	47,600	49,627	48,755	50,871	49,545	50,590
17 Excess reserve balances at Reserve Banks ⁶	622	873	888	688	1,014	636	1,247	679	1,096	609
18 Total borrowings at Reserve Banks	874	861	981	827	871	719	879	758	702	759
19 Seasonal borrowings at Reserve Banks	76	64	89	92	101	102	119	104	127	134
20 Extended credit at Reserve Banks ⁷	576	671	637	571	566	526	525	442	294	373

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

2. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements. Under contemporaneous reserve requirements, maintenance periods end 30 days after the lagged computation periods in which the balances are held.

3. Equal to all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.

4. Total vault cash at institutions having no required reserve balances less the amount of vault cash equal to their required reserves during the maintenance period.

5. Total reserves not adjusted for discontinuities consist of reserve balances with Federal Reserve Banks, which exclude required clearing balances and adjustments to compensate for float, plus vault cash used to satisfy reserve requirements. Such vault cash consists of all vault cash held during the lagged

computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.

6. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves.

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

8. Before February 1984, data are prorated monthly averages of weekly averages; beginning February 1984, data are prorated monthly averages of biweekly averages.

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

1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks¹

Averages of daily figures, in millions of dollars

By maturity and source	1986 week ending Monday								
	June 23	June 30	July 7 ^a	July 14 ^a	July 21	July 28	Aug. 4	Aug. 11	Aug. 18
<i>One day and continuing contract</i>									
1 Commercial banks in United States	69,752	67,656	79,224	76,482	72,686	70,154	73,643	75,018	73,971
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	35,998	34,418	37,554	41,301	38,616	39,108	38,880	40,815	39,130
3 Nonbank securities dealers	9,087	8,606	8,871	10,568	11,965	10,377	10,575	11,841	12,170
4 All other	24,494	26,253	26,242	27,574	27,898	30,353	29,584	29,358	29,338
<i>All other maturities</i>									
5 Commercial banks in United States	9,769	9,551	8,708	8,472	9,065	9,111	9,199	9,763	9,435
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	6,538	6,852	6,465	6,421	6,950	6,006	6,390	6,436	6,131
7 Nonbank securities dealers	9,077	8,813	8,099	8,047	8,236	8,782	9,373	9,616	9,283
8 All other	10,489	10,536	9,704	9,864	9,008	9,768	9,361	9,396	9,616
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	26,363	26,351	34,381	31,138	28,173	26,579	30,625	29,578	29,598
10 Nonbank securities dealers	8,949	8,061	9,098	9,424	10,223	10,769	10,932	10,432	9,996

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels										
Federal Reserve Bank	Short-term adjustment credit and seasonal credit ¹			Extended credit ²						Effective date for current rates
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		
	Rate on 8/27/86	Effective date	Previous rate	Rate on 8/27/86	Previous rate	Rate on 8/27/86	Previous rate	Rate on 8/27/86	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 years³

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973	7½	7½	1978— Aug. 21	7¾	7¾	1982— July 20	11½–12	11½
1974— Apr. 25	7½–8	8	Sept. 22	8	8	Aug. 23	11½	11½
30	8	8	Oct. 16	8–8½	8½	2	11–11½	11
Dec. 9	7¾–8	7¾	20	8½	8½	3	11	11
16	7¾	7¾	Nov. 1	8½–9½	9½	26	10½	10½
			3	9½	9½	27	10–10½	10
1975— Jan. 6	7¼–7¾	7¾				30	10	10
10	7¼–7¾	7¼	1979— July 20	10	10	Oct. 12	9½–10	9½
24	7¼	7¼	Aug. 17	10–10½	10½	13	9½	9½
Feb. 5	6¾–7¼	6¾	20	10½	10½	Nov. 22	9–9½	9
7	6¾	6¾	Sept. 19	10½–11	11	26	9	9
Mar. 10	6¼–6¾	6¼	21	11	11	Dec. 14	8½–9	9
14	6¼	6¼	Oct. 8	11–12	12	15	8½–9	8½
May 16	6–6¼	6	10	12	12	17	8½	8½
23	6	6						
1976— Jan. 19	5½–6	5½	1980— Feb. 15	12–13	13	1984— Apr. 9	8½–9	9
23	5½	5½	19	13	13	13	9	9
Nov. 22	5¼–5½	5¼	May 29	12–13	13	Nov. 21	8½–9	8½
26	5¼	5¼	30	12	12	26	8½	8½
			June 13	11–12	11	Dec. 24	8	8
1977— Aug. 30	5¼–5¾	5¼	16	11	11			
31	5¼–5¾	5¾	July 28	10–11	10	1985— May 20	7½–8	7½
Sept. 2	5¾	5¾	29	10	10	24	7½	7½
Oct. 26	6	6	Sept. 26	11	11			
			Nov. 17	12	12	1986— Mar. 7	7–7½	7
1978— Jan. 9	6–6½	6½	Dec. 5	12–13	13	10	7	7
20	6½	6½	8	13	13	Apr. 21	6½–7	6½
May 11	6½–7	7	1981— May 5	13–14	14	23	6½	6½
12	7	7	8	14	14	July 11	6	6
July 3	7–7¼	7¼	Nov. 2	13–14	13	Aug. 21	5½–6	5½
July 10	7¼	7¼	6	13	13	22	5½	5½
			Dec. 4	12	12	In effect Aug. 27, 1986	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; 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 INSTITUTIONS¹

Percent of deposits

Type of deposit, and deposit interval	Member bank requirements before implementation of the Monetary Control Act		Type of deposit, and deposit interval ⁵	Depository institution requirements after implementation of the Monetary Control Act ⁶	
	Percent	Effective date		Percent	Effective date
<i>Net demand²</i>			<i>Net transaction accounts^{7,8}</i>		
\$0 million–\$2 million.....	7	12/30/76	\$0–\$31.7 million.....	3	12/31/85
\$2 million–\$10 million.....	9½	12/30/76	Over \$31.7 million.....	12	12/31/85
\$10 million–\$100 million.....	11¾	12/30/76			
\$100 million–\$400 million.....	12¾	12/30/76	<i>Nonpersonal time deposits⁹</i>		
Over \$400 million.....	16¼	12/30/76	By original maturity		
<i>Time and savings^{2,3}</i>			Less than 1½ years.....	3	10/6/83
Savings.....	3	3/16/67	1½ years or more.....	0	10/6/83
<i>Time⁴</i>			<i>Eurocurrency liabilities</i>		
\$0 million–\$5 million, by maturity			All types.....	3	11/13/80
30–179 days.....	3	3/16/67			
180 days to 4 years.....	2½	1/8/76			
4 years or more.....	1	10/30/75			
Over \$5 million, by maturity					
30–179 days.....	6	12/12/74			
180 days to 4 years.....	2½	1/8/76			
4 years or more.....	1	10/30/75			

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

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

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

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

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

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

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

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

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

5. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) provides that \$2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the next succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. Effective Dec. 9, 1982, the amount of the exemption was established at \$2.1 million. Effective with the reserve maintenance period beginning Jan. 1, 1985, the amount of the exemption is \$2.4 million. Effective with the reserve computation period beginning Dec. 31, 1985, the amount of the exemption is \$2.6 million. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) described in 12 CFR section 204.2 (d)(2); (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

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

8. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage increase in transaction accounts held by all depository institutions determined as of June 30 each year. Effective Dec. 31, 1981, the amount was increased accordingly from \$25 million to \$26 million; effective Dec. 30, 1982, to \$26.3 million; effective Dec. 29, 1983, to \$28.9 million; effective Jan. 1, 1985, to \$29.8 million; and effective Dec. 31, 1985, to \$31.7 million.

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

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

A8 Domestic Financial Statistics □ October 1986

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions¹ Percent per annum

Type of deposit	Commercial banks		Savings and loan associations and mutual savings banks (thrift institutions) ¹	
	In effect Aug. 31, 1986		In effect Aug. 31, 1986	
	Percent	Effective date	Percent	Effective date
1 Savings	(2)	4/1/86	(2)	4/1/86
2 Negotiable order of withdrawal accounts	(3)	1/1/86	(3)	1/1/86
3 Money market deposit account	(4)	12/14/82	(4)	12/14/82
<i>Time accounts</i>				
4 7-31 days	(5)	1/1/86	(5)	9/1/86
5 More than 31 days .....	.....	10/1/83	.....	10/1/83

1. Effective Oct. 1, 1983, restrictions on the maximum rates of interest payable by commercial banks and thrift institutions on various categories of deposits were removed. For information regarding previous interest rate ceilings on all categories of accounts see earlier issues of the *FEDERAL RESERVE BULLETIN*, the *Federal Home Loan Bank Board Journal*, and the *Annual Report of the Federal Deposit Insurance Corporation*.

2. Effective Apr. 1, 1986, the interest rate ceiling on savings deposits was removed. Before Apr. 1, 1986, savings deposits were subject to an interest rate ceiling of 5½ percent.

3. Before Jan. 1, 1986, NOW accounts with minimum denomination requirements of less than \$1,000 were subject to an interest rate ceiling of 5¼ percent. NOW accounts with minimum required denominations of \$1,000 or more and IRA/Keough (HR10) Plan accounts were not subject to interest rate ceilings. Effective Jan. 1, 1986, the minimum denomination requirement was removed.

4. Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of \$2,500 and an average maintenance balance of \$2,500 not subject to interest rate restrictions. Effective Jan. 1, 1985, the minimum denomination and average balance maintenance requirements were lowered to \$1,000. Effective Jan. 1, 1986, the minimum denomination and average balance maintenance requirements were removed. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days' notice before withdrawals.

5. Before Jan. 1, 1986, deposits of less than \$1,000 were subject to an interest rate ceiling of 5½ percent. Deposits of less than \$1,000 issued to governmental units were subject to an interest rate ceiling of 8 percent. Effective Jan. 1, 1986, the minimum denomination requirement was removed.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction		1983	1984	1985	1985	1986					
					Dec.	Jan.	Feb.	Mar.	Apr.	May	June
U.S. GOVERNMENT SECURITIES											
Outright transactions (excluding matched transactions)											
Treasury bills											
1	Gross purchases	18,888	20,036	22,214	4,515	286	0	396	2,988	3,196	1,402
2	Gross sales	3,420	8,557	4,118	0	225	2,277	0	0	0	0
3	Exchange	0	0	0	0	0	0	0	0	0	0
4	Redemptions	2,400	7,700	3,500	0	0	1,000	0	0	0	0
Others within 1 year											
5	Gross purchases	484	1,126	1,349	143	0	0	0	0	0	0
6	Gross sales	0	0	0	0	0	0	0	0	0	0
7	Maturity shift	18,887	16,354	19,763	943	725	4,776	1,152	447	1,847	1,152
8	Exchange	-16,553	-20,840	-17,717	-1,529	-596	-2,148	-1,458	-1,129	-1,819	-1,957
9	Redemptions	87	0	0	0	0	0	0	0	0	0
1 to 5 years											
10	Gross purchases	1,896	1,638	2,185	868	0	0	0	0	0	0
11	Gross sales	0	0	0	0	0	0	0	0	0	0
12	Maturity shift	-15,533	-13,709	-17,459	-943	-703	-4,776	-1,152	-447	-1,532	-1,152
13	Exchange	11,641	16,039	13,853	1,529	596	1,548	1,458	1,134	1,019	1,957
5 to 10 years											
14	Gross purchases	890	536	458	345	0	0	0	0	0	0
15	Gross sales	0	300	100	0	0	0	0	0	0	0
16	Maturity shift	-2,450	-2,371	-1,857	0	-22	0	0	-5	-315	0
17	Exchange	2,950	2,750	2,184	0	0	350	0	0	500	0
Over 10 years											
18	Gross purchases	383	441	293	197	0	0	0	0	0	0
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shift	-904	-275	-447	0	0	0	0	0	0	0
21	Exchange	1,962	2,052	1,679	0	0	250	0	0	300	0
All maturities											
22	Gross purchases	22,540	23,776	26,499	6,068	286	0	396	2,988	3,196	1,402
23	Gross sales	3,420	8,857	4,218	0	225	2,277	0	0	0	0
24	Redemptions	2,487	7,700	3,500	0	0	1,000	0	0	0	0
Matched transactions											
25	Gross sales	578,591	808,986	866,175	76,399	63,109	90,459	88,917	109,253	62,663	80,219
26	Gross purchases	576,908	810,432	865,968	78,962	61,156	94,368	88,604	103,957	67,147	80,674
Repurchase agreements											
27	Gross purchases	105,971	127,933	134,253	23,338	24,257	0	6,748	21,156	12,395	5,640
28	Gross sales	108,291	127,690	132,351	19,809	24,699	3,087	6,748	13,634	19,917	5,640
29	Net change in U.S. government securities	12,631	8,908	20,477	12,159	-2,335	-2,456	83	5,214	158	1,857
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	292	256	162	0	0	40	0	0	50	0
Repurchase agreements											
33	Gross purchases	8,833	11,509	22,183	7,640	5,384	0	1,821	3,369	3,135	1,691
34	Gross sales	9,213	11,328	20,877	5,947	6,454	623	1,821	1,955	4,567	1,691
35	Net change in federal agency obligations	-672	-76	1,144	1,693	-1,070	-663	0	1,432	-1,482	0
BANKERS ACCEPTANCES											
36	Repurchase agreements, net	-1,062	-418	0	0	0	0	0	0	0	0
37	Total net change in System Open Market Account	10,897	8,414	21,621	13,853	-3,405	-3,119	83	6,647	-1,324	1,857

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		
	1986					1986		
	July 2	July 9	July 16	July 23	July 30	May	June	July
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,084	11,084	11,084	11,084	11,084	11,085	11,084	11,084
2 Special drawing rights certificate account	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818
3 Coin	469	458	458	463	475	487	488	467
Loans								
4 To depository institutions	969	539	1,911	689	909	850	952	737
5 Other	0	0	0	0	0	0	0	0
Acceptances—Bought outright								
6 Held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	8,137	8,137	8,137	8,137	8,137	8,137	8,137	8,137
8 Held under repurchase agreements	0	453	1,671	0	0	0	0	0
U.S. government securities								
Bought outright								
9 Bills	90,445	90,237	90,677	91,369	91,731	89,619	91,476	91,073
10 Notes	67,097	67,097	67,097	67,097	67,097	67,097	67,097	67,097
11 Bonds	25,276	25,276	25,276	25,276	25,276	25,276	25,276	25,276
12 Total bought outright ¹	182,818	182,610	183,050	183,742	184,104	181,992	183,849	183,446
13 Held under repurchase agreements	0	1,386	5,463	0	0	0	0	0
14 Total U.S. government securities	182,818	183,996	188,513	183,742	184,104	181,992	183,849	183,446
15 Total loans and securities	191,924	193,125	200,232	192,568	193,150	190,979	192,938	192,320
16 Items in process of collection	8,685	7,807	7,747	5,824	6,696	5,836	4,959	6,206
17 Bank premises	634	634	635	637	637	629	634	638
Other assets								
18 Denominated in foreign currencies ²	8,202	8,206	8,211	8,225	8,229	8,002	8,200	8,657
19 All other ³	7,404	7,283	7,781	7,207	7,363	6,695	6,966	7,220
20 Total assets	233,220	233,415	240,966	230,826	232,452	228,531	230,087	231,410
LIABILITIES								
21 Federal Reserve notes	184,728	185,762	184,859	183,808	183,688	181,634	183,040	184,198
Deposits								
22 To depository institutions	30,656	31,187	36,431	31,271	32,988	31,329	31,940	30,275
23 U.S. Treasury—General account	3,878	3,162	5,238	3,330	3,286	3,083	3,143	3,983
24 Foreign—Official accounts	246	241	229	218	204	254	354	233
25 Other	491	431	489	369	415	417	450	688
26 Total deposits	35,271	35,021	42,387	35,188	36,893	35,083	35,887	35,179
27 Deferred credit items	6,966	6,556	7,478	5,630	5,783	5,704	4,676	5,375
28 Other liabilities and accrued dividends ⁴	2,139	2,112	2,280	2,218	2,104	2,249	2,190	2,212
29 Total liabilities	229,104	229,451	237,004	226,844	228,468	224,670	225,793	226,964
CAPITAL ACCOUNTS								
30 Capital paid in	1,806	1,809	1,812	1,830	1,833	1,839	1,807	1,834
31 Surplus	1,780	1,781	1,781	1,781	1,781	1,778	1,781	1,781
32 Other capital accounts	530	374	369	371	370	244	706	831
33 Total liabilities and capital accounts	233,220	233,415	240,966	230,826	232,452	228,531	230,087	231,410
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	149,983	152,024	151,275	151,692	151,639	147,103	146,909	153,973
Federal Reserve note statement								
35 Federal Reserve notes outstanding	216,186	216,692	217,384	218,085	218,655	213,923	215,965	218,626
36 Less: Held by bank	31,458	30,930	32,525	34,277	34,967	32,289	32,925	34,428
37 Federal Reserve notes, net	184,728	185,762	184,859	183,808	183,688	181,634	183,040	184,198
Collateral held against notes net:								
38 Gold certificate account	11,084	11,084	11,084	11,084	11,084	11,085	11,084	11,084
39 Special drawing rights certificate account	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	168,826	169,860	168,957	167,906	167,786	165,731	167,138	168,296
42 Total collateral	184,728	185,762	184,859	183,808	183,688	181,634	183,040	184,198

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		
	1986					1986		
	July 2	July 9	July 16	July 23	July 30	May 30	June 30	July 31
1 Loans—Total	969	539	1,911	689	909	850	952	737
2 Within 15 days	923	483	1,894	685	901	823	922	693
3 16 days to 90 days	46	56	17	4	8	27	30	44
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	182,818	183,996	188,513	183,742	184,104	181,992	183,849	183,446
10 Within 15 days ¹	8,848	9,727	13,269	10,105	10,068	6,711	6,428	8,813
11 16 days to 90 days	45,701	47,847	46,698	45,041	45,390	47,713	48,118	41,303
12 91 days to 1 year	37,066	35,219	37,344	37,394	37,444	36,580	38,100	34,454
13 Over 1 year to 5 years	33,600	33,600	33,793	33,793	33,793	33,385	33,600	34,467
14 Over 5 years to 10 years	15,294	15,294	15,100	15,100	15,100	15,294	15,294	15,100
15 Over 10 years	22,309	22,309	22,309	22,309	22,309	22,309	22,309	22,309
16 Federal agency obligations—Total	8,137	8,590	9,808	8,137	8,137	8,137	8,137	8,137
17 Within 15 days ¹	22	554	1,836	170	175	221	164	175
18 16 days to 90 days	601	729	744	693	645	504	601	645
19 91 days to 1 year	1,998	1,791	1,713	1,738	1,704	1,800	1,856	1,704
20 Over 1 year to 5 years	3,765	3,765	3,758	3,833	3,885	3,871	3,765	3,885
21 Over 5 years to 10 years	1,327	1,327	1,333	1,279	1,304	1,317	1,327	1,304
22 Over 10 years	424	424	424	424	424	424	424	424

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	1982	1983	1984	1985	1985	1986							
	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June ^c	July	
Seasonally adjusted													
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ¹	34.28	36.14	39.51	45.61	45.61	45.88	46.37	46.87	47.28	48.58	49.45	50.49	
1 Total reserves ²	33.65	35.36	36.32	44.29	44.29	45.11	45.49	46.10	46.38	47.70	48.64	49.75	
2 Nonborrowed reserves	33.83	35.37	38.93	44.79	44.79	45.61	45.98	46.62	47.02	48.29	49.17	50.13	
3 Nonborrowed reserves plus extended credit ³	33.78	35.58	38.66	44.55	44.55	44.77	45.27	45.97	46.47	47.74	48.51	49.59	
4 Required reserves	170.04	185.39	199.17	216.72	216.72	218.40	219.79	221.26	222.36	224.90	226.63	228.31	
5 Monetary base ⁴	Not seasonally adjusted												
6 Total reserves ²	35.01	36.86	40.57	46.84	46.84	47.11	45.68	46.34	47.94	47.71	49.20	50.32	
7 Nonborrowed reserves	34.37	36.09	37.38	45.52	45.52	46.34	44.80	45.58	47.04	46.84	48.39	49.58	
8 Nonborrowed reserves plus extended credit ³	34.56	36.09	39.98	46.02	46.02	46.84	45.29	46.10	47.68	47.42	48.93	49.96	
9 Required reserves	34.51	36.30	39.71	45.78	45.78	46.00	44.59	45.44	47.14	46.87	48.27	49.42	
10 Monetary base ⁴	173.07	188.66	202.34	220.36	220.36	218.74	216.78	218.99	222.13	223.61	227.04	230.03	
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ⁵													
11 Total reserves ²	41.85	38.89	40.70	48.14	48.14	48.06	46.65	47.27	48.88	48.42	49.94	51.03	
12 Nonborrowed reserves	41.22	38.12	37.51	46.82	46.82	47.29	45.77	46.51	47.99	47.54	49.14	50.29	
13 Nonborrowed reserves plus extended credit ³	41.41	38.12	40.09	47.41	47.41	47.79	46.22	47.17	48.22	48.24	49.81	50.68	
14 Required reserves	41.35	38.33	39.84	47.09	47.09	46.95	45.56	46.38	48.08	47.58	49.01	50.13	
15 Monetary base ⁴	180.42	192.26	204.18	223.53	223.53	221.59	219.57	221.70	224.88	226.12	229.68	232.56	

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	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.	1986			
					Apr. ^r	May ^r	June ^r	July
Seasonally adjusted								
1 M1	479.9	527.1	558.5	626.6	646.1	658.7	666.8	676.2
2 M2	1,952.6	2,186.0	2,373.8	2,566.5 ^r	2,622.4	2,649.7	2,670.9	2,698.9
3 M3	2,443.5	2,697.3	2,986.5	3,201.1 ^r	3,293.2	3,311.6	3,332.9	3,369.0
4 L	2,850.1	3,163.5	3,532.3	3,838.2 ^r	3,916.2	3,949.3	3,967.1	n.a.
5 Debt	4,661.3	5,192.0	5,952.0	6,810.0 ^r	7,070.5	7,133.3	7,194.6	n.a.
M1 components								
6 Currency ²	134.3	148.3	158.5	170.6	174.4	175.8	176.7	177.6
7 Travelers checks ³	4.3	4.9	5.2	5.9	6.1	6.1	6.2	6.4
8 Demand deposits ⁴	237.9	242.7	248.4	271.5	275.7	281.6	284.9	288.3
9 Other checkable deposits ⁵	103.4	131.3	146.3	178.6	189.9	195.1	199.0	203.9
Nontransactions components								
10 In M2 ⁶	1,472.7	1,658.9	1,815.4	1,939.9 ^r	1,976.3	1,991.1	2,004.1	2,022.7
11 In M3 only ⁷	490.9	511.3	612.7	634.6 ^r	670.8	661.9	662.1	670.1
Savings deposits ⁹								
12 Commercial Banks	163.7	133.4	122.3	124.5	126.6	129.0	130.9	133.4
13 Thrift institutions	194.2	173.2	167.3	179.1	184.8	189.5	194.1	197.8
Small denomination time deposits ⁹								
14 Commercial Banks	380.4	351.1	387.2	384.1	388.0	384.9	381.8	380.0
15 Thrift institutions	472.4	434.1	500.3	496.2	508.2	506.3	504.1	503.2
Money market mutual funds								
16 General purpose and broker/dealer	185.2	138.2	167.5	176.5	191.4	193.2	197.2	199.4
17 Institution-only	51.1	43.2	62.7	64.6	74.1	76.1	75.0	77.5
Large denomination time deposits ¹⁰								
18 Commercial Banks ¹¹	262.1	228.7	263.7	279.1	287.0	281.5	281.0	280.8
19 Thrift institutions	65.8	101.1	150.2	157.3	165.0	164.9	164.6	165.7
Debt components								
20 Federal debt	979.2	1,173.0	1,367.3	1,586.3	1,638.8	1,656.2	1,677.5	n.a.
21 Non-federal debt	3,682.1	4,019.0	4,584.7	5,223.7 ^r	5,431.7	5,477.0	5,517.1	n.a.
Not seasonally adjusted								
22 M1	490.9	538.8	570.5	639.9	652.9	651.8	669.2	679.9
23 M2	1,958.6	2,192.8	2,380.8	2,574.7 ^r	2,632.0	2,640.7	2,673.1	2,704.2
24 M3	2,453.3	2,707.9	2,997.9	3,213.8 ^r	3,299.6	3,304.8	3,333.7	3,366.7
25 L	2,856.4	3,170.1	3,537.5	3,844.4 ^r	3,926.3	3,936.0	3,967.1	n.a.
26 Debt	4,655.7	5,186.5	5,946.3	6,804.1 ^r	7,041.9	7,107.6	7,173.4	n.a.
M1 components								
27 Currency ²	136.5	150.5	160.9	173.1	173.6	175.8	177.4	179.1
28 Travelers checks ³	4.1	4.6	4.9	5.5	5.8	5.9	6.5	7.2
29 Demand deposits ⁴	246.2	251.3	257.3	281.3	278.7	276.7	285.6	290.0
30 Other checkable deposits ⁵	104.1	132.4	147.5	180.1	194.7	193.4	199.6	203.6
Nontransactions components								
31 M2 ⁶	1,467.7	1,654.0	1,810.3	1,934.7 ^r	1,979.1	1,988.9	2,003.9	2,024.3
32 M3 only ⁷	494.7	515.1	617.0	639.2 ^r	667.6	664.1	660.6	662.4
Money market deposit accounts								
33 Commercial banks	26.3	230.5	267.2	332.4	344.8	348.6	355.2	359.0
34 Thrift institutions	16.9	148.7	149.7	179.6	180.4	182.2	185.2	187.2
Savings deposits ⁸								
35 Commercial Banks	162.1	132.2	121.4	123.5	127.2	129.5	132.2	135.1
36 Thrift institutions	193.1	172.3	166.5	178.3	185.8	190.3	194.8	198.8
Small denomination time deposits ⁹								
37 Commercial Banks	380.1	351.1	387.6	384.8	384.5	382.3	380.7	379.9
38 Thrift institutions	471.7	434.2	501.2	497.6	505.4	502.4	501.2	502.3
Money market mutual funds								
39 General purpose and broker/dealer	185.2	138.2	167.5	176.5	191.4	193.2	197.2	199.4
40 Institution-only	51.1	43.2	62.7	64.6	74.1	76.1	75.0	77.5
Large denomination time deposits ¹⁰								
41 Commercial Banks ¹¹	265.2	230.8	265.4 ^r	280.9	283.6	280.8	279.3	279.8
42 Thrift institutions	65.8	101.4	150.6	157.8	164.1	164.4	164.1	164.6
Debt components								
43 Federal debt	976.4	1,170.2	1,364.7	1,583.7	1,644.6	1,660.6	1,678.7	n.a.
44 Non-federal debt	3,679.3	4,016.3	4,581.6	5,220.3 ^r	5,397.3	5,447.0	5,494.7	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	1983 ¹	1984 ¹	1985 ¹	1986					
				Jan.	Feb.	Mar.	Apr.	May	June
DEBITS TO	Seasonally adjusted								
Demand deposits ²									
1 All insured banks	109,642.3	128,440.8	154,556.0	169,894.2	179,139.6	182,841.8	192,847.2	189,819.7	187,035.1
2 Major New York City banks	47,769.4	57,392.7	70,445.1	79,324.3	85,298.6	89,350.3	95,699.5	87,846.7	89,201.2
3 Other banks	61,873.1	71,048.1	84,110.9	90,569.9	93,841.0	93,491.5	97,147.7	101,973.0	97,833.9
4 ATS-NOW accounts ³	1,405.5	1,588.7	1,920.8	2,027.5	2,193.5	2,266.0	2,088.7	2,255.6	2,188.0
5 Savings deposits ⁴	741.4	633.1	539.0	362.4	364.6	356.7	385.2	389.7	382.6
DEPOSIT TURNOVER									
Demand deposits ²									
6 All insured banks	379.7	434.4	496.5	531.8	560.8	566.0	593.6	569.7	553.3
7 Major New York City banks	1,528.0	1,843.0	2,168.9	2,306.3	2,473.8	2,517.7	2,635.1	2,457.8	2,504.5
8 Other banks	240.9	268.6	301.8	317.7	329.3	325.1	336.6	342.8	323.5
9 ATS-NOW accounts ³	15.6	15.8	16.7	16.1	17.2	17.7	16.0	17.0	16.2
10 Savings deposits ⁴	5.4	5.0	4.5	2.9	3.0	2.9	3.1	3.1	3.0
DEBITS TO	Not seasonally adjusted								
Demand deposits ²									
11 All insured banks	109,517.6	128,059.1	154,108.4	180,495.6	161,655.6	179,715.2	195,373.5	184,827.4	188,924.1
12 Major New York City banks	47,707.4	57,282.4	70,400.9	84,880.9	77,376.9	87,757.0	95,408.5	85,189.6	91,315.2
13 Other banks	64,310.2	70,776.9	83,707.8	95,614.7	84,278.6	91,958.3	99,965.0	99,637.8	97,608.9
14 ATS-NOW accounts ³	1,397.0	1,579.5	1,903.4	2,406.1	2,065.3	2,349.0	2,393.2	2,256.6	2,356.3
15 MMDA ⁵	567.4	848.8	1,179.0	1,543.8	1,334.9	1,600.4	1,638.8	1,557.9	1,697.2
16 Savings deposits ⁴	742.0	632.9	538.7	392.4	331.1	362.3	418.7	377.8	385.9
DEPOSIT TURNOVER									
Demand deposits ²									
17 All insured banks	379.9	433.5	497.4	554.2	520.0	569.5	600.1	569.4	564.1
18 Major New York City banks	1,510.0	1,838.6	2,191.1	2,393.7	2,314.0	2,494.1	2,661.7	2,487.0	2,570.0
19 Other banks	240.5	267.9	301.6	329.4	303.8	328.0	345.0	343.2	326.0
20 ATS-NOW accounts ³	15.5	15.7	16.6	18.9	16.4	18.3	17.9	17.1	17.4
21 MMDA ⁵	2.8	3.5	3.8	4.6	4.0	4.7	4.8	4.5	4.8
22 Savings deposits ⁴	5.4	5.0	4.5	3.2	2.7	3.0	3.4	3.0	3.0

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.

A16 Domestic Financial Statistics □ October 1986

1.23 LOANS AND SECURITIES All Commercial Banks¹

Billions of dollars; averages of Wednesday figures

Category	1985					1986						
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ^r	June	July
Seasonally adjusted												
1 Total loans and securities ²	1,833.9	1,847.2	1,855.5	1,876.0	1,900.4	1,930.0	1,935.5	1,944.6	1,947.9	1,957.5	1,963.7 ^r	1,985.0
2 U.S. government securities	275.1	275.5	274.2	276.0	273.1	268.2	273.6	269.5	270.0	274.1	274.8 ^r	285.4
3 Other securities	150.7	153.6	157.3	163.3	177.6	192.5	188.1	183.3	182.1	181.9	183.6	186.1
4 Total loans and leases ²	1,408.0	1,418.0	1,424.0	1,436.8	1,449.7	1,469.3	1,473.7	1,491.8	1,495.8	1,501.5	1,505.3 ^r	1,513.4
5 Commercial and industrial	489.7	492.1	492.7	495.7	499.5	502.1	502.4	506.1	507.8	506.7	508.7	508.7
6 Bankers acceptances held ³ ..	5.1	4.9	4.9	4.9	4.9	4.9	4.8	4.9	5.2	5.6	6.1	5.8
7 Other commercial and												
8 industrial	484.6	487.1	487.8	490.7	494.7	497.2	497.6	501.2	502.6	501.0	502.6 ^r	502.8
9 U.S. addressees ⁴	475.6	478.3	479.4	482.4	486.0	488.0	488.4	491.3	492.7	490.6	493.1	493.8
10 Non-U.S. addressees ⁴	9.0	8.8	8.4	8.3	8.7	9.3	9.2	9.9	9.8	10.5	9.5	9.0
11 Real estate	405.9	409.5	414.0	418.0	422.4	427.1	431.4	436.1	440.7	446.4	450.7 ^r	455.9
12 Individual	282.9	285.4	287.5	289.7	291.5	294.6	297.4	299.5	301.1	303.0	304.5	305.6
13 Security	39.0	39.7	39.2	39.8	40.1	44.1	43.4	50.3	47.9	46.4 ^r	42.5 ^r	44.8
14 Nonbank financial												
15 institutions	31.4	31.5	31.3	32.0	32.6	32.6	31.9	32.3	32.4	33.3	34.7	34.2
16 Agricultural	38.6	38.3	37.9	37.1	36.3	35.9	35.4	34.9	34.6 ^r	34.1 ^r	33.7 ^r	33.3
17 State and political												
18 subdivisions	48.8	48.8	49.3	50.0	52.8	60.5	60.3	60.2	59.8	59.5	59.4	59.1
19 Foreign banks	9.7	9.6	9.3	9.0	9.1	9.1	9.2	9.2	9.2	9.3 ^r	9.5	9.5
20 Foreign official institutions ..	6.2	6.5	6.6	6.7	6.9	7.0	7.0	6.8	5.3	5.1	6.4	6.5
21 Lease financing receivables ..	18.0	18.1	18.3	18.4	18.8	19.4	19.6	19.8	19.9	19.8	20.0	20.0
22 All other loans	37.7	38.5	38.0	40.3	39.6	36.8	35.7	36.5 ^r	37.3 ^r	37.9 ^r	35.4 ^r	35.8
Not seasonally adjusted												
20 Total loans and securities ²	1,826.9	1,845.4	1,851.8	1,875.7	1,912.6	1,934.8	1,932.4	1,944.1	1,950.5	1,956.7	1,965.4 ^r	1,981.4
21 U.S. government securities	273.4	274.1	270.3	273.7	271.0	267.7	275.0	273.2	274.0	275.4	276.2	285.3
22 Other securities	150.5	153.6	156.8	163.3	178.7	193.8	188.9	183.9	181.8	182.2	182.5	183.9
23 Total loans and leases ²	1,402.9	1,417.7	1,424.7	1,438.7	1,462.9	1,473.3	1,468.5	1,487.1	1,494.7	1,499.0	1,506.7	1,512.1
24 Commercial and industrial	487.9	491.4	492.0	494.8	501.5	501.4	500.1	506.9	510.0	508.5	509.4 ^r	508.6
25 Bankers acceptances held ³ ..	5.0	4.8	4.8	5.0	5.2	4.9	4.7	5.0	5.2	5.5	6.0	6.0
26 Other commercial and												
27 industrial	482.8	486.6	487.2	489.7	496.4	496.5	495.4	501.9	504.9	503.0	503.4 ^r	502.6
28 U.S. addressees ⁴	473.6	477.5	478.4	481.0	487.3	487.3	486.3	492.7	495.4	493.3	494.0	493.3
29 Non-U.S. addressees ⁴	9.3	9.1	8.8	8.8	9.0	9.2	9.1	9.2	9.5	9.7	9.4	9.3
30 Real estate	406.1	410.5	415.2	419.2	423.3	427.3	430.6	434.9	439.5	445.2	450.2	455.8
31 Individual	283.2	286.7	289.0	291.0	294.8	297.0	296.3	296.8	298.6	301.1	303.1	304.9
32 Security	36.6	37.5	38.6	41.0	45.4	46.8	42.6	49.5 ^r	48.4	45.6	42.5	43.0
33 Nonbank financial												
34 institutions	31.6	31.7	31.1	32.1	33.4	32.9	31.3	31.7	32.2	33.1	34.6	34.3
35 Agricultural	39.5	39.2	38.5	37.2	36.0	35.2	34.5	34.0	33.9 ^r	34.0 ^r	34.2 ^r	34.1
36 State and political												
37 subdivisions	48.8	48.8	49.3	50.0	52.8	60.5	60.3	60.2	59.8	59.5	59.4	59.1
38 Foreign banks	9.4	9.7	9.5	9.3	9.5	9.3	9.3	9.1	9.0	9.1	9.2	9.4
39 Foreign official institutions ..	6.2	6.5	6.6	6.7	6.9	7.0	7.0	6.8	5.3	5.1	6.4	6.5
40 Lease financing receivables ..	17.9	18.1	18.2	18.3	18.8	19.6	19.8	19.8	19.9	19.9	20.0	20.0
41 All other loans	35.7	37.8	36.7	39.1	40.5	36.3	36.5	37.4	38.1 ^r	37.9 ^r	37.7 ^r	36.5

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 BANKS¹

Monthly averages, billions of dollars

Source	1985 ^r					1986 ^r						
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
Total nondeposit funds												
1 Seasonally adjusted ²	112.7	114.8	118.8	122.3	128.2	131.7	131.7	141.2	133.9	135.7	133.1	135.4
2 Not seasonally adjusted	111.9	113.2	117.4	123.4	127.9	131.8	134.4	143.7	134.8	137.8	131.8	131.5
Federal funds, RPs, and other borrowings from nonbanks ³												
3 Seasonally adjusted	142.6	143.6	144.3	149.4	154.1	151.6	152.7	160.6	160.1	157.8	157.5	165.5
4 Not seasonally adjusted	141.8	142.0	142.9	150.5	153.7	151.6	155.3	163.1	161.0	160.0	156.2	161.6
5 Net balances due to foreign-related institutions, not seasonally adjusted	-29.9	-28.8	-25.5	-27.2	-25.9	-19.9	-21.0	-19.4	-26.3	-22.1	-24.4	-30.2
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted ⁴	-32.8	-30.7	-28.6	-30.2	-31.6	-28.0	-25.8	-26.5	-30.2	-29.3	-30.4	-33.8
7 Gross due from balances	75.8	74.7	74.2	74.1	76.3	74.3	69.4	71.7	75.3	72.9	72.2	73.9
8 Gross due to balances	43.0	44.0	45.5	43.9	44.7	46.4	43.6	45.2	45.1	43.6	41.7	40.1
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted ⁵	2.8	1.9	3.2	3.1	5.7	8.1	4.8	7.2	3.9	7.2	6.0	3.6
10 Gross due from balances	55.0	55.9	55.2	55.9	56.7	57.6	60.0	60.6	62.5	59.9	62.8	64.2
11 Gross due to balances	57.9	57.8	58.4	58.9	62.5	65.7	64.8	67.8	66.4	67.1	68.8	67.8
Security RP borrowings												
12 Seasonally adjusted ⁶	83.7	85.9	85.6	85.9	89.4	87.6	89.5	89.7	89.7	89.0	89.2	95.7
13 Not seasonally adjusted	82.9	84.3	84.2	87.0	89.0	87.7	92.2	92.2	90.6	91.2	88.0	91.8
U.S. Treasury demand balances ⁷												
14 Seasonally adjusted	16.1	14.9	4.7	13.5	17.5	19.0	21.1	15.7	17.4	21.3	18.5	14.6
15 Not seasonally adjusted	13.4	16.8	5.4	7.9	14.6	24.0	24.2	15.7	17.8	21.8	16.1	16.7
Time deposits, \$100,000 or more ⁸												
16 Seasonally adjusted	327.2	330.8	333.9	335.9	337.6	349.4	351.9	347.7	346.9	340.4	339.8	338.6
17 Not seasonally adjusted	327.7	332.7	336.3	337.5	339.4	348.3	350.7	348.3	343.5	339.6	338.1	337.6

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

Data for lines 1-4 and 12-17 have been revised in light of benchmarking and revised seasonal adjustment.

2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars. Includes averages of Wednesday data for domestically chartered banks and averages of current and previous month-end data for foreign-related institutions.

3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign

banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans.

4. Averages of daily figures for member and nonmember banks.

5. Averages of daily data.

6. Based on daily average data reported by 122 large banks.

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

8. Averages of Wednesday figures.

NOTE. The seasonally adjusted series for total nondeposit funds (line 1) and federal funds, RPs, and other borrowings from nonbanks (line 3) have been revised back to November 1980. The revised data are available on request from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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

Billions of dollars

Account	1985				1986						
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
ALL COMMERCIAL BANKING INSTITUTIONS¹											
1 Loans and securities	1,976.4	1,985.8	2,035.6	2,068.7	2,065.2	2,078.8	2,091.4	2,113.4	2,101.3	2,105.5	2,137.3
2 Investment securities	403.8	402.4	410.5	420.4	432.5	432.8	427.2	429.5	430.9	432.6	443.9
3 U.S. government securities	258.1	252.9	254.9	253.9	251.9	255.1	253.7	255.8	257.7	259.6	268.4
4 Other	145.7	149.6	155.6	166.5	180.6	177.7	173.5	173.6	173.2	173.0	175.5
5 Trading account assets	26.4	25.0	32.0	31.1	30.1	34.0	30.1	27.8	27.0	27.4	28.7
6 Total loans	1,546.2	1,558.4	1,593.1	1,617.2	1,602.6	1,612.0	1,634.2	1,656.1	1,643.5	1,645.5	1,664.7
7 Interbank loans	128.6	132.4	149.0	150.6	140.4	143.5	146.0	155.7	146.2	139.2	147.5
8 Loans excluding interbank	1,417.6	1,425.9	1,444.2	1,466.7	1,462.2	1,468.5	1,488.1	1,500.4	1,497.2	1,506.3	1,517.2
9 Commercial and industrial	492.3	491.7	495.8	500.2	496.7	501.8	508.5	510.3	506.2	512.3	510.6
10 Real estate	411.5	416.7	420.2	423.7	428.7	431.5	435.9	441.7	446.4	451.4	457.9
11 Individual	287.4	290.3	292.0	296.0	297.4	296.4	296.9	300.4	301.1	304.0	305.6
12 All other	226.3	227.2	236.2	246.7	239.4	238.7	246.9	247.8	243.6	238.7	243.2
13 Total cash assets	189.6	191.5	209.0	213.3	187.3	193.7	198.1	209.9	221.0	196.0	204.8
14 Reserves with Federal Reserve Banks	24.8	19.5	20.4	27.6	21.9	26.2	29.1	25.5	30.2	27.9	28.0
15 Cash in vault	22.1	22.6	21.4	22.2	23.0	22.7	21.8	22.3	23.9	23.0	23.3
16 Cash items in process of collection	61.6	68.1	82.1	79.5	64.2	66.9	68.8	80.7	84.6	67.3	72.1
17 Demand balances at U.S. depository institutions	30.6	31.5	35.8	36.0	31.3	31.8	31.1	34.7	36.8	32.0	33.8
18 Other cash assets	50.6	49.8	49.4	48.0	47.0	46.1	47.4	46.7	45.5	45.8	47.6
19 Other assets	196.2	189.2	197.1	201.9	187.0	186.5	195.3	207.0	195.9	196.6	195.6
20 Total assets/total liabilities and capital	2,362.2	2,366.5	2,441.8	2,483.8	2,439.6	2,458.9	2,484.8	2,530.3	2,518.3	2,498.1	2,537.7
21 Deposits	1,690.5	1,713.6	1,751.7	1,772.5	1,739.5	1,746.4	1,762.8	1,798.4	1,807.4	1,791.9	1,817.5
22 Transaction deposits	475.2	491.7	522.2	536.9	488.8	492.1	502.5	540.7	542.7	523.3	539.7
23 Savings deposits	440.1	445.8	450.4	452.0	454.2	457.2	462.0	467.8	477.3	482.4	490.9
24 Time deposits	775.3	776.2	779.1	783.6	796.5	797.1	798.3	789.9	787.5	786.3	786.9
25 Borrowings	328.3	313.6	356.1	367.8	364.4	374.7	373.1	390.7	367.4	366.8	380.4
26 Other liabilities	179.0	173.7	167.9	175.8	167.6	169.1	179.3	170.4	173.1	168.5	170.1
27 Residual (assets less liabilities)	164.4	165.5	166.0	167.7	168.2	168.8	169.7	170.8	170.3	170.9	169.6
MEMO											
28 U.S. government securities (including trading account)	275.2	268.6	274.8	269.7	269.8	278.4	273.7	274.0	275.1	276.5	287.7
29 Other securities (including trading account)	155.1	158.8	167.7	181.8	192.8	188.4	183.6	183.3	182.8	183.5	184.9
DOMESTICALLY CHARTERED COMMERCIAL BANKS²											
30 Loans and securities	1,869.9	1,879.5	1,926.0	1,954.3	1,954.3	1,964.0	1,972.4	1,993.3	1,985.3	1,990.0	2,013.9
31 Investment securities	392.9	391.1	399.5	409.9	421.1	420.8	416.0	416.1	417.1	419.6	432.5
32 U.S. government securities	253.1	247.4	250.1	249.0	247.0	249.6	248.5	248.8	250.2	253.1	263.1
33 Other	139.7	143.8	149.4	160.9	174.1	171.2	167.5	167.2	166.9	166.5	169.3
34 Trading account assets	26.4	25.0	32.0	31.1	30.1	34.0	30.1	27.8	27.0	27.4	28.7
35 Total loans	1,450.6	1,463.4	1,494.5	1,513.4	1,503.1	1,509.2	1,526.3	1,549.4	1,541.3	1,543.0	1,552.8
36 Interbank loans	104.2	108.7	124.1	123.8	115.8	115.8	120.2	129.3	123.3	117.3	122.7
37 Loans excluding interbank	1,346.4	1,354.6	1,370.4	1,389.5	1,387.3	1,393.5	1,406.1	1,420.1	1,418.0	1,425.8	1,430.1
38 Commercial and industrial	440.2	439.3	441.8	445.3	442.5	446.2	448.2	452.3	449.8	452.5	448.3
39 Real estate	406.1	411.5	415.0	418.4	423.6	426.4	430.7	436.3	440.7	445.8	451.9
40 Individual	287.1	290.0	291.7	295.7	297.1	296.2	296.6	300.1	300.8	303.6	305.3
41 All other	213.1	213.8	222.0	230.1	224.7	224.7	230.7	231.4	226.7	223.9	224.5
42 Total cash assets	173.5	175.7	193.4	197.2	171.1	179.1	182.7	194.3	205.8	180.1	187.9
43 Reserves with Federal Reserve Banks	24.2	18.3	19.2	25.8	21.0	25.5	28.4	24.4	28.7	26.3	27.2
44 Cash in vault	22.0	22.6	21.4	22.2	23.0	22.6	21.7	22.2	23.8	22.9	23.2
45 Cash items in process of collection	61.3	67.9	81.8	79.3	63.8	66.5	68.4	80.3	84.2	66.7	71.7
46 Demand balances at U.S. depository institutions	29.1	30.1	33.9	34.3	29.4	30.1	29.4	33.0	35.1	30.2	32.0
47 Other cash assets	36.8	36.8	37.1	35.7	34.0	34.3	34.7	34.3	34.0	34.0	33.7
48 Other assets	142.8	141.1	146.2	150.0	137.8	134.6	144.0	150.3	142.8	144.1	143.3
49 Total assets/total liabilities and capital	2,186.1	2,196.3	2,265.6	2,301.6	2,263.1	2,278.8	2,299.1	2,337.9	2,334.0	2,314.1	2,345.1
50 Deposits	1,643.1	1,666.4	1,704.6	1,724.4	1,689.6	1,698.2	1,713.1	1,749.1	1,758.7	1,741.4	1,767.3
51 Transaction deposits	468.3	485.0	515.3	529.5	481.6	484.8	495.0	533.1	535.3	515.5	532.1
52 Savings deposits	438.5	444.1	448.6	450.3	452.4	455.3	460.1	465.8	475.2	480.3	489.0
53 Time deposits	736.3	737.3	740.7	744.7	755.7	758.1	758.1	750.1	748.1	745.6	746.3
54 Borrowings	263.8	252.2	285.0	295.7	298.0	304.9	304.8	309.1	294.2	293.5	300.5
55 Other liabilities	117.9	115.4	113.0	116.9	110.5	109.0	114.6	112.0	113.9	111.5	110.2
56 Residual (assets less liabilities)	161.3	162.4	162.9	164.6	165.0	165.6	166.5	167.7	167.2	167.8	167.0

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								
	June 4 ¹	June 11 ¹	June 18 ¹	June 25 ¹	July 2	July 9	July 16	July 23	July 30
1 Cash and balances due from depository institutions	103,270	93,824	95,853	93,038	105,927	99,121	106,323	91,325	98,079
2 Total loans, leases and securities, net	938,630	927,382	933,283	929,144	951,244	943,886	951,829	939,169	943,699
3 U.S. Treasury and government agency	93,207	91,590	93,073	93,749	95,609	98,158	103,198	104,315	103,212
4 Trading account	21,410	19,220	20,204	20,233	20,015	21,058	25,319	25,794	22,549
5 Investment account, by maturity	71,797	72,369	72,869	73,516	75,594	77,100	77,878	78,521	80,663
6 One year or less	19,468	19,181	19,114	18,772	18,496	18,257	18,044	17,756	18,024
7 Over one through five years	33,589	34,530	34,443	34,447	35,903	36,764	36,924	36,932	37,644
8 Over five years	18,740	18,658	19,312	20,297	21,196	22,079	22,910	23,833	24,995
9 Other securities	67,604	67,023	67,255	68,266	67,685	66,893	68,170	68,962	69,411
10 Trading account	4,148	4,098	4,397	5,251	5,343	4,380	5,311	5,543	5,434
11 Investment account	63,456	62,925	62,858	63,015	62,343	62,513	62,859	63,418	63,976
12 States and political subdivisions, by maturity	56,212	55,894	55,834	55,882	55,014	55,096	55,252	55,659	55,961
13 One year or less	8,794	8,689	8,680	8,585	7,964	7,982	8,014	8,181	8,216
14 Over one year	47,418	47,205	47,154	47,297	47,050	47,114	47,238	47,478	47,746
15 Other bonds, corporate stocks, and securities	7,243	7,031	7,024	7,132	7,329	7,416	7,606	7,759	8,015
16 Other trading account assets	5,391	5,190	5,192	5,577	5,916	5,884	5,777	4,655	4,363
17 Federal funds sold ¹	65,473	59,944	61,116	54,030	69,149	62,471	65,180	53,883	58,905
18 To commercial banks	39,864	34,735	36,685	31,891	45,004	38,787	40,227	31,876	35,851
19 To nonbank brokers and dealers in securities	16,373	15,644	15,462	14,851	15,048	14,826	17,961	15,266	15,344
20 To others	9,236	9,566	8,969	7,287	9,097	8,857	6,992	6,741	7,421
21 Other loans and leases, gross ²	727,148	723,867	726,900	727,698	733,613	731,168	730,209	728,037	728,564
22 Other loans, gross ²	711,142	707,842	710,852	711,642	717,507	715,069	714,238	712,013	712,518
23 Commercial and industrial ²	259,328	259,100	258,699	259,790	259,944	258,986	257,461	256,583	256,621
24 Bankers acceptances and commercial paper	2,633	2,531	2,692	2,605	2,544	2,579	2,269	2,184	2,219
25 All other	256,695	256,569	256,007	257,185	257,400	256,406	255,192	254,399	254,402
26 U.S. addressees	252,556	252,366	251,888	253,243	253,388	252,425	251,171	250,410	250,429
27 Non-U.S. addressees	4,138	4,203	4,119	3,942	4,011	3,982	4,020	3,989	3,972
28 Real estate loans ²	189,943	190,607	191,692	191,473	192,441	192,754	193,797	193,849	194,264
29 To individuals for personal expenditures	134,988	135,050	135,408	135,947	136,181	136,063	136,580	136,894	137,320
30 To depository and financial institutions	46,483	45,482	46,218	45,452	46,418	46,981	47,062	46,074	45,581
31 Commercial banks in the United States	15,216	14,065	14,484	14,225	14,466	14,242	14,821	14,916	14,854
32 Banks in foreign countries	5,648	5,329	5,517	5,367	5,836	5,886	5,862	5,577	5,151
33 Nonbank depository and other financial institutions	25,619	26,088	26,217	25,860	26,096	26,853	26,379	25,581	25,576
34 For purchasing and carrying securities	18,329	17,048	16,804	16,617	18,813	17,364	17,651	17,394	16,644
35 To finance agricultural production	6,230	6,245	6,243	6,261	6,286	6,198	6,144	6,151	6,168
36 To states and political subdivisions	36,148	36,097	36,261	36,371	36,048	35,867	36,010	36,097	36,090
37 To foreign governments and official institutions	3,182	3,206	3,291	3,209	3,397	3,345	3,263	3,143	3,227
38 All other	16,510	15,008	16,236	16,520	17,980	17,511	16,270	15,828	16,602
39 Lease financing receivables	16,006	16,024	16,048	16,056	16,106	16,098	15,971	16,023	16,046
40 LESS: Unearned income	4,914	4,921	4,937	4,945	4,901	4,907	4,917	4,926	4,924
41 Loan and lease reserve ²	15,279	15,310	15,316	15,230	15,780	15,788	15,788	15,757	15,832
42 Other loans and leases, net ²	706,955	703,635	706,647	707,523	712,885	710,480	709,503	707,354	707,807
43 All other assets	130,668	128,059	127,668	126,174	132,345	128,357	128,163	126,374	125,175
44 Total assets	1,172,569	1,149,266	1,156,804	1,148,356	1,189,517	1,171,364	1,186,315	1,156,868	1,166,953
45 Demand deposits	225,299	211,349	215,383	208,308	237,852	221,961	228,160	209,256	215,827
46 Individuals, partnerships, and corporations	172,054	163,245	163,340	158,882	179,903	170,206	173,553	160,347	165,736
47 States and political subdivisions	4,893	4,382	5,589	5,868	5,758	5,108	5,407	4,839	5,100
48 U.S. government	4,505	2,673	4,624	1,898	1,637	2,966	2,921	2,426	2,839
49 Depository institutions in United States	25,543	23,453	24,715	23,940	28,422	24,664	27,460	23,917	24,119
50 Banks in foreign countries	6,260	6,099	6,448	6,472	6,521	6,889	6,545	6,689	6,058
51 Foreign governments and official institutions	846	795	926	804	895	1,143	1,033	822	945
52 Certified and officers' checks	11,198	10,701	9,741	10,443	14,713	10,985	11,241	10,216	11,030
53 Transaction balances other than demand deposits	47,005	46,590	46,124	45,045	47,199	47,363	47,031	46,414	46,446
54 Nontransaction balances	494,181	494,597	492,577	492,293	494,287	493,911	495,469	495,339	495,474
55 Individuals, partnerships and corporations	455,889	456,169	454,486	454,077	457,833	457,790	459,060	458,445	458,594
56 States and political subdivisions	25,914	26,057	25,723	25,839	24,255	24,080	24,278	24,370	24,421
57 U.S. government	790	844	866	854	799	806	806	813	807
58 Depository institutions in the United States	10,171	10,167	10,145	10,242	10,103	9,957	10,047	10,441	10,390
59 Foreign governments, official institutions and banks	1,416	1,359	1,357	1,282	1,297	1,279	1,279	1,269	1,263
60 Liabilities for borrowed money	240,055	231,771	239,441	237,296	246,983	245,726	250,821	242,231	245,779
61 Borrowings from Federal Reserve Banks	531	391	445	268	481	152	1,470	112	185
62 Treasury tax-and-loan notes	5,294	1,070	12,736	18,341	11,884	8,501	7,746	11,439	12,273
63 All other liabilities for borrowed money ³	234,230	230,310	226,260	218,686	234,618	237,072	241,605	230,680	233,321
64 Other liabilities and subordinated note and debentures	84,072	82,692	81,430	83,160	81,489	80,276	82,976	81,738	81,709
65 Total liabilities	1,090,614	1,067,000	1,074,955	1,066,102	1,107,810	1,089,236	1,104,457	1,074,979	1,085,235
66 Residual (total assets minus total liabilities) ⁴	81,956	82,266	81,849	82,254	81,707	82,128	81,858	81,890	81,718
MEMO									
67 Total loans and leases (gross) and investments adjusted ⁵	903,743	898,814	902,367	903,203	912,503	911,544	917,486	913,060	913,750
68 Total loans and leases (gross) adjusted ^{2,5}	737,540	735,011	736,847	735,611	743,293	740,609	740,340	735,128	736,764
69 Time deposits in amounts of \$100,000 or more	155,395	155,082	154,362	153,897	152,518	151,734	152,697	153,252	153,408
70 Loans sold outright to affiliates—total ⁶	1,458	1,431	1,463	1,405	1,386	1,483	1,494	1,659	1,613
71 Commercial and industrial	913	905	939	855	859	953	976	967	922
72 Other	545	526	524	549	526	531	518	692	691
73 Nontransaction savings deposits (including MMDAs)	206,127	206,887	206,418	206,472	209,167	209,766	210,596	210,156	210,274

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									
	June 4	June 11	June 18	June 25	July 2	July 9	July 16	July 23	July 30	
1 Cash and balances due from depository institutions	26,129	22,984	22,613	24,072	26,723	28,072	28,146	23,242	27,006	
2 Total loans, leases and securities, net ¹	201,936	197,436	199,959	195,627 ^r	203,780	199,895	202,334	196,438	199,965	
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	10,120	9,892	9,717	9,543	10,128	10,139	10,323	10,421	11,026	
6 One year or less	1,226	1,072	1,056	1,020	1,055	1,054	1,086	1,074	1,138	
7 Over one through five years	4,959	4,919	4,626	4,722	5,295	5,264	5,488	5,488	5,626	
8 Over five years	3,935	3,901	4,034	3,801	3,778	3,820	3,750	3,859	4,262	
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	15,217	15,035	15,008	15,118	15,000	15,048	15,094	15,248	15,362	
12 States and political subdivisions, by maturity	13,226	13,203	13,175	13,133	12,994	13,039	13,054	13,169	13,266	
13 One year or less	1,712	1,714	1,678	1,618	1,534	1,483	1,485	1,536	1,562	
14 Over one year	11,514	11,489	11,498	11,515	11,461	11,556	11,569	11,633	11,705	
15 Other bonds, corporate stocks and securities	1,990	1,832	1,833	1,985	2,006	2,009	2,039	2,079	2,095	
16 Other trading account assets ²	0	0	0	0	0	0	0	0	0	
Loans and leases										
17 Federal funds sold ³	30,682	29,213	30,598	25,733	31,623	28,483	31,796	25,834	29,585	
18 To commercial banks	14,504	12,382	14,669	12,114	16,304	13,473	15,835	12,151	14,393	
19 To nonbank brokers and dealers in securities	8,642	8,882	8,655	7,740	8,068	8,103	10,458	8,011	8,798	
20 To others	7,535	7,948	7,273	5,880	7,251	6,907	5,503	5,671	6,394	
21 Other loans and leases, gross	151,716	149,154	150,506	151,040 ^r	152,751	151,965	150,910	150,736	149,832	
22 Other loans, gross	148,687	146,113	147,451	147,977 ^r	149,677	148,876	147,829	147,636	146,716	
23 Commercial and industrial	56,742	56,603	56,251	57,108	57,011	56,056	56,040	55,550	55,760	
24 Bankers acceptances and commercial paper	592	549	511	580	499	567	480	473	501	
25 All other	56,150	56,054	55,740	56,528	56,512	55,488	55,560	55,076	55,258	
26 U.S. addressees	55,718	55,619	55,328	56,093	56,088	55,078	55,146	54,671	54,855	
27 Non-U.S. addressees	432	435	412	435	425	410	414	405	403	
28 Real estate loans	31,808	31,885	32,113	32,159	32,383	32,522	32,609	32,725	32,582	
29 To individuals for personal expenditures	18,237	18,297	18,348	18,442	18,552	18,786	18,843	18,890	18,966	
30 To depository and financial institutions	16,638	16,075	16,611	16,249	16,353	16,890	16,781	16,714	16,137	
31 Commercial banks in the United States	7,314	6,747	7,229	7,008	6,928	6,795	7,008	7,195	6,875	
32 Banks in foreign countries	2,336	2,125	2,373	2,284	2,387	2,749	2,883	2,656	2,221	
33 Nonbank depository and other financial institutions	6,987	7,203	7,008	6,958	7,037	7,346	6,889	6,864	7,041	
34 For purchasing and carrying securities	9,894	8,689	8,707	8,432	9,645	9,132	8,854	9,270	8,358	
35 To finance agricultural production	296	285	285	279	288	275	275	278	280	
36 To states and political subdivisions	9,186	9,191	9,278	9,326	9,054	8,892	8,860	8,844	8,746	
37 To foreign governments and official institutions	776	823	888	811	1,008	956	856	738	830	
38 All other	5,111	4,264	4,970	5,171 ^r	5,383	5,368	4,710	4,626	5,056	
39 Lease financing receivables	3,030	3,041	3,055	3,063	3,074	3,089	3,081	3,101	3,116	
40 Less: Unearned income	1,447	1,449	1,460	1,473	1,446	1,456	1,463	1,472	1,474	
41 Loan and lease reserve	4,353	4,409	4,409	4,335	4,277	4,285	4,326	4,329	4,366	
42 Other loans and leases, net	145,917	143,296	144,637	145,232 ^r	147,028	146,224	145,122	144,936	143,992	
43 All other assets ⁴	76,256	72,726	71,797	71,903	75,232	72,029	76,002	74,399	69,718	
44 Total assets	304,321	293,146	294,552	291,602 ^r	305,735	299,996	306,483	294,079	296,689	
Deposits										
45 Demand deposits	59,756	52,544	55,605	55,635	64,085	59,054	61,319	55,823	58,093	
46 Individuals, partnerships, and corporations	41,649	35,308	37,458	36,788 ^r	41,974	39,945	41,026	38,014	40,426	
47 States and political subdivisions	664	546	734	1,262	1,002	811	986	643	606	
48 U.S. government	892	514	867	264	218	546	601	474	658	
49 Depository institutions in the United States	5,877	5,292	6,217	6,382	7,113	5,818	7,381	5,856	5,482	
50 Banks in foreign countries	4,956	4,981	5,273	5,151	5,142	5,491	5,189	5,359	4,780	
51 Foreign governments and official institutions	708	665	769	658	750	999	814	593	788	
52 Certified and officers' checks	5,009	5,238	4,286	5,129	7,886	5,444	5,322	4,883	5,352	
53 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	5,169	5,201	5,279	5,248	5,475	5,480	5,443	5,430	5,462	
54 Nontransaction balances	92,290	92,466	91,602	91,198	91,380	91,151	92,150	91,731	91,781	
55 Individuals, partnerships and corporations	83,124	83,126	82,448	82,196	83,112	82,971	83,806	83,280	83,326	
56 States and political subdivisions	5,999	6,101	5,997	6,033	5,309	5,263	5,258	5,367	5,410	
57 U.S. government	119	174	174	78	73	74	76	87	88	
58 Depository institutions in the United States	2,267	2,295	2,221	2,202	2,183	2,147	2,313	2,312	2,285	
59 Foreign governments, official institutions and banks	781	768	763	688	703	696	696	685	672	
60 Liabilities for borrowed money	85,562	82,028	81,962	78,532	84,922	84,979	85,760	80,846	81,581	
61 Borrowings from Federal Reserve Banks	0	0	0	0	0	0	1,250	0	0	
62 Treasury tax-and-loan notes	2,122	194	3,309	4,592	2,827	2,529	2,245	3,479	3,594	
63 All other liabilities for borrowed money ⁵	83,440	81,834	78,653	73,940	82,096	82,449	82,266	77,366	77,987	
64 Other liabilities and subordinated note and debentures	35,081	34,359	33,792	34,346	33,102	32,387	34,997	33,558	33,227	
65 Total liabilities	277,858	266,598	268,241	264,959 ^r	278,965	273,052	279,669	267,387	270,144	
66 Residual (total assets minus total liabilities) ⁶	26,463	26,548	26,311	26,643	26,770	26,944	26,813	26,691	26,546	
MEMO										
67 Total loans and leases (gross) and investments adjusted ^{1,7}	185,917	184,165	183,930	182,314 ^r	186,271	185,368	185,280	182,893	184,536	
68 Total loans and leases (gross) adjusted ⁷	160,579	159,238	159,205	157,653 ^r	161,142	160,180	159,863	157,224	158,148	
69 Time deposits in amounts of \$100,000 or more	34,779	34,238	34,003	33,456	33,362	33,192	33,911	33,463	33,326	

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' Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1986								
	June 4	June 11	June 18	June 25	July 2	July 9	July 16	July 23	July 30
1 Cash and due from depository institutions	10,224	9,149	10,126	9,793	9,883	9,420	10,528	9,959	11,169
2 Total loans and securities	67,599 ^r	66,538	67,739	66,675	68,664	67,167	67,811	68,438	69,394
3 U.S. Treasury and govt. agency securities	5,517	5,066	4,618	4,649	5,029	4,711	5,076	4,947	4,606
4 Other securities	4,421	4,429	4,445	4,469	4,489	4,546	4,508	4,597	4,659
5 Federal funds sold ²	3,886	4,146	4,893	3,125	4,037	3,611	3,237	4,142	4,475
6 To commercial banks in the United States	2,746	3,036	4,024	2,457	3,027	2,740	2,465	3,126	3,540
7 To others	1,141	1,110	869	668	1,010	870	772	1,016	935
8 Other loans, gross	53,774 ^r	52,895	53,783	54,432	55,108	54,299	54,990	54,752	55,654
9 Commercial and industrial	32,185 ^r	31,882	32,365	33,113	32,833	32,691	32,947	32,127	32,531
10 Bankers acceptances and commercial paper	2,705	2,604	2,854	2,912	2,802	2,826	2,660	2,695	3,000
11 All other	29,480 ^r	29,278	29,511	30,201	30,031	29,864	30,288	29,432	29,532
12 U.S. addressees	26,726	26,996	27,207	27,900	27,744	27,496	28,038	27,101	27,134
13 Non-U.S. addressees	2,754 ^r	2,282	2,304	2,301	2,287	2,369	2,249	2,330	2,398
14 To financial institutions	14,486	14,216	14,224	14,056	14,397	14,532	14,448	14,907	15,363
15 Commercial banks in the United States	11,082	10,771	10,720	10,919	11,176	11,417	11,356	11,824	12,345
16 Banks in foreign countries	962	889	1,034	891	1,056	915	885	1,032	1,051
17 Nonbank financial institutions	2,442	2,556	2,470	2,247	2,165	2,199	2,206	2,050	1,967
18 To foreign govt. and official institutions	559	554	584	609	584	594	629	637	638
19 For purchasing and carrying securities	2,573	2,221	2,544	2,557	3,186	2,560	3,041	3,032	3,045
20 All other	3,970	4,022	4,065	4,095	4,108	3,922	3,925	4,050	4,076
21 Other assets (claims on nonrelated parties)	21,576	22,390	21,858	21,802	22,200	22,173	22,427	21,967	22,044
22 Net due from related institutions	11,859	12,136	11,677	12,162	11,537	13,859	12,607	12,867	12,779
23 Total assets	111,257 ^r	110,212	111,399	110,432	112,284	112,619	113,373	113,231	115,387
24 Deposits or credit balances due to other than directly related institutions	31,299	31,256	31,754	33,408	32,898	33,018	33,303	32,834	33,853
25 Transaction accounts and credit balances ³	3,092	2,866	3,294	3,460	3,454	3,981	3,259	2,918	3,370
26 Individuals, partnerships, and corporations	1,564	1,594	1,609	1,767	1,701	1,865	1,676	1,680	1,928
27 Other	1,529	1,272	1,685	1,694	1,753	2,116	1,583	1,238	1,441
28 Nontransaction accounts ⁴	28,207	28,389	28,460	29,947	29,443	29,037	30,044	29,916	30,484
29 Individuals, partnerships, and corporations	23,294	23,420	23,517	24,501	23,964	23,627	24,590	23,964	24,097
30 Other	4,912	4,969	4,943	5,446	5,480	5,410	5,453	5,952	6,387
31 Borrowings from other than directly related institutions	45,829	43,504	46,421	42,591	47,005	45,722	46,030	45,453	45,863
32 Federal funds purchased ⁵	23,845	21,886	24,276	20,600	25,488	24,459	23,929	23,465	21,595
33 From commercial banks in the United States	16,033	14,123	17,543	13,820	17,460	17,278	16,958	15,026	14,990
34 From others	7,812	7,762	6,733	6,780	8,027	7,181	6,972	8,438	6,605
35 Other liabilities for borrowed money	21,983	21,618	22,145	21,991	21,518	21,263	22,101	21,988	24,268
36 To commercial banks in the United States	19,519	18,965	19,330	19,002	18,739	18,736	19,319	19,190	21,256
37 To others	2,464	2,653	2,815	2,989	2,779	2,527	2,781	2,797	3,012
38 Other liabilities to nonrelated parties	23,231	23,828	23,310	23,392	23,962	23,850	24,036	23,735	23,795
39 Net due to related institutions	10,898 ^r	11,624	9,914	11,041	8,418	10,029	10,004	11,208	11,876
40 Total liabilities	111,257 ^r	110,212	111,399	110,432	112,284	112,619	113,373	113,231	115,387
MEMO									
41 Total loans (gross) and securities adjusted ⁶	53,770 ^r	52,730	52,994	53,299	54,460	53,010	53,990	53,488	53,510
42 Total loans (gross) adjusted ⁶	43,832 ^r	43,235	43,932	44,181	44,942	43,752	44,406	43,944	44,244

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 Corporations¹

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

Type of holder	Commercial banks									
	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1985				1986	
					Mar. ^{3,4}	June	Sept.	Dec.	Mar.	June
1 All holders—Individuals, partnerships, and corporations	288.9	291.8	293.5	302.7	286.3	298.4	299.3	321.0	307.4	↑
2 Financial business	28.0	35.4	32.8	31.7	27.3	27.9	28.1	32.3	31.8	n.a.
3 Nonfinancial business	154.8	150.5	161.1	166.3	157.9	164.5	167.2	178.5	166.6	↓
4 Consumer	86.6	85.9	78.5	81.5	78.9	82.8	82.0	85.5	84.0	
5 Foreign	2.9	3.0	3.3	3.6	3.6	3.7	3.5	3.5	3.4	
6 Other	16.7	17.0	17.8	19.7	18.7	19.5	18.5	21.2	21.6	
	Weekly reporting banks									
	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec. ²	1985				1986	
					Mar. ^{3,4}	June	Sept.	Dec.	Mar.	June
7 All holders—Individuals, partnerships, and corporations	137.5	144.2	146.2	157.1	147.7	151.2	153.6	168.6	159.7	↑
8 Financial business	21.0	26.7	24.2	25.3	21.9	22.1	22.7	25.9	25.5	n.a.
9 Nonfinancial business	75.2	74.3	79.8	87.1	82.3	83.7	85.5	94.5	86.8	↓
10 Consumer	30.4	31.9	29.7	30.5	30.2	31.0	31.6	33.2	32.6	
11 Foreign	2.8	2.9	3.1	3.4	3.4	3.5	3.3	3.1	3.3	
12 Other	8.0	8.4	9.3	10.9	9.8	10.9	10.5	12.0	11.5	

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	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.	1986					
						Jan.	Feb.	Mar.	Apr.	May	June
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 All issuers	165,829	166,436	187,658	237,586	300,899	302,160	297,862	301,110	297,108	309,843	310,711
Financial companies ³											
Dealer-placed paper ⁴											
2 Total	30,333	34,605	44,455	56,485	78,443	79,048	78,136	84,071	83,871	87,423	89,757
3 Bank-related (not seasonally adjusted)	6,045	2,516	2,441	2,035	1,602	1,410	1,475	1,348	1,520	1,575	1,568
Directly placed paper ⁵											
4 Total	81,660	84,393	97,042	110,543	135,504	134,584	134,443	135,510	135,801	142,252	142,933
5 Bank-related (not seasonally adjusted)	26,914	32,034	35,566	42,105	44,778	37,418	36,948	37,013	37,835	39,009	40,147
6 Nonfinancial companies ⁶	53,836	47,437	46,161	70,558	86,952	88,528	85,283	81,529	77,436	80,168	78,021
	Bankers dollar acceptances (not seasonally adjusted) ⁷										
7 Total	69,226	79,543	78,309	77,121	68,115	68,314	67,188	66,882	66,235	66,759	67,080
Holder											
8 Accepting banks	10,857	10,910	9,355	9,811	11,174	11,145	12,331	13,061	12,287	12,216	12,789
9 Own bills	9,743	9,471	8,125	8,621	9,448	9,407	10,105	10,722	10,261	10,254	10,641
10 Bills bought	1,115	1,439	1,230	1,191	1,726	1,738	2,225	2,339	2,026	1,962	2,147
Federal Reserve Banks											
11 Own account	195	1,480	418	0	0	0	0	0	0	0	0
12 Foreign correspondents	1,442	949	729	671	937	898	874	877	746	664	896
13 Others	56,731	66,204	67,807	66,639	56,004	56,271	53,984	52,944	53,202	53,880	53,396
Basis											
14 Imports into United States	14,765	17,683	15,649	17,560	15,147	14,820	14,806	13,595	14,464	15,094	15,106
15 Exports from United States	15,400	16,328	16,880	15,859	13,204	12,951	13,115	13,410	13,473	13,574	13,721
16 All other	39,060	45,531	45,781	43,702	39,765	40,543	39,268	39,878	38,299	38,091	38,254

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—Apr.	10.50
Apr. 5	12.00	May 20	10.00	Feb.	11.00	May	10.31
May 8	12.50	June 18	9.50	Mar.	11.21	June	9.78
June 25	13.00			Apr.	11.93	July	9.50
Sept. 27	12.75	1986—Mar. 7	9.00	May	12.39	Aug.	9.50
Oct. 17	12.50	Apr. 21	8.50	June	12.60	Sept.	9.50
Nov. 9	11.75	July 11	8.00	July	13.00	Oct.	9.50
Nov. 28	11.25			Aug.	13.00	Nov.	9.50
Dec. 20	10.75			Sept.	12.97	Dec.	9.50
				Oct.	12.58		
				Nov.	11.77	1986—Jan.	9.50
				Dec.	11.06	Feb.	9.50
						Mar.	9.10
				1985—Jan.	10.61	Apr.	8.83
				Feb.	10.50	May	8.50
				Mar.	10.50	June	8.50
						July	8.16

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	1983	1984	1985	1986				1986, week ending					
				Apr.	May	June	July	June 27	July 4	July 11	July 18	July 25	
MONEY MARKET RATES													
1 Federal funds ^{1,2}	9.09	10.22	8.10	6.99	6.85	6.92	6.56	6.86	7.02	6.87	6.51	6.42	
2 Discount window borrowing ^{1,2,3}	8.50	8.80	7.69	6.83	6.50	6.50	6.16	6.50	6.50	6.50	6.07	6.00	
Commercial paper ^{4,5}													
3 1-month	8.87	10.05	7.94	6.75	6.72	6.79	6.42	6.74	6.71	6.59	6.34	6.28	
4 3-month	8.88	10.10	7.95	6.60	6.62	6.71	6.33	6.64	6.56	6.45	6.26	6.22	
5 6-month	8.89	10.16	8.01	6.47	6.53	6.63	6.24	6.51	6.41	6.32	6.19	6.17	
Finance paper, directly placed ^{4,5}													
6 1-month	8.80	9.97	7.91	6.69	6.73	6.80	6.42	6.72	6.69	6.62	6.31	6.28	
7 3-month	8.70	9.73	7.77	6.49	6.46	6.61	6.31	6.58	6.47	6.46	6.25	6.20	
8 6-month	8.69	9.65	7.75	6.44	6.33	6.53	6.24	6.50	6.38	6.35	6.19	6.17	
Bankers acceptances ^{5,6}													
9 3-month	8.90	10.14	7.92	6.48	6.54	6.60	6.23	6.52	6.37	6.31	6.19	6.15	
10 6-month	8.91	10.19	7.96	6.36	6.45	6.49	6.14	6.34	6.25	6.22	6.10	6.08	
Certificates of deposit, secondary market ⁷													
11 1-month	8.96	10.17	7.97	6.74	6.68	6.79	6.43	6.76	6.67	6.57	6.37	6.33	
12 3-month	9.07	10.37	8.05	6.60	6.65	6.73	6.37	6.62	6.51	6.43	6.33	6.31	
13 6-month	9.27	10.68	8.25	6.57	6.64	6.72	6.36	6.59	6.48	6.41	6.32	6.31	
14 Eurodollar deposits, 3-month ⁸	9.56	10.73	8.28	6.80	6.86	6.95	6.54	6.91	6.76	6.65	6.54	6.46	
U.S. Treasury bills ⁹													
Secondary market ⁹													
15 3-month	8.61	9.52	7.48	6.06	6.15	6.21	5.83	6.07	5.97	5.86	5.75	5.78	
16 6-month	8.73	9.76	7.65	6.08	6.19	6.27	5.86	6.08	5.93	5.88	5.81	5.84	
17 1-year	8.80	9.92	7.81	6.06	6.25	6.32	5.90	6.14	5.98	5.92	5.83	5.89	
Auction average ¹⁰													
18 3-month	8.52	9.57	7.47	6.06	6.12	6.21	5.84	6.09	5.99	5.85	5.78	5.72	
19 6-month	8.76	9.80	7.64	6.07	6.16	6.28	5.85	6.13	5.96	5.85	5.80	5.77	
20 1-year	8.86	9.91	7.83	5.94	6.17	6.59	5.98	n.a.	n.a.	5.98	n.a.	n.a.	
CAPITAL MARKET RATES													
U.S. Treasury notes and bonds ¹¹													
Constant maturities ¹²													
21 1-year	9.57	10.89	8.43	6.44	6.65	6.73	6.27	6.54	6.36	6.29	6.18	6.25	
22 2-year	10.21	11.65	9.27	6.70	7.07	7.18	6.67	6.93	6.78	6.72	6.58	6.63	
23 3-year	10.45	11.89	9.64	6.86	7.27	7.41	6.86	7.14	6.99	6.92	6.73	6.82	
24 5-year	10.80	12.24	10.13	7.05	7.52	7.64	7.06	7.33	7.21	7.13	6.91	7.01	
25 7-year	11.02	12.40	10.51	7.16	7.65	7.75	7.22	7.42	7.29	7.27	7.11	7.17	
26 10-year	11.10	12.44	10.62	7.30	7.71	7.80	7.30	7.45	7.35	7.33	7.19	7.26	
27 20-year	11.34	12.48	10.97	7.50	7.81	7.69	7.29	7.40	7.29	7.26	7.18	7.30	
28 30-year	11.18	12.39	10.79	7.39	7.52	7.57	7.27	7.36	7.21	7.18	7.16	7.32	
Composite ¹³													
29 Over 10 years (long-term)	10.84	11.99	10.75	7.59	8.02	8.23	7.86	7.92	7.80	7.79	7.72	7.91	
State and local notes and bonds													
Moody's series ¹⁴													
30 Aaa	8.80	9.61	8.60	6.81	7.22	7.49	7.24	7.25	7.25	7.20	7.20	7.30	
31 Baa	10.17	10.38	9.58	7.45	7.84	8.14	7.95	8.00	8.00	7.90	7.90	8.00	
32 Bond Buyer series ¹⁵	9.51	10.10	9.11	7.20	7.54	7.87	7.51	7.59	7.51	7.45	7.45	7.60	
Corporate bonds													
Seasoned issues ¹⁶													
33 All industries	12.78	13.49	12.05	9.51	9.69	9.73	9.52	9.59	9.54	9.52	9.48	9.53	
34 Aaa	12.04	12.71	11.37	8.79	9.09	9.13	8.88	9.01	8.93	8.89	8.84	8.86	
35 Aa	12.42	13.31	11.82	9.21	9.43	9.49	9.28	9.35	9.30	9.26	9.24	9.30	
36 A	13.10	13.74	12.28	9.83	9.94	9.96	9.76	9.81	9.78	9.77	9.75	9.76	
37 Baa	13.55	14.19	12.72	10.19	10.29	10.34	10.16	10.20	10.15	10.14	10.10	10.17	
38 A-rated, recently-offered utility bonds ¹⁷	12.73	13.81	12.06	9.26	9.50	9.65	9.57	9.55	9.49	9.54	9.51	9.67	
MEMO: Dividend/price ratio ¹⁸													
39 Preferred stocks	11.02	11.59	10.49	8.97	9.00	8.89	8.68	8.79	8.78	8.72	8.69	8.55	
40 Common stocks	4.40	4.64	4.25	3.43	3.42	3.36	3.41	3.33	3.27	3.40	3.52	3.45	

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	1983	1984	1985	1985		1986								
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July		
Prices and trading (averages of daily figures)														
Common stock prices														
1 New York Stock Exchange (Dec. 31, 1965 = 50).....	92.63	92.46	108.09	113.93	119.33	120.16	126.43	133.97	137.25	137.37	140.82	138.32		
2 Industrial.....	107.45	108.01	123.79	130.53	136.77	137.13	144.03	152.75	157.35	158.59	163.15	158.06		
3 Transportation.....	89.36	85.63	104.11	108.61	113.52	115.72	124.18	128.66	125.92	122.21	120.65	112.03		
4 Utility.....	47.00	46.44	56.75	59.07	61.69	62.46	65.18	68.06	69.35	68.65	70.69	74.20		
5 Finance.....	95.34	89.28	114.21	122.83	128.86	132.36	142.13	153.94	154.83	151.28	151.73	150.23		
6 Standard & Poor's Corporation (1941-43 = 10) ¹ ...	160.41	160.50	186.84	197.45	207.26	208.19	219.37	232.33	237.97	238.46	245.30	240.18		
7 American Stock Exchange ² (Aug. 31, 1973 = 50).....	216.48	207.96	229.10	236.53	243.28	245.27	246.09	264.91	270.59	274.22	281.18	269.93		
Volume of trading (thousands of shares)														
8 New York Stock Exchange.....	85,418	91,084	109,191	122,263	133,446	130,872	152,590	160,755	146,330	127,624	126,151	137,709		
9 American Stock Exchange.....	8,215	6,107	8,355	9,183	11,890	11,105	14,057	15,902	13,503	11,870	12,795	10,320		
Customer financing (end-of-period balances, in millions of dollars)														
10 Margin credit at broker-dealers ³	23,000	22,470	28,390	26,400	28,390	26,810	27,450	29,090	30,760	32,370	32,480	33,170		
Free credit balances at brokers ⁴														
11 Margin-account ⁵.....	.....	1,755	2,715	2,080	2,715	2,645	2,545	2,715	3,065	2,405	2,585	2,570	
12 Cash-account.....	8,430	10,215	12,840	10,340	12,840	11,695	12,355	13,920	14,340	12,970	13,570	14,600		
Margin-account debt at brokers (percentage distribution, end of period) ⁶														
13 Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	↑ n.a. ↓		
By equity class (in percent) ⁷														
14 Under 40.....	22.0	18.0	34.0	35.0	34.0	32.0	28.0	29.0	29.0	30.0	31.0			
15 40-49.....	22.0	18.0	20.0	20.0	20.0	21.0	19.0	19.0	20.0	19.0	20.0			
16 50-59.....	16.0	16.0	19.0	19.0	19.0	19.0	21.0	22.0	20.0	22.0	20.0			
17 60-69.....	9.0	9.0	11.0	11.0	11.0	11.0	13.0	13.0	13.0	12.0	13.0			
18 70-79.....	6.0	5.0	8.0	7.0	8.0	8.0	9.0	8.0	9.0	8.0	8.0			
19 80 or more.....	6.0	6.0	8.0	8.0	8.0	9.0	10.0	9.0	9.0	9.0	8.0			
Special miscellaneous-account balances at brokers (end of period) ⁶														
20 Total balances (millions of dollars) ⁸	58,329	75,840	99,310	95,240	99,310	99,290	104,228	103,450	105,790	109,620	112,401	↑ n.a. ↓		
Distribution by equity status (percent)														
21 Net credit status.....	63.0	59.0	58.0	57.0	58.0	59.0	60.0	61.0	59.0	58.0	59.0			
Debt status, equity of														
22 60 percent or more.....	28.0	29.0	31.0	32.0	31.0	33.0	32.0	31.0	33.0	33.0	32.0			
23 Less than 60 percent.....	9.0	11.0	11.0	11.0	11.0	8.0	8.0	8.0	8.0	9.0	9.0			
Margin requirements (percent of market value and effective date) ⁹														
	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.

A26 Domestic Financial Statistics □ October 1986

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1983	1984	1985					1986					
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Savings and loan associations													
1 Assets.....	773,417	903,488	929,345	930,296	936,391	945,856	952,867	942,559	947,075	951,580	958,567	966,836	957,447
2 Mortgages.....	494,789	555,277	574,220	575,685	580,780	583,262	585,462	580,734	578,847	577,062	577,691	577,593	566,630
3 Mortgage-backed securities.....			96,731	100,508	99,088	96,844	97,303	97,261	98,854	99,542	102,805	107,640	112,074
4 Cash and investment securities ¹	104,274	124,801	119,991	115,938	115,689	124,505	127,659	124,094	127,954	132,090	132,645	135,977	132,034
5 Other.....	174,354	223,396	235,195	238,708	239,922	238,089	239,745	237,734	240,272	242,428	248,231	253,265	257,784
6 Liabilities and net worth.....	773,417	903,488	929,345	930,296	936,391	945,856	952,867	942,559	947,075	951,580	958,567	966,836	957,447
7 Savings capital.....	634,455	725,045	743,651	742,928	744,093	747,219	752,903	748,066	749,876	754,973	753,725	754,280	746,489
8 Borrowed money.....	92,127	125,666	123,970	128,499	130,927	135,179	138,997	131,781	131,819	133,711	139,468	144,301	146,190
9 FHLBB.....	52,626	64,207	70,584	71,665	72,639	72,370	73,888	71,488	71,214	70,464	73,626	73,504	73,375
10 Other.....	39,501	61,459	53,386	56,834	58,288	62,809	65,109	60,293	60,605	63,247	65,842	70,797	72,815
11 Other.....	15,968	17,944	22,953	19,952	22,079	23,638	19,801	21,784	23,902	20,783	22,810	25,606	22,630
12 Net worth ²	30,867	34,833	38,770	38,917	39,292	39,820	41,086	40,928	41,477	42,113	42,564	42,649	42,138
MEMO													
13 Mortgage loan commitments outstanding ³	54,113	61,305	60,636	59,718	59,149	59,280	56,051	52,999	54,923	56,735	57,733	59,771	59,919
FSLIC-insured federal savings banks													
14 Assets.....	64,969	98,559	121,939	127,005	128,415	130,754	131,868	142,071	146,513	152,796	155,685	164,113	179,739
15 Mortgages.....	38,698	57,429	68,601	71,010	72,093	72,852	72,355	78,987	81,645	84,697	86,593	89,151	99,498
16 Mortgage-backed securities.....	7,172	9,949	13,232	14,323	14,549	15,386	15,676	16,619	16,366	17,852	18,660	19,846	21,167
17 Other.....	6,595	10,971	11,505	11,591	11,831	11,895	11,723	13,258	13,766	13,923	14,597	15,034	16,781
18 Liabilities and net worth.....	64,969	98,559	121,939	127,005	128,415	130,754	131,868	142,071	146,513	152,796	155,685	164,113	179,739
19 Savings capital.....	53,227	79,572	97,176	101,330	101,874	102,937	103,462	111,808	114,743	119,403	121,133	126,103	138,149
20 Borrowed money.....	7,477	12,798	16,296	17,228	17,672	18,606	19,323	20,413	21,248	22,722	23,189	25,680	28,074
21 FHLBB.....	4,640	7,515	9,547	9,821	9,935	10,353	10,510	11,151	11,283	12,064	12,476	12,830	15,301
22 Other.....	2,837	5,283	6,749	7,407	7,737	8,253	8,813	9,262	9,965	10,658	10,713	12,850	12,773
23 Other.....	1,157	1,903	2,890	2,556	2,893	3,113	2,732	2,989	3,403	3,323	3,762	4,347	4,318
24 Net worth.....	3,108	4,286	5,577	5,891	5,975	6,098	6,351	6,860	7,118	7,348	7,598	7,983	9,199
MEMO													
25 Mortgage loan commitments outstanding ³	2,151	3,234	5,515	5,832	5,653	5,636	5,355	6,707	7,718	8,330	8,287	8,781	9,210
Savings banks													
26 Assets.....	193,535	203,898	215,298	215,560	215,893	216,793	216,776	216,673	218,119	221,256	222,542	226,495	↑
Loans													
27 Mortgage.....	97,356	102,895	107,322	108,842	109,171	109,494	110,371	108,973	109,702	110,271	111,813	112,417	
28 Other.....	19,129	24,954	30,195	29,672	29,967	31,217	30,876	31,752	32,501	34,873	34,591	35,500	
Securities													
29 U.S. government.....	15,360	14,643	13,868	13,686	13,734	13,434	13,111	12,568	12,474	12,313	12,013	13,210	
30 Mortgage-backed securities.....	18,205	19,215	20,101	20,368	20,012	19,828	19,481	21,372	21,525	21,593	21,885	22,546	
31 State and local government.....	2,177	2,077	2,105	2,107	2,163	2,148	2,323	2,298	2,297	2,306	2,372	2,343	
32 Corporate and other.....	25,375	23,747	23,735	23,534	23,039	22,816	21,199	20,828	20,707	20,403	20,439	20,260	
33 Cash.....	6,263	4,954	4,821	4,916	4,893	4,771	6,225	5,645	5,646	5,845	5,570	6,225	
34 Other assets.....	9,670	11,413	13,151	12,345	12,914	13,085	13,113	13,237	13,267	13,652	13,859	13,994	
35 Liabilities.....	193,535	203,898	215,298	215,560	215,893	216,793	216,776	216,673	218,119	221,256	222,542	226,495	n.a.
Deposits													
36 Regular ⁴	172,665	180,616	187,207	187,722	187,239	187,552	185,972	186,321	186,777	188,960	189,025	190,310	
37 Ordinary savings.....	170,135	177,418	183,222	183,560	183,296	183,716	181,921	182,399	182,890	184,704	184,580	185,716	
38 Time.....	38,554	33,739	33,398	33,252	33,303	33,638	33,018	32,365	32,693	33,021	33,057	33,577	
39 Other.....	95,129	104,732	104,448	104,668	104,024	104,116	103,311	104,436	104,588	105,562	105,550	105,146	
40 Other.....	2,530	3,198	3,985	4,162	3,943	3,836	4,051	3,922	3,887	4,256	4,445	4,594	
41 Other liabilities.....	10,154	12,504	15,971	15,546	15,996	16,309	17,414	17,086	17,793	18,412	19,074	21,384	
42 General reserve accounts.....	10,368	10,510	11,704	11,882	12,299	12,567	12,823	12,925	13,211	13,548	14,114	14,519	↓

1.37 Continued

Account	1983	1984	1985					1986						
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	
	Credit unions ⁵													
43 Total assets/liabilities and capital	81,961	93,036	111,150	113,016	114,783	117,029	118,010	118,933	122,623	126,653	128,229	132,415	134,703	
44 Federal	54,482	63,205	74,869	75,567	76,415	77,829	77,861	78,619	80,024	82,275	83,543	86,289	87,579	
45 State	27,479	29,831	36,281	37,449	38,368	39,200	40,149	40,314	42,599	44,378	44,686	46,126	47,124	
46 Loans outstanding	50,083	62,561	69,171	70,765	71,811	72,404	73,513	73,513	74,207	75,300	76,385	76,774	77,847	
47 Federal	32,930	42,337	46,036	46,702	47,065	47,538	47,933	48,055	48,059	48,633	49,756	49,950	50,613	
48 State	17,153	20,224	23,135	24,063	24,746	24,866	25,580	25,458	26,148	26,667	26,629	26,824	27,234	
49 Savings	74,739	84,348	99,834	101,318	103,677	105,384	105,963	107,238	110,541	114,579	116,703	120,331	122,952	
50 Federal	49,889	57,539	68,087	68,592	70,063	71,117	70,926	72,166	73,227	75,698	77,112	79,479	80,975	
51 State	24,850	26,809	31,747	32,726	33,614	34,267	35,037	35,072	37,314	38,881	39,591	40,852	41,977	
	Life insurance companies													
52 Assets	654,948	722,979	778,293	783,828	791,483	802,024	816,203	824,850	834,492	843,994				
Securities														
53 Government	50,752	63,899	69,975	71,095	72,334	73,451	77,230	77,966	78,733	79,574				
54 United States ⁶	28,636	42,204	47,343	48,181	49,300	50,321	53,559	53,979	55,019	55,700				
55 State and local	9,986	8,713	9,201	9,293	9,475	9,615	10,086	10,373	10,027	10,083				
56 Foreign ⁷	12,130	12,982	13,431	13,621	13,559	13,515	13,585	13,614	13,687	13,791				
57 Business	322,854	359,333	397,202	399,474	403,832	410,141	414,424	420,835	429,090	434,747	n.a.	n.a.	n.a.	
58 Bonds	257,986	295,998	325,647	329,133	331,675	335,129	337,205	343,003	347,122	349,314				
59 Stocks	64,868	63,335	71,555	70,341	72,157	75,012	77,219	77,832	81,968	85,433				
60 Mortgages	150,999	156,699	163,027	163,929	165,687	167,306	170,460	171,275	171,705	173,418				
61 Real estate	22,234	25,767	28,450	28,476	28,637	28,844	28,662	28,709	29,069	29,470				
62 Policy loans	54,063	54,505	54,238	54,225	54,142	54,121	54,200	54,187	54,164	54,158				
63 Other assets	54,046	63,776	65,401	66,629	57,313	68,161	71,227	56,886	56,237	57,388				

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 1983	Fiscal year 1984	Fiscal year 1985	Calendar year					
				1986					
				Feb.	Mar.	Apr.	May	June	July
<i>U.S. budget¹</i>									
1 Receipts, total	600,562	666,457	733,996	53,370	49,557	91,438	46,246	77,024	62,974
2 On-budget	n.a.	n.a.	n.a.	38,417	32,203	69,130	30,004	58,400	47,571
3 Off-budget	n.a.	n.a.	n.a.	14,953	17,355	22,308	16,242	18,624	15,402
4 Outlays, total	808,273	851,796	945,927	77,950	79,700	81,510	85,642	78,034	85,203
5 On-budget	n.a.	n.a.	n.a.	61,963	63,660	67,276	69,611	60,982	69,604
6 Off-budget	n.a.	n.a.	n.a.	15,987	16,040	14,234	16,031	17,052	15,599
7 Surplus, or deficit (-), total	-207,711	-185,339	-211,931	-24,580	-30,142	9,928	-39,396	-1,011	-22,229
8 On-budget	n.a.	n.a.	n.a.	-23,546	-31,437	1,854	-39,607	-2,583	-22,033
9 Off-budget	n.a.	n.a.	n.a.	-1,034	1,315	8,074	211	1,572	-196
Source of financing (total)									
10 Borrowing from the public	212,424	170,817	197,269	16,010	8,441	14,213	17,960	18,500	14,980
11 Cash and monetary assets (decrease, or increase (-)) ²	-9,889	5,636	10,673	12,969	14,093	-22,542	22,774	-13,065	3,972
12 Other ³	5,176	8,885	3,989	-4,400	7,608	-1,599	-1,338	-4,424	3,277
MEMO									
13 Treasury operating balance (level, end of period)	37,057	22,345	17,060	26,326	12,246	34,417	12,808	24,641	20,810
14 Federal Reserve Banks	16,557	3,791	4,174	5,026	3,280	11,350	3,083	3,143	3,983
15 Tax and loan accounts	20,500	18,553	12,886	21,300	8,966	22,867	9,725	21,498	16,827

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 "Daily Treasury Statement."

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1984	Fiscal year 1985	Calendar year						
			1984	1985		1986	1986		
			H2	H1	H2	H1	May	June	July
RECEIPTS									
1 All sources	666,457	733,996	341,392	380,618	364,790	394,345	46,246	77,024	62,974
2 Individual income taxes, net	295,960	330,918	157,229	166,783	169,987	169,444	9,820	36,412	31,438
3 Withheld	279,350	298,941	145,210	149,288	155,725	153,919	28,564	24,868	30,329
4 Presidential Election Campaign Fund	35	35	5	29	6	31	7	4	2
5 Nonwithheld	81,346	97,685	19,403	76,155	22,295	78,981	3,796	13,411	2,838
6 Refunds	64,770	65,743	7,387	58,684	8,038	63,488	22,546	1,871	1,732
Corporation income taxes									
7 Gross receipts	74,179	77,413	35,190	42,193	36,528	41,946	2,813	11,698	4,483
8 Refunds	17,286	16,082	6,847	8,370	7,751	9,557	1,365	1,031	1,109
9 Social insurance taxes and contributions, net	241,902	268,805	118,690	144,598	128,017	156,714	28,745	24,399	21,564
10 Employment taxes and contributions ¹	212,180	238,288	105,624	126,038	116,276	139,706	20,844	23,672	19,675
11 Self-employment taxes and contributions ²	8,709	10,468	1,086	9,482	985	10,581	643	1,407	-264
12 Unemployment insurance	25,138	25,758	10,706	16,213	9,281	14,674	7,461	346	1,464
13 Other net receipts ³	4,580	4,759	2,360	2,350	2,458	2,333	440	381	424
14 Excise taxes	37,361	35,865	18,961	17,259	18,470	15,944	2,669	2,800	2,755
15 Customs deposits	11,370	12,079	6,329	5,807	6,354	6,369	1,040	1,161	1,305
16 Estate and gift taxes	6,010	6,422	3,029	3,204	3,323	3,487	686	514	612
17 Miscellaneous receipts ⁴	16,965	18,576	8,812	9,144	9,861	10,002	1,838	1,071	1,926
OUTLAYS									
18 All types	851,781	946,323	446,944	463,842	487,188	486,037	85,642	78,034	85,203
19 National defense	227,413	252,748	118,286	124,186	134,675	135,367	23,765	22,462	23,647
20 International affairs	15,876	16,176	8,550	6,675	8,367	5,384	1,654	785	889
21 General science, space, and technology	8,317	8,627	4,473	4,230	4,727	4,191	737	615	679
22 Energy	7,086	5,685	1,423	680	3,305	2,484	357	732	393
23 Natural resources and environment	12,593	13,357	7,370	5,892	7,553	6,245	1,007	1,216	1,346
24 Agriculture	13,613	25,565	8,524	11,705	15,412	14,482	3,008	1,405	2,029
25 Commerce and housing credit	6,917	4,229	2,663	-260	644	860	43	893	1,127
26 Transportation	23,669	25,838	13,673	11,440	15,360	12,658	2,201	2,475	2,551
27 Community and regional development	7,673	7,680	4,836	3,408	3,901	3,169	599	651	635
28 Education, training, employment, social services	27,579	29,342	13,737	14,149	14,481	14,712	2,287	2,215	2,399
29 Health	30,417	33,542	15,692	16,945	17,237	17,872	3,021	3,202	3,125
30 Social security and medicare	235,764	254,446	119,613	128,351	129,037	135,214	22,253	24,678	23,471
31 Income security	112,668	128,200	61,558	65,246	59,457	60,786	10,960	6,843	10,192
32 Veterans benefits and services	25,614	26,352	13,317	11,956	14,527	12,193	3,455	914	2,366
33 Administration of justice	5,660	6,277	2,992	3,016	3,212	3,352	533	549	603
34 General government	5,053	5,228	2,552	2,857	3,634	3,566	576	1,185	188
35 General-purpose fiscal assistance	6,768	6,353	3,458	2,659	3,391	2,179	-142	40	1,071
36 Net interest ⁵	111,058	129,436	61,293	65,143	67,448	68,054	11,766	9,939	11,174
37 Undistributed offsetting receipts ⁶	-31,957	-32,759	-17,061	-14,436	-17,953	-17,193	-2,437	-2,765	-2,683

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 1987*.

A30 Domestic Financial Statistics □ October 1986

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1984				1985				1986
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 Federal debt outstanding	1,468.3	1,517.2	1,576.7	1,667.4	1,715.1	1,779.0	1,827.5	1,950.3	1,991.1
2 Public debt securities	1,463.7	1,512.7	1,572.3	1,663.0	1,710.7	1,774.6	1,823.1	1,945.9	1,986.8
3 Held by public	1,223.9	1,255.1	1,309.2	1,373.4	1,415.2	1,460.5	1,506.6	1,597.1	1,634.3
4 Held by agencies	239.8	257.6	263.1	289.6	295.5	314.2	316.5	348.9	352.6
5 Agency securities	4.6	4.5	4.5	4.5	4.4	4.4	4.4	4.4	4.3
6 Held by public	3.5	3.4	3.4	3.4	3.3	3.3	3.3	3.3	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	1,464.5	1,513.4	1,573.0	1,663.7	1,711.4	1,775.3	1,823.8	1,932.4	1,973.3
9 Public debt securities	1,463.1	1,512.1	1,571.7	1,662.4	1,710.1	1,774.0	1,822.5	1,931.1	1,972.0
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	1,490.0	1,520.0	1,573.0	1,823.8	1,823.8	1,823.8	1,823.8	2,078.7	2,078.7

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	1981	1982	1983	1984	1985			1986
					Q2	Q3	Q4	Q1
1 Total gross public debt	1,028.7	1,197.1	1,410.7	1,663.0	1,774.6	1,823.1	1,945.9	1,986.8
By type								
2 Interest-bearing debt	1,027.3	1,195.5	1,400.9	1,660.6	1,759.8	1,821.0	1,943.4	1,984.2
3 Marketable	720.3	881.5	1,050.9	1,247.4	1,310.7	1,360.2	1,437.7	1,472.8
4 Bills	245.0	311.8	343.8	374.4	381.9	384.2	399.9	393.2
5 Notes	375.3	465.0	573.4	705.1	740.9	776.4	812.5	842.5
6 Bonds	99.9	104.6	133.7	167.9	187.9	199.5	211.1	223.0
7 Nonmarketable ¹	307.0	314.0	350.0	413.2	449.1	460.8	505.7	511.4
8 State and local government series	23.0	25.7	36.7	44.4	53.9	62.8	87.5	88.5
9 Foreign issues ²	19.0	14.7	10.4	9.1	8.3	6.6	7.5	6.7
10 Government	14.9	13.0	10.4	9.1	8.3	6.6	7.5	6.7
11 Public	4.1	1.7	0	0	0	0	0	0
12 Savings bonds and notes	68.1	68.0	70.7	73.1	75.4	77.0	78.1	79.8
13 Government account series ³	196.7	205.4	231.9	286.2	311.0	313.9	332.2	336.0
14 Non-interest-bearing debt	1.4	1.6	9.8	2.3	14.8	2.1	2.5	2.6
By holder ⁴								
15 U.S. government agencies and trust funds	203.3	209.4	236.3	289.6	314.2	316.5	348.9	352.6
16 Federal Reserve Banks	131.0	139.3	151.9	160.9	169.1	169.7	181.3	184.8
17 Private investors	694.5	848.4	1,022.6	1,212.5	1,292.0	1,338.2	1,417.2	1,458.9
18 Commercial banks	111.4	131.4	188.8	183.4	196.3	196.9	192.2	195.1
19 Money market funds	21.5	42.6	22.8	25.9	24.8	22.7	25.1	29.8
20 Insurance companies	29.0	39.1	56.7	76.4	85.0	88.6	93.2	95.8
21 Other companies	17.9	24.5	39.7	50.1	54.9	59.0	59.0	59.6
22 State and local governments	104.3	127.8	155.1	179.4	198.9	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	68.1	68.3	71.5	74.5	76.7	78.2	79.8	81.4
24 Other securities	42.7	48.2	61.9	69.3	72.0	73.2	75.0	75.7
25 Foreign and international ⁵	136.6	149.5	166.3	192.9	200.7	209.8	214.6	220.2
26 Other miscellaneous investors ⁶	163.0	217.0	259.8	360.6	386.9	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 Transactions¹

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

Item	1983	1984	1985	1986			1986 week ending Wednesday					
				May	June ²	July	June 25 ²	July 2	July 9	July 16	July 23	July 30
Immediate delivery²												
1 U.S. government securities	42,135	52,778	75,331	91,778	90,198	84,902	86,257	83,451	79,862	92,763	75,012	79,800
<i>By maturity</i>												
2 Bills	22,393	26,035	32,900	33,516	32,498	31,129	25,600	28,647	30,073	32,830	28,978	28,776
3 Other within 1 year	708	1,305	1,811	2,051	2,266	2,182	2,717	3,199	1,878	1,996	2,028	2,042
4 1-5 years	8,758	11,733	18,361	23,324	23,250	22,883	26,677	21,390	20,033	23,539	20,442	23,028
5 5-10 years	5,279	7,606	12,703	17,041	21,025	19,253	20,208	20,352	18,404	24,171	16,222	15,606
6 Over 10 years	4,997	6,099	9,556	15,846	11,159	9,455	11,056	9,863	9,474	10,228	7,343	10,348
<i>By type of customer</i>												
7 U.S. government securities dealers	2,257	2,919	3,336	3,627	3,732	3,615	3,466	4,131	3,276	3,912	3,021	3,223
8 U.S. government securities brokers	21,045	25,580	36,222	47,977	47,435	44,595	44,833	40,631	42,142	48,377	40,648	43,661
9 All others ³	18,833	24,278	35,773	40,175	39,031	36,693	37,958	38,689	34,444	40,475	31,344	32,916
10 Federal agency securities	5,576	7,846	11,640	14,350	16,434	15,804	18,833	15,293	14,771	21,994	14,034	12,026
11 Certificates of deposit	4,333	4,947	4,016	4,073	4,748	4,718	4,723	5,444	4,301	6,194	4,286	3,938
12 Bankers acceptances	2,642	3,243	3,242	2,960	3,284	3,473	3,364	3,752	3,024	4,380	3,310	2,770
13 Commercial paper	8,036	10,018	12,717	15,269	17,093	16,934	16,416	19,229	16,740	17,909	16,197	15,855
<i>Futures transactions⁴</i>												
14 Treasury bills	6,655	6,947	5,561	4,308	2,908	2,196	1,841	1,127	1,954	2,496	1,962	2,368
15 Treasury coupons	2,501	4,503	6,069	7,776	7,202	5,257	5,949	5,139	4,436	5,611	5,295	5,762
16 Federal agency securities	265	262	240	44	17	13	4	6	14	35	0	5
<i>Forward transactions⁵</i>												
17 U.S. government securities	1,493	1,364	1,283	1,500	1,705	1,377	2,350	1,375	1,140	1,053	1,579	1,350
18 Federal agency securities	1,646	2,843	3,857	6,185	6,740	7,622	4,954	5,611	7,319	10,099	7,313	6,831

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.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing¹

Averages of daily figures, in millions of dollars

Item	1983	1984	1985	1986			1986 week ending Wednesday				
				May	June	July	July 2	July 9	July 16	July 23	July 30
Positions											
Net immediate ²											
1 U.S. government securities	14,082	5,429	7,391	9,589 ^r	11,972 ^r	21,101	18,950	21,872	24,310	22,703	17,651
2 Bills	10,800	5,500	10,075	9,469 ^r	10,491 ^r	15,674	12,017	15,577	17,556	17,105	13,804
3 Other within 1 year	921	63	1,050	6,280	6,167	4,718	5,526	5,256	4,909	4,808	4,121
4 1-5 years	1,912	2,159	5,154	6,236 ^r	6,944 ^r	10,949	11,157	11,084	10,874	10,384	11,478
5 5-10 years	-78	-1,119	-6,202	-9,331 ^r	-9,317	-8,481	-8,073	-8,354	-8,017	-8,496	-8,826
6 Over 10 years	528	-1,174	-2,686	-3,065 ^r	-2,314	-1,758	-1,677	-1,691	-1,011	-1,098	-2,925
7 Federal agency securities	7,313	15,294	22,860	38,130	35,014	31,295	32,050	31,729	32,082	32,760	29,237
8 Certificates of deposit	5,838	7,369	9,192	10,973	11,530	10,918	12,376	11,447	11,616	10,722	9,866
9 Bankers acceptances	3,332	3,874	4,586	5,464 ^r	5,466	6,734	6,930	7,685	7,594	6,071	5,809
10 Commercial paper	3,159	3,788	5,570	7,379	7,989	8,027	8,739	9,730	8,322	6,638	7,261
Futures positions											
11 Treasury bills	-4,125	-4,525	-7,322	-19,205	-14,058 ^r	-16,381	-16,066	-16,681	-16,801	-17,567	-14,734
12 Treasury coupons	-1,033	1,794	4,465	2,642 ^r	2,324 ^r	2,526	1,302	1,918	1,349	2,558	4,271
13 Federal agency securities	171	233	-722	-70	-95	-67	-72	-63	-62	-68	-70
Forward positions											
14 U.S. government securities	-1,936	-1,643	-911	-1,985	-2,633	-3,046	-1,960	-2,540	-2,887	-3,390	-3,370
15 Federal agency securities	-3,561	-9,205	-9,420	-11,496 ^r	-10,490	-11,383	-9,685	-10,749	-11,943	-12,727	-10,867
Financing ³											
Reverse repurchase agreements ⁴											
16 Overnight and continuing	29,099	44,078	68,035	94,145	92,366	97,709	91,231	94,458	105,404	95,702	97,903
17 Term agreements	52,493	68,357	80,509	112,611	108,761	102,897	101,645	97,560	101,092	106,527	105,635
Repurchase agreements ⁵											
18 Overnight and continuing	57,946	75,717	101,410	140,171	137,536	144,251	133,149	145,721	155,182	141,163	140,374
19 Term agreements	44,410	57,047	77,748	107,095	102,427	99,140	103,933	92,804	95,668	104,044	101,012

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 securi-

ties 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.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1983	1984	1985	1986					
				Jan.	Feb.	Mar.	Apr.	May	June
1 Federal and federally sponsored agencies	240,068	271,220	293,905	290,596	292,043	291,525	293,336	294,961	n.a.
2 Federal agencies	33,940	35,145	36,390	36,400	36,376	35,927	35,530	36,110	35,826
3 Defense Department ¹	243	142	71	66	63	59	55	52	48
4 Export-Import Bank ^{2,3}	14,853	15,882	15,678	15,677	15,677	15,257	15,257	15,256	14,953
5 Federal Housing Administration ⁴	194	133	115	113	109	108	114	118	115
6 Government National Mortgage Association participation certificates ⁵	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service ⁶	1,404	1,337	1,940	1,940	1,940	1,940	1,940	1,940	1,854
8 Tennessee Valley Authority	14,970	15,435	16,347	16,365	16,348	16,324	15,925	16,505	16,617
9 United States Railway Association ⁶	111	51	74	74	74	74	74	74	74
10 Federally sponsored agencies ⁷	206,128	236,075	257,515	254,572 ⁷	255,667	255,670 ⁷	257,806	258,851	n.a.
11 Federal Home Loan Banks	48,930	65,085	74,447	73,201	73,201	74,778	76,527	78,718	81,558
12 Federal Home Loan Mortgage Corporation	6,793	10,270	11,926	13,044	13,695	12,963	13,492	12,475	n.a.
13 Federal National Mortgage Association	74,594	83,720	93,896	92,658	93,179	92,414	92,401	92,629	92,562
14 Farm Credit Banks	72,816	71,193	68,851	66,976 ⁷	66,188	66,002 ⁷	65,188	64,629	63,585
15 Student Loan Marketing Association ⁸	3,402	5,745	8,395	8,693	9,404	9,513	10,198	10,400	10,419
MEMO									
16 Federal Financing Bank debt⁹	135,791	145,217	153,373	153,709	153,418	153,455	153,508	155,076	155,222
<i>Lending to federal and federally sponsored agencies</i>									
17 Export-Import Bank ³	14,789	15,852	15,670	15,670	15,670	15,250	15,250	15,250	14,947
18 Postal Service ⁶	1,154	1,087	1,690	1,690	1,690	1,690	1,690	1,690	1,604
19 Student Loan Marketing Association	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20 Tennessee Valley Authority	13,245	13,710	14,622	14,690	14,673	14,649	14,250	14,830	14,942
21 United States Railway Association ⁶	111	51	74	74	74	74	74	74	74
<i>Other Lending¹⁰</i>									
22 Farmers Home Administration	55,266	58,971	64,234	64,354	63,774	63,464	63,829	64,544	64,924
23 Rural Electrification Administration	19,766	20,693	20,654	20,678	20,739	20,959	21,061	21,154	21,255
24 Other	26,460	29,853	31,429	31,553	31,798	32,369	32,354	32,534	32,476

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.

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1.45 NEW SECURITY ISSUES State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1983	1984	1985	1985		1986					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 All issues, new and refunding ¹	86,421	106,641	214,189	32,144	57,430	1,572	3,255	7,636	11,914	13,262	11,743
<i>Type of issue</i>											
2 General obligation.....	21,566	26,485	52,622	6,695	8,754	751	1,021	2,895	4,815	8,468	6,234
3 U.S. government loans ²	96	16	14	0	0	0	0	n.a.	0	n.a.	n.a.
4 Revenue.....	64,855	80,156	161,567	25,449	48,676	821	2,234	4,741	7,099	4,794	5,509
5 U.S. government loans ²	253	17	27	7	0	0	0	n.a.	n.a.	n.a.	n.a.
<i>Type of issuer</i>											
6 State.....	7,140	9,129	13,004	1,648	2,146	296	255	n.a.	n.a.	n.a.	n.a.
7 Special district and statutory authority.....	51,297	63,550	134,363	21,563	39,147	579	1,715	n.a.	n.a.	n.a.	n.a.
8 Municipalities, counties, townships, school districts.....	27,984	33,962	66,822	21,563	16,137	697	1,285	n.a.	n.a.	n.a.	n.a.
9 Issues for new capital, total.....	72,441	94,050	156,050	21,362	46,788	1,350	1,887	2,763	6,405	6,856	8,205
<i>Use of proceeds</i>											
10 Education.....	8,099	7,553	16,658	1,954	3,901	370	422	↑	↑	↑	↑
11 Transportation.....	4,387	7,552	12,070	3,734	3,480	246	347	n.a.	n.a.	n.a.	n.a.
12 Utilities and conservation.....	13,588	17,844	26,852	3,266	7,070	315	212	n.a.	n.a.	n.a.	n.a.
13 Social welfare.....	26,910	29,928	63,181	8,672	22,589	6	110	↓	↓	↓	↓
14 Industrial aid.....	7,821	15,415	12,892	2,029	3,583	0	190	↓	↓	↓	↓
15 Other purposes.....	11,637	15,758	24,398	1,707	6,165	413	606	↓	↓	↓	↓

1. Par amounts of long-term issues based on date of sale.

2. Consists of tax-exempt issues guaranteed by the Farmers Home Administration.

SOURCE: Public Securities Association.

1.46 NEW SECURITY ISSUES Corporations

Millions of dollars

Type of issue or issuer, or use	1983	1984	1985	1985		1986					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 All issues ¹	120,299	132,531	201,599 [*]	13,568 [*]	19,527 [*]	17,093 [*]	23,931 [*]	30,494 [*]	33,489 [*]	19,808	25,841
2 Bonds ²	68,718	109,903	166,082 [*]	10,913	14,538 [*]	13,693 [*]	19,469 [*]	24,973 [*]	27,883 [*]	13,294	20,804
<i>Type of offering</i>											
3 Public.....	47,594	73,579	119,887 [*]	10,913	14,538 [*]	13,693 [*]	19,469 [*]	24,973 [*]	27,883 [*]	13,294	20,804
4 Private placement.....	21,126	36,326	46,195	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Industry group</i>											
5 Manufacturing.....	17,001	24,607	52,278	4,072	2,704	4,596	3,950	8,895	7,975	3,939	5,252
6 Commercial and miscellaneous.....	7,540	13,726	15,215	933	735	624	1,216	790	2,640	1,776	2,175
7 Transportation.....	3,833	4,694	5,743	125	187	633	373	303	614	427	250
8 Public utility.....	9,125	10,679	12,957	1,114	1,090	820	2,540	2,133	3,330	1,709	1,945
9 Communication.....	3,642	2,997	10,456 [*]	100	2,318	0	1,200	1,907	3,115	712	810
10 Real estate and financial.....	27,577	53,199	69,435 [*]	4,569	7,505 [*]	7,021 [*]	10,190 [*]	10,945 [*]	10,210 [*]	4,731	10,372
11 Stocks ³	51,579	22,628	35,515	2,655	4,989	3,400	4,462	5,521	5,606	6,514	5,037
<i>Type</i>											
12 Preferred.....	7,213	4,118	6,505	782	908	570	975	1,160	751	856	1,282
13 Common.....	44,366	18,510	29,010	1,873	4,081	2,830	3,487	4,361	4,855	5,658	3,755
<i>Industry group</i>											
14 Manufacturing.....	14,135	4,054	5,700	746	1,045	827	1,269	851	1,434	1,827	1,130
15 Commercial and miscellaneous.....	13,112	6,277	9,149	596	1,220	683	434	607	910	953	372
16 Transportation.....	2,729	589	1,544	21	200	78	302	355	158	372	154
17 Public utility.....	5,001	1,624	1,966	12	201	176	153	357	165	346	406
18 Communication.....	1,822	419	978	5	146	231	282	0	27	74	140
19 Real estate and financial.....	14,780	9,665	16,178	1,275	2,177	1,405	2,022	3,351	2,912	2,942	2,835

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	1984	1985	1985		1986					
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May'	June
INVESTMENT COMPANIES ¹										
1 Sales of own shares ²	107,480	222,670	20,585	23,560	32,466	27,489	33,764	37,656	31,251	30,506
2 Redemptions of own shares ³	77,032	132,440	11,138	18,337	15,836	11,860	15,083	21,699	16,706	18,922
3 Net sales	30,448	90,230	9,447	5,223	16,630	15,629	18,679	15,957	14,545	11,584
4 Assets ⁴	137,126	251,695	237,410	251,536	265,487	292,002	315,245	329,684	343,926	356,014
5 Cash position ⁵	12,181	20,607	21,894	20,590	22,425	23,716	27,639	29,599	28,184	28,066
6 Other	124,945	231,088	215,516	230,946	243,062	268,286	287,606	300,085	315,742	327,948

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	1983	1984	1985	1984		1985				1986	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 Corporate profits with inventory valuation and capital consumption adjustment	213.7	264.7	280.6	259.8	265.0	266.4	274.3	296.3	285.6	296.4	291.2
2 Profits before tax	207.6	235.7	223.1	225.1	221.9	213.8	213.8	229.2	235.8	224.3	231.9
3 Profits tax liability	77.2	95.4	91.8	89.3	87.8	87.8	87.1	95.8	96.4	89.1	91.2
4 Profits after tax	130.4	140.3	131.4	135.8	134.1	126.0	126.7	133.4	139.4	135.2	140.8
5 Dividends	71.5	78.3	81.6	79.0	80.1	80.9	81.4	81.6	82.5	85.2	87.5
6 Undistributed profits	58.8	62.0	49.8	56.8	54.0	45.1	45.3	51.8	57.0	50.0	53.2
7 Inventory valuation	-10.9	-5.5	-6	-1.8	-1.6	-5	1.6	6.1	-9.4	16.5	7.9
8 Capital consumption adjustment	17.0	34.5	58.1	36.5	44.7	53.2	58.9	61.0	59.2	55.6	51.4

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 ¹				1986
						Q1	Q2	Q3	Q4	
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	1984	1985				1986		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2 ¹	Q3 ¹
1 Total nonfarm business	354.44	386.41	387.25	368.29	371.16	387.83	388.90	397.74	376.08	387.42	388.87
Manufacturing											
2 Durable goods industries	66.24	73.14	72.09	71.43	69.87	73.96	72.85	75.87	67.74	72.20	71.42
3 Nondurable goods industries	72.58	80.01	77.09	75.53	75.78	80.36	81.19	82.70	75.32	75.80	77.04
Nonmanufacturing											
4 Mining	16.86	15.88	12.35	17.00	15.66	16.51	15.94	15.40	12.85	12.61	12.49
Transportation											
5 Railroad	6.79	7.06	6.44	6.44	6.02	7.48	8.13	6.61	5.82	6.95	7.31
6 Air	3.56	4.78	5.74	3.65	4.20	3.66	5.20	6.06	6.34	5.11	5.78
7 Other	6.17	6.13	5.98	6.18	6.01	6.37	5.77	6.39	5.40	5.94	6.12
Public utilities											
8 Electric	37.03	36.12	33.65	35.40	36.65	36.04	35.34	36.45	34.33	34.49	32.59
9 Gas and other	10.44	12.62	12.75	11.52	11.81	12.43	12.80	13.44	12.82	13.10	12.39
10 Commercial and other ²	134.75	150.67	161.16	141.13	145.16	151.02	151.69	154.81	155.27	161.22	163.73

▲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	1981	1982	1983	1984	1985				1986	
					Q1	Q2	Q3	Q4	Q1	Q2
ASSETS										
Accounts receivable, gross										
1 Consumer	72.4	78.1	87.4	96.7	99.1	106.0	116.4	120.8	125.5	134.7
2 Business	100.3	101.4	113.4	135.2	142.1	144.6	141.4	152.8	159.7	160.3
3 Real estate	17.9	20.2	22.5	26.3	27.2	28.4	29.0	30.4	31.5	32.4
4 Total	190.5	199.7	223.4	258.3	268.5	279.0	286.5	304.0	316.7	327.5
Less:										
5 Reserves for unearned income	30.0	31.9	33.0	36.5	36.6	38.6	41.0	40.9	41.3	41.8
6 Reserves for losses	3.2	3.5	4.0	4.4	4.9	4.8	4.9	5.0	5.1	5.2
7 Accounts receivable, net	157.3	164.3	186.4	217.3	227.0	235.6	240.6	258.1	270.3	280.4
8 All other	27.1	30.7	34.0	35.4	35.9	39.5	46.3	46.8	50.6	52.1
9 Total assets	184.4	195.0	220.4	252.7	262.9	275.2	286.9	304.9	321.0	332.5
LIABILITIES										
10 Bank loans	16.1	18.3	18.7	21.3	19.8	18.5	18.2	21.0	20.4	22.9
11 Commercial paper	57.2	51.1	59.7	72.5	79.1	82.6	93.6	96.9	102.0	106.4
Debt										
12 Other short-term	11.3	12.7	13.9	16.2	16.8	16.6	16.6	17.2	18.5	20.9
13 Long-term	56.0	64.4	68.1	77.2	78.3	85.7	86.4	93.0	100.0	101.8
14 All other liabilities	18.5	21.2	30.1	33.1	35.4	36.9	36.6	39.6	41.4	40.4
15 Capital, surplus, and undivided profits	25.3	27.4	29.8	32.3	33.5	34.8	35.7	37.1	38.8	40.2
16 Total liabilities and capital	184.4	195.0	220.4	252.7	262.9	275.2	286.9	304.9	321.0	332.5

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

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding June 30, 1986 ¹	Changes in accounts receivable			Extensions			Repayments		
		1986			1986			1986		
		Apr.	May	June	Apr.	May	June	Apr.	May	June
1 Total	160,294	464	-185	-151	26,378	25,780	26,687	25,915	25,966	26,838
Retail financing of installment sales										
2 Automotive (commercial vehicles)	16,277	197	421	380	1,115	1,358	1,336	918	936	956
3 Business, industrial, and farm equipment	20,235	-135	68	-51	858	1,015	1,044	993	947	1,095
Wholesale financing										
4 Automotive	26,338	169	-679	471	9,897	9,455	10,397	9,728	10,134	9,926
5 Equipment	4,817	70	3	45	545	467	506	475	464	462
6 All other	7,488	-73	-303	-15	1,657	1,575	1,609	1,730	1,878	1,624
Leasing										
7 Automotive	16,110	284	3	-121	770	840	820	486	837	941
8 Equipment	40,342	59	-38	-101	1,275	1,256	1,264	1,216	1,294	1,365
9 Loans on commercial accounts receivable and factored commercial accounts receivable	16,286	-385	498	-882	8,784	8,572	8,441	9,168	8,074	9,323
10 All other business credit	12,401	277	-159	123	1,477	1,244	1,270	1,200	1,402	1,146

1. Not seasonally adjusted.

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

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1983	1984	1985	1986						
				Jan.	Feb.	Mar.	Apr.	May	June	July
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms ¹										
1 Purchase price (thousands of dollars)	92.8	96.8	104.1	108.4	115.1	108.2	114.2	114.7	122.1 ^r	112.3
2 Amount of loan (thousands of dollars)	69.5	73.7	77.4	77.6	84.3	79.6	83.9	83.0	88.0 ^r	80.7
3 Loan/price ratio (percent)	77.1	78.7	77.1	74.4	75.6	75.4	75.9	74.7	74.9 ^r	73.8
4 Maturity (years)	26.7	27.8	26.9	25.4	26.8	26.9	25.9	25.8	26.6 ^r	26.5
5 Fees and charges (percent of loan amount) ²	2.40	2.64	2.53	2.55	2.64	2.60	2.34	2.19	2.40 ^r	2.38
6 Contract rate (percent per annum)	12.20	11.87	11.12	10.40	10.21	10.04	9.87	9.84	9.74 ^r	9.91
Yield (percent per annum)										
7 FHLBB series ³	12.66	12.37	11.58	10.89	10.68	10.50	10.27	10.22	10.15 ^r	10.32
8 HUD series ⁴	13.43	13.80	12.28	10.82	10.49	10.06	9.99	10.32	10.38	10.28
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series) ⁵	13.11	13.81	12.24	10.78	10.59	9.77	9.80	10.07	9.98	10.01
10 GNMA securities ⁶	12.25	13.13	11.61	10.25	9.79	9.44	9.17	9.23	9.57	9.31
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	74,847	83,339	94,574	98,671	98,820	98,795	98,746	98,096	97,295	97,255
12 FHA/VA-insured	37,393	35,148	34,244	33,583	33,466	33,368	33,246	32,558	31,241	30,766
13 Conventional	37,454	48,191	60,331	65,088	65,354	65,427	65,500	65,538	66,054	66,489
Mortgage transactions (during period)										
14 Purchases	17,554	16,721	21,510	1,188	1,159	1,410	1,631	1,978	3,000	3,343
15 Sales	3,528	978	1,301	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mortgage commitments ⁷										
16 Contracted (during period)	18,607	21,007	20,155	1,315	2,578	1,917	3,774	3,538	3,049	3,270
17 Outstanding (end of period)	5,461	6,384	3,402	3,211	4,480	4,851	6,942	8,444	7,862	7,706
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period) ⁸										
18 Total	5,996	9,283	12,399	14,412	14,584	13,623	13,144	14,302	↑	↑
19 FHA/VA	974	910	841	800	792	787	778	769	↑	↑
20 Conventional	5,022	8,373	11,558	13,612	14,584	12,836	12,366	13,533	↑	↑
Mortgage transactions (during period)										
21 Purchases	23,089	21,886	44,012	3,709	4,605	5,318	6,195	8,947	n.a.	n.a.
22 Sales	19,686	18,506	38,905	3,107	4,286	5,897	5,591	7,354	↓	↓
Mortgage commitments ⁹										
23 Contracted (during period)	32,852	32,603	48,989	5,305	6,044	7,128	9,869	10,612	↓	↓
24 Outstanding (end of period)	16,964	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 permissible contract rates.

6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.

7. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.

8. Includes participation as well as whole loans.

9. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1983	1984	1985	1985			1986	
				Q2	Q3	Q4	Q1*	Q2
1 All holders	1,813,856 ¹	2,034,602 ¹	2,266,818 ¹	2,139,019 ¹	2,201,732 ¹	2,266,818 ¹	2,316,667	2,379,734
2 1- to 4-family	1,189,822 ¹	1,318,888 ¹	1,467,569 ¹	1,383,101 ¹	1,426,770 ¹	1,467,569 ¹	1,496,222	1,542,752
3 Multifamily	160,805 ¹	185,414 ¹	213,889 ¹	197,418 ¹	203,742 ¹	213,889 ¹	220,667	226,936
4 Commercial	350,389	418,300 ¹	479,738 ¹	447,631 ¹	462,929 ¹	479,738 ¹	495,219	507,652
5 Farm	112,840 ¹	112,000 ¹	105,622 ¹	110,869 ¹	108,291 ¹	105,622 ¹	104,559	102,394
6 Selected financial institutions	1,130,781	1,272,206 ¹	1,392,793 ¹	1,325,659 ¹	1,358,654 ¹	1,392,793 ¹	1,410,827	1,436,822
7 Commercial banks ¹	330,521	379,498 ¹	429,207 ¹	400,746 ¹	415,599 ¹	429,207 ¹	440,985	456,168
8 1- to 4-family	182,514	196,163 ¹	213,537 ¹	203,003 ¹	209,119 ¹	213,537 ¹	216,598	222,929
9 Multifamily	18,410	20,264 ¹	23,403 ¹	21,582 ¹	22,254 ¹	23,403 ¹	24,445	25,637
10 Commercial	120,210	152,894 ¹	180,882 ¹	165,554 ¹	173,190 ¹	180,882 ¹	188,137	195,377
11 Farm	9,387	10,177 ¹	11,385 ¹	10,607 ¹	11,036 ¹	11,385 ¹	11,805	12,225
12 Savings banks	131,940	154,441	177,263 ¹	165,705	174,427	177,263 ¹	187,823	205,413
13 1- to 4-family	93,649	107,302	121,879 ¹	114,375	119,952	121,879 ¹	131,099	143,246
14 Multifamily	17,247	19,817	23,329 ¹	21,357	22,604	23,329 ¹	23,965	26,833
15 Commercial	21,016	27,291	31,973 ¹	29,942	31,757	31,973 ¹	32,673	35,229
16 Farm	28	31	82	31	114	82	86	105
17 Savings and loan associations	494,789	555,277	585,461 ¹	569,291	575,684	585,461 ¹	577,062	566,631
18 1- to 4-family	387,924	421,489	434,072 ¹	425,021	427,081	434,072 ¹	422,034	414,939
19 Multifamily	44,333	55,750	66,663 ¹	60,231	62,608	66,663 ¹	67,418	65,471
20 Commercial	62,403	77,605	84,118 ¹	83,447	85,358	84,118 ¹	86,949	85,687
21 Farm	129	433	608 ¹	592	637	608 ¹	661	534
22 Life insurance companies	150,999	156,699	170,460	161,485	163,929	170,460	173,418	176,468
23 1- to 4-family	15,319	14,120	12,279	13,562	13,382	12,279	12,496	12,744
24 Multifamily	19,107	18,938	19,731	18,983	19,972	19,731	19,836	19,936
25 Commercial	103,831	111,175	126,621	116,812	119,543	126,621	129,441	132,241
26 Farm	12,742	12,466	11,829	12,128	12,032	11,829	11,645	11,545
27 Finance companies ²	22,532	26,291	30,402	28,432	29,015	30,402	31,539	32,142
28 Federal and related agencies	148,328	158,993	166,928 ¹	165,912	166,248	166,928 ¹	165,730	162,940
29 Government National Mortgage Association	3,395	2,301	1,473	1,825	1,640	1,473	1,533	847
30 1- to 4-family	630	585	539	564	532	539	527	47
31 Multifamily	2,765	1,716	934	1,261	1,088	934	1,006	800
32 Farmers Home Administration	2,141	1,276	733	790	577	733	704	734
33 1- to 4-family	1,159	1,213	183	223	185	183	217	247
34 Multifamily	173	119	113	136	139	113	33	43
35 Commercial	409	497	159	163	172	159	217	237
36 Farm	400	447	278	268	181	278	237	207
37 Federal Housing and Veterans Administration	4,894	4,816	4,920	4,888	4,918	4,920	4,964	5,092
38 1- to 4-family	1,893	2,048	2,254	2,199	2,251	2,254	2,309	2,447
39 Multifamily	3,001	2,768	2,666	2,689	2,667	2,666	2,655	2,645
40 Federal National Mortgage Association	78,256	87,940	98,282	94,777	96,769	98,282	98,795	97,295
41 1- to 4-family	73,045	82,175	91,966	88,788	90,590	91,966	92,315	90,460
42 Multifamily	5,211	5,765	6,316	5,989	6,179	6,316	6,480	6,835
43 Federal Land Banks	52,010	52,261	47,498 ¹	51,056	49,255	47,498 ¹	46,111	44,002
44 1- to 4-family	3,081	3,074	2,798	3,006	2,895	2,798	2,711	2,589
45 Farm	48,929	49,187	44,700 ¹	48,050	46,360	44,700 ¹	43,400	41,413
46 Federal Home Loan Mortgage Corporation	7,632	10,399	14,022	12,576	13,089	14,022	13,623	14,970
47 1- to 4-family	7,559	9,654	11,881	11,288	11,457	11,881	12,231	12,700
48 Multifamily	73	745	2,141	1,288	1,632	2,141	1,392	2,270
49 Mortgage pools or trusts ³	285,073	332,057	415,042	365,748	388,948	415,042	440,701	473,995
50 Government National Mortgage Association	159,850	179,981	212,145	192,925	201,026	212,145	220,348	228,590
51 1- to 4-family	155,950	175,589	207,198	188,228	196,198	207,198	215,148	223,196
52 Multifamily	3,900	4,392	4,947	4,697	4,828	4,947	5,200	5,394
53 Federal Home Loan Mortgage Corporation	57,895	70,822	100,387	83,327	91,915	100,387	110,337	124,992
54 1- to 4-family	57,273	70,253	99,515	82,369	90,997	99,515	108,020	122,752
55 Multifamily	622	569	872	958	918	872	2,317	2,240
56 Federal National Mortgage Association	25,121	36,215	54,987	42,755	48,769	54,987	62,310	72,377
57 1- to 4-family	25,121	35,965	54,036	41,985	47,857	54,036	61,117	71,153
58 Multifamily	n.a.	250	951	770	912	951	1,193	1,224
59 Farmers Home Administration	42,207	45,039	47,523	46,741	47,238	47,523	47,706	48,036
60 1- to 4-family	20,404	21,813	22,186	21,962	22,090	22,186	22,082	22,082
61 Multifamily	5,090	5,841	6,675	6,377	6,415	6,675	6,943	7,193
62 Commercial	7,351	7,559	8,190	8,014	8,192	8,190	8,150	8,130
63 Farm	9,362	9,826	10,472	10,388	10,541	10,472	10,531	10,631
64 Individuals and others ⁴	249,674 ¹	271,346 ¹	292,055 ¹	281,700 ¹	287,882 ¹	292,055 ¹	299,409	305,977
65 1- to 4-family	141,769 ¹	152,154 ¹	162,844 ¹	158,096 ¹	163,149 ¹	162,844 ¹	165,779	169,077
66 Multifamily	40,873 ¹	48,480 ¹	55,148 ¹	51,100 ¹	52,526 ¹	55,148 ¹	57,784	60,415
67 Commercial	35,169	41,279 ¹	47,795 ¹	43,699 ¹	44,817 ¹	47,795 ¹	49,652	50,751
68 Farm	31,863 ¹	29,433 ¹	26,268 ¹	28,805 ¹	27,390 ¹	26,268 ¹	26,194	25,734

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	1984	1985	1985			1986					
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ¹	June
Amounts outstanding (end of period)											
1 Total.....	453,580	535,098	522,978	528,621	535,098	542,753	547,852	550,939	555,810 ²	562,267	567,339
By major holder											
2 Commercial banks.....	209,158	240,796	235,364	238,620	240,796	243,256	244,761	245,172	247,498	248,681	249,673
3 Finance companies ²	96,126	120,095	117,565	118,356	120,095	123,717	126,001	127,422	128,728 ³	131,172	134,933
4 Credit unions.....	66,544	75,127	73,474	74,117	75,127	75,810	76,431	76,953	77,957	78,474	78,677
5 Retailers ³	37,061	39,187	38,890	39,039	39,187	39,416	39,497	39,844	39,826	40,139	40,076
6 Savings institutions.....	40,330	55,555	53,509	54,307	55,555	56,290	57,048	57,573	58,024	60,247	60,536
7 Gasoline companies.....	4,361	4,337	4,176	4,182	4,337	4,264	4,114	3,975	3,777	3,554	3,445
By major type of credit											
8 Automobile.....	173,122	206,482	201,994	203,766	206,482	210,661	213,342	214,361	215,814 ⁴	218,965	222,695
9 Commercial banks.....	83,900	92,764	91,402	92,127	92,764	93,489	93,828	93,377	93,013	93,157	93,196
10 Credit unions.....	28,614	30,577	29,904	30,166	30,577	30,855	31,107	31,320	31,728	31,939	32,022
11 Finance companies.....	54,663	73,391	71,415	71,996	73,391	76,410	78,310	79,416	80,685 ⁵	83,221	86,520
12 Savings institutions.....	5,945	9,750	9,273	9,477	9,750	9,907	10,097	10,248	10,386	10,648	10,957
13 Revolving.....	98,514	118,296	115,218	117,050	118,296	119,682	120,724	122,131	123,442	124,545	124,825
14 Commercial banks.....	58,145	73,893	71,507	73,076	73,893	74,991	75,953	77,021	78,421	79,151	79,483
15 Retailers.....	33,064	34,560	34,382	34,486	34,560	34,770	34,843	35,188	35,170	35,449	35,390
16 Gasoline companies.....	4,361	4,337	4,176	4,182	4,337	4,264	4,114	3,975	3,777	3,554	3,445
17 Savings institutions.....	2,944	5,506	5,153	5,306	5,506	5,657	5,813	5,947	6,075	6,392	6,508
18 Mobile home.....	24,184	25,461	25,320	25,315	25,461	25,371	25,573	25,584	25,513	25,560	25,486
19 Commercial banks.....	9,623	9,578	9,596	9,584	9,578	9,457	9,566	9,348	9,264	9,215	9,144
20 Finance companies.....	9,161	9,116	9,089	9,057	9,116	9,125	9,161	9,327	9,286	9,115	9,077
21 Savings institutions.....	5,400	6,767	6,635	6,674	6,767	6,789	6,846	6,909	6,963	7,230	7,264
22 Other.....	157,760	184,859	180,446	182,490	184,859	187,039	188,212	188,863	191,041	193,197	194,334
23 Commercial banks.....	57,490	64,561	62,859	63,833	64,561	65,319	65,414	65,427	66,800	67,158	67,850
24 Finance companies.....	32,302	37,588	37,061	37,303	37,588	38,182	38,530	38,678	38,757	38,836	39,336
25 Credit unions.....	37,930	44,550	43,570	43,951	44,550	44,955	45,323	45,633	46,228	46,535	46,656
26 Retailers.....	3,997	4,627	4,508	4,553	4,627	4,646	4,653	4,656	4,656	4,690	4,686
27 Savings institutions.....	26,041	33,533	32,448	32,850	33,533	33,937	34,291	34,469	34,600	35,977	35,807
Net change (during period)											
28 Total.....	77,341	81,518	6,558	5,643	6,477	7,655	5,099	3,087	4,871 ⁶	6,457	5,072
By major holder											
29 Commercial banks.....	39,819	31,638	1,819	3,256	2,176	2,460	1,505	411	2,326	1,183	992
30 Finance companies ²	9,961	23,969	2,638	791	1,739	3,622	2,284	1,421	1,306 ⁷	2,444	3,761
31 Credit unions.....	13,456	8,583	1,041	643	1,010	683	621	522	1,004	517	203
32 Retailers ³	2,900	2,126	167	149	148	229	81	347	-18	313	-63
33 Savings institutions.....	11,038	15,225	853	798	1,248	735	758	525	451	2,223	289
34 Gasoline companies.....	167	-24	40	6	155	-73	-150	-139	-198	-223	-109
By major type of credit											
35 Automobile.....	27,214	33,360	3,338	1,772	2,716	4,179	2,681	1,019	1,453 ⁸	3,151	3,730
36 Commercial banks.....	16,352	8,864	618	725	637	725	339	-451	-364	144	39
37 Credit unions.....	3,223	1,963	348	262	411	278	252	213	408	211	83
38 Finance companies.....	4,576	18,728	2,214	581	1,395	3,019	1,900	1,106	1,269 ⁹	2,536	3,299
39 Savings institutions.....	3,063	3,805	158	204	273	157	190	151	138	262	309
40 Revolving.....	20,145	19,782	1,368	1,832	1,246	1,386	1,042	1,407	1,311	1,103	280
41 Commercial banks.....	15,949	15,748	1,054	1,569	817	1,098	962	1,068	1,400	730	332
42 Retailers.....	2,512	1,496	118	104	74	210	73	345	-18	279	-59
43 Gasoline companies.....	167	-24	40	6	155	-73	-150	-139	-198	-223	-109
44 Savings institutions.....	1,517	2,562	156	153	200	151	156	134	128	317	116
45 Mobile home.....	1,990	1,277	-21	-5	146	-90	202	11	-71	47	-74
46 Commercial banks.....	-199	-45	-66	-12	-6	-121	109	-218	-84	-49	-71
47 Finance companies.....	544	-45	-3	-32	59	9	36	166	-41	-171	-38
48 Savings institutions.....	1,645	1,367	48	39	93	22	57	63	54	267	34
49 Other.....	27,992	27,099	1,873	2,044	2,369	2,180	1,173	651	2,178	2,156	1,137
50 Commercial banks.....	7,717	7,071	213	974	728	758	95	13	1,373	358	692
51 Finance companies.....	4,841	5,286	427	242	285	594	348	148	79	79	500
52 Credit unions.....	10,233	6,620	693	381	599	405	368	310	595	307	121
53 Retailers.....	388	630	49	45	74	19	7	3	0	34	-4
54 Savings institutions.....	4,813	7,492	491	402	683	404	354	178	131	1,377	-170

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	1983	1984	1985	1985	1986					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
INTEREST RATES										
Commercial banks ¹										
1 48-month new car ²	13.92	13.71	12.91	n.a.	n.a.	12.29	n.a.	n.a.	11.45	n.a.
2 24-month personal	16.68	16.47	15.94	n.a.	n.a.	15.52	n.a.	n.a.	14.89	n.a.
3 120-month mobile home ²	16.08	15.58	14.96	n.a.	n.a.	14.57	n.a.	n.a.	13.97	n.a.
4 Credit card	18.78	18.77	18.69	n.a.	n.a.	18.48	n.a.	n.a.	18.32	n.a.
Auto finance companies										
5 New car	12.58	14.62	11.98	12.52	9.99	9.70	10.51	10.55	9.49	9.35
6 Used car	18.74	17.85	17.59	17.22	16.60	16.74	16.63	16.67	16.56	16.06
OTHER TERMS ³										
Maturity (months)										
7 New car	45.9	48.3	51.5	52.1	51.2	51.3	51.0	50.6	49.4	49.5
8 Used car	37.9	39.7	41.4	41.4	42.8	42.5	42.4	42.5	42.5	42.7
Loan-to-value ratio										
9 New car	86	88	91	92	92	92	90	89	89	89
10 Used car	92	92	94	95	95	95	95	96	97	97
Amount financed (dollars)										
11 New car	8,787	9,333	9,915	9,925	10,064	10,074	10,306	10,402	10,521	10,608
12 Used car	5,033	5,691	6,089	6,255	6,165	6,194	6,207	6,281	6,393	6,611

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	1980	1981	1982	1983	1984	1985	1983		1984		1985	
							H1	H2	H1	H2	H1	H2
Nonfinancial sectors												
1 Total net borrowing by domestic nonfinancial sectors	341.8	372.7	395.3	542.9	765.9	898.2	506.0	579.7	713.4	818.4	729.2	1,066.6
By sector and instrument												
2 U.S. government	79.2	87.4	161.3	186.6	198.8	223.6	221.9	151.2	172.2	225.4	183.2	263.6
3 Treasury securities	79.8	87.8	162.1	186.7	199.0	223.7	222.0	151.4	172.4	225.5	183.3	263.7
4 Agency issues and mortgages	-6	-5	-9	-1	-2	-1	-1	-1	-2	-1	-1	-1
5 Private domestic nonfinancial sectors	262.6	285.3	234.1	356.3	567.1	674.5	284.1	428.5	541.2	593.1	546.0	803.0
6 Debt capital instruments	188.1	154.5	152.6	253.7	325.3	492.9	227.3	280.1	287.7	362.8	370.0	615.2
7 Tax-exempt obligations	30.3	23.4	48.6	57.3	65.8	182.8	57.3	57.4	38.9	92.6	88.3	277.2
8 Corporate bonds	26.7	21.8	18.7	16.0	47.1	72.9	21.4	10.6	31.9	62.3	71.9	73.2
9 Mortgages	131.2	109.3	85.4	180.3	212.4	237.3	148.6	212.1	216.9	207.9	209.8	264.9
10 Home mortgages	94.2	72.2	50.5	116.9	130.7	155.3	98.7	135.2	135.6	125.7	130.8	180.0
11 Multifamily residential	7.6	4.8	5.4	11.9	20.7	26.1	6.1	17.6	23.6	17.7	22.3	30.0
12 Commercial	19.2	22.2	25.2	48.9	62.0	60.8	42.2	55.7	58.5	65.6	59.0	62.7
13 Farm	10.2	10.0	4.2	2.6	-1.0	-5.0	1.6	3.6	-8	-1.2	-2.2	-7.8
14 Other debt instruments	74.5	130.8	81.4	102.6	241.9	181.6	56.8	148.4	253.5	230.2	175.9	187.7
15 Consumer credit	4.7	22.6	17.7	56.7	94.8	96.6	38.0	75.4	98.0	91.6	98.3	95.0
16 Bank loans n.e.c.	37.0	54.7	54.2	26.8	79.5	39.4	13.7	39.8	89.9	69.0	28.3	51.0
17 Open market paper	5.7	19.2	-4.7	-1.6	24.2	12.4	-10.0	6.9	33.5	15.0	16.9	7.9
18 Other	27.1	34.4	14.2	20.7	43.3	33.2	15.1	26.3	32.1	54.6	32.5	33.9
19 By borrowing sector	262.6	285.3	234.1	356.3	567.1	674.5	284.1	428.5	541.2	593.1	546.0	803.0
20 State and local governments	17.2	6.8	25.9	37.6	45.0	140.9	36.0	39.2	21.4	68.6	74.1	207.6
21 Households	118.9	119.7	87.9	187.4	239.2	294.0	152.3	222.6	236.0	242.3	244.3	343.9
22 Farm	15.2	16.6	6.8	4.1	-1	-11.9	8	7.4	-7	5	-7.6	-16.2
23 Nonfarm noncorporate	31.2	38.6	41.3	70.8	90.8	85.4	56.1	85.5	96.9	84.7	84.4	86.4
24 Corporate	80.1	103.6	72.1	56.4	192.3	166.1	39.0	73.8	187.7	196.9	150.7	181.2
25 Foreign net borrowing in United States	27.2	27.2	15.7	18.9	2.8	1.5	15.4	22.4	23.0	-17.4	-3.2	6.2
26 Bonds	8	5.4	6.7	3.8	4.1	3.9	4.6	2.9	1.1	7.0	5.1	2.7
27 Bank loans n.e.c.	11.5	3.7	-6.2	4.9	-7.8	-3.1	11.4	-1.6	-4.5	-11.1	-5.4	-8
28 Open market paper	10.1	13.9	10.7	6.0	2.5	-6	-4.6	16.5	20.9	-16.0	-5.4	4.2
29 U.S. government loans	4.7	4.2	4.5	4.3	4.0	1.3	3.9	4.6	5.5	2.6	2.4	1
30 Total domestic plus foreign	369.0	399.9	411.0	561.7	768.7	899.7	521.3	602.1	736.4	801.0	725.9	1,072.8
Financial sectors												
31 Total net borrowing by financial sectors	57.6	89.0	80.2	89.2	138.2	193.7	69.1	109.3	126.5	149.9	167.2	220.1
By instrument												
32 U.S. government related	44.8	47.4	64.9	67.8	74.9	101.6	66.2	69.4	69.6	80.1	92.7	110.4
33 Sponsored credit agency securities	24.4	30.5	14.9	1.4	30.4	20.6	-4.1	6.9	29.9	30.9	26.0	15.1
34 Mortgage pool securities	19.2	15.0	49.5	66.4	44.4	79.9	70.3	62.5	39.7	49.2	66.7	93.1
35 Loans from U.S. government	1.2	1.9	4			1.1						2.2
36 Private financial sectors	12.8	41.6	15.3	21.4	63.3	92.1	2.9	40.0	56.9	69.7	74.5	109.7
37 Corporate bonds	1.8	3.5	13.7	12.6	25.9	31.2	10.3	14.9	20.7	31.1	32.2	29.8
38 Mortgages	*	*	1	*	4	*	*	*	4	4	*	1
39 Bank loans n.e.c.	-9	9	1.9	-2	1.0	5.3	-3.3	3.0	-5	2.4	1.7	9.2
40 Open market paper	4.8	20.9	-1.1	16.0	20.4	41.3	7.9	24.1	20.4	20.4	28.8	53.9
41 Loans from Federal Home Loan Banks	7.1	16.2	8	-7.0	15.7	14.2	-12.1	-2.0	15.9	15.5	11.7	16.7
By sector												
42 Sponsored credit agencies	25.6	32.4	15.3	1.4	30.4	21.7	-4.1	6.9	29.9	30.9	26.0	17.3
43 Mortgage pools	19.2	15.0	49.5	66.4	44.4	79.9	70.3	62.5	39.7	49.2	66.7	93.1
44 Private financial sectors	12.8	41.6	15.3	21.4	63.3	92.1	2.9	40.0	56.9	69.7	74.5	109.7
45 Commercial banks	5	4	1.2	5	4.4	5.4	8	2	4.8	3.9	5.2	5.7
46 Bank affiliates	6.9	8.3	5.9	12.6	16.9	9.2	10.1	15.1	26.0	7.8	9.2	9.2
47 Savings and loan associations	7.4	15.5	2.5	-2.1	22.7	22.1	-9.3	5.2	19.7	25.6	11.1	33.0
48 Finance companies	-1.1	18.2	6.3	11.3	19.3	55.9	2.1	20.5	6.3	32.4	49.6	62.2
49 REITs	-5	-2	*	-2	8	5	-1	-3	8	8	5	5
All sectors												
50 Total net borrowing	426.6	488.9	491.2	651.0	906.9	1093.4	590.4	711.5	863.0	950.9	893.2	1,292.9
51 U.S. government securities	122.9	133.0	225.9	254.4	273.8	324.2	288.2	220.7	241.9	305.6	276.0	371.9
52 State and local obligations	30.3	23.4	48.6	57.3	65.8	182.8	57.3	57.4	38.9	92.6	88.3	277.2
53 Corporate and foreign bonds	29.3	30.7	39.0	32.4	77.1	108.0	36.3	28.4	53.8	100.5	109.3	105.7
54 Mortgages	131.1	109.2	85.4	180.3	212.7	237.3	148.6	212.0	217.2	208.2	209.8	264.9
55 Consumer credit	4.7	22.6	17.7	56.7	94.8	96.6	38.0	75.4	98.0	91.6	98.3	95.0
56 Bank loans n.e.c.	47.7	59.2	49.9	31.5	72.7	41.7	21.8	41.2	84.9	60.4	24.6	59.4
57 Open market paper	20.6	54.0	4.9	20.4	47.1	53.1	-6.7	47.5	74.8	19.3	40.4	66.0
58 Other loans	40.1	56.7	19.9	17.9	63.0	49.7	6.9	29.0	53.4	72.7	46.6	52.9
External corporate equity funds raised in United States												
59 Total new share issues	21.2	-3.3	33.6	66.3	-33.6	32.9	81.9	50.7	-41.2	-25.9	25.7	40.1
60 Mutual funds	4.5	6.0	16.8	31.5	37.1	105.3	35.3	27.7	39.0	35.3	92.0	118.6
61 All other	16.8	-9.3	16.8	34.8	-70.7	-72.4	46.6	23.0	-80.2	-61.2	-66.3	-78.4
62 Nonfinancial corporations	12.9	-11.5	11.4	28.3	-77.0	-81.6	38.2	18.4	-84.5	-69.4	-75.7	-87.5
63 Financial corporations	1.8	1.9	4.0	2.5	5.2	5.3	2.6	2.4	5.0	5.3	5.1	5.4
64 Foreign shares purchased in United States	2.1	.3	1.5	4.0	1.1	4.0	5.7	2.2	-7	2.9	4.3	3.6

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	1980	1981	1982	1983	1984	1985	1983		1984		1985	
							H1	H2	H1	H2	H1	H2
1 Total funds advanced in credit markets to domestic nonfinancial sectors	341.8	372.7	395.3	542.9	765.9	898.2	506.0	579.7	713.4	818.4	729.2	1,066.6
By public agencies and foreign												
2 Total net advances	97.1	97.7	114.1	117.4	144.6	216.4	120.5	114.4	124.2	165.1	197.6	236.9
3 U.S. government securities	15.8	17.1	22.7	27.6	36.0	45.7	41.0	14.1	30.5	41.4	48.0	45.1
4 Residential mortgages	31.7	23.5	61.0	76.1	56.5	94.7	80.2	72.1	52.8	60.1	86.0	103.4
5 FHLB advances to savings and loans	7.1	16.2	.8	-7.0	15.7	14.2	-12.1	-2.0	15.9	15.5	11.7	16.7
6 Other loans and securities	42.5	40.9	29.5	20.8	36.6	61.8	11.4	30.2	25.0	48.1	52.0	71.6
Total advanced, by sector												
7 U.S. government	23.7	24.0	15.9	9.7	17.1	17.4	9.1	10.3	7.8	26.4	18.1	16.8
8 Sponsored credit agencies	45.6	48.2	65.5	69.8	73.3	101.6	68.6	71.0	73.6	73.0	97.7	105.5
9 Monetary authorities	4.5	9.2	9.8	10.9	8.4	21.6	15.7	6.1	12.1	4.7	27.1	16.4
10 Foreign	23.3	16.2	22.8	27.1	45.9	75.7	27.2	27.0	30.7	61.0	54.7	98.2
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	44.8	47.4	64.9	67.8	74.9	101.6	66.2	69.4	69.6	80.1	92.7	110.4
12 Foreign	27.2	27.2	15.7	18.9	2.8	1.5	15.4	22.4	23.0	-17.4	-3.2	6.2
Private domestic funds advanced												
13 Total net advances	316.7	349.6	361.8	512.1	699.0	784.9	467.1	557.1	681.8	716.1	621.0	946.3
14 U.S. government securities	107.1	115.9	203.1	226.9	237.8	278.5	247.2	206.6	211.4	264.2	228.0	326.8
15 State and local obligations	30.3	23.4	48.6	57.3	65.8	182.8	57.3	57.4	38.9	92.6	88.3	277.2
16 Corporate and foreign bonds	19.3	18.8	14.8	14.9	34.8	33.6	21.4	8.5	25.3	44.3	43.5	23.0
17 Residential mortgages	70.0	53.5	-5.3	52.6	94.8	86.7	24.6	80.6	106.3	83.3	67.0	106.5
18 Other mortgages and loans	97.1	154.2	101.4	153.0	281.5	217.6	104.6	202.0	131.8	247.1	205.9	229.6
19 LESS: Federal Home Loan Bank advances	7.1	16.2	.8	-7.0	15.7	14.2	-12.1	-2.0	15.9	15.5	11.7	16.7
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	283.8	321.7	288.4	384.6	555.6	555.2	332.0	437.2	552.5	558.7	448.9	659.9
21 Commercial banking	100.6	102.3	107.2	136.1	181.7	196.6	121.0	151.3	195.2	168.1	142.6	251.9
22 Savings institutions	54.5	27.8	30.1	139.8	146.3	86.0	131.3	148.3	167.9	124.7	57.4	114.8
23 Insurance and pension funds	94.5	97.6	107.4	94.2	119.0	125.2	83.0	105.3	112.0	126.0	101.6	148.7
24 Other finance	34.2	94.0	43.7	14.5	108.6	147.4	-3.3	32.3	77.4	139.9	147.3	144.5
25 Sources of funds	283.8	321.7	288.4	384.6	555.2	555.2	332.0	437.2	552.5	558.7	448.9	659.9
26 Private domestic deposits and RPs	169.6	211.9	196.2	209.3	298.8	194.5	203.8	214.8	292.2	305.5	177.9	208.5
27 Credit market borrowing	12.8	41.6	15.3	21.4	63.3	92.1	2.9	40.0	56.9	69.7	74.5	109.7
28 Other sources	101.3	68.2	77.0	153.9	193.5	268.6	125.3	182.4	203.4	183.5	196.5	341.7
29 Foreign funds	-21.7	-8.7	-26.7	22.1	19.0	14.0	-14.2	58.5	27.2	10.9	10.7	15.4
30 Treasury balances	-2.6	-1.1	6.1	-5.3	4.0	10.3	9.9	-20.6	1.2	6.8	19.3	7.7
31 Insurance and pension reserves	83.7	90.7	103.2	95.1	110.3	116.7	83.5	106.8	119.5	101.2	100.6	132.9
32 Other, net	41.8	-12.7	-5.6	41.9	60.1	127.6	46.1	37.7	55.5	64.6	66.0	192.7
Private domestic nonfinancial investors												
33 Direct lending in credit markets	45.8	69.5	88.7	148.9	206.7	321.8	137.9	159.9	186.3	227.1	246.6	396.1
34 U.S. government securities	24.6	29.3	32.1	88.3	125.8	164.1	96.9	79.7	126.3	125.3	119.1	206.5
35 State and local obligations	7.0	11.1	29.2	43.5	43.2	90.4	47.2	39.9	25.3	61.2	47.0	133.6
36 Corporate and foreign bonds	-11.0	-3.9	8.1	-5.5	15.3	3.1	-10.8	-3	7.5	23.0	40.3	-32.4
37 Open market paper	-3.1	2.7	-6	6.5	-1.4	37.2	-6.6	19.7	3.2	-6.1	11.7	62.8
38 Other	28.4	30.3	19.9	16.1	23.8	27.1	11.3	20.8	24.0	23.7	28.5	25.7
39 Deposits and currency	181.1	221.9	203.3	228.4	303.4	206.9	225.6	231.3	303.6	303.2	191.8	219.3
40 Currency	10.3	9.5	9.7	14.3	8.6	12.4	14.8	13.8	15.9	1.3	18.5	6.3
41 Checkable deposits	5.4	18.1	17.6	26.7	24.1	43.5	53.0	-4	30.4	17.7	15.9	69.3
42 Small time and savings accounts	82.9	47.0	138.1	218.3	149.8	128.8	157.7	130.7	169.0	156.6	100.6	100.6
43 Money market fund shares	29.2	107.5	24.7	-44.1	47.2	-2.2	-84.0	-4.2	30.2	64.2	4.2	-8.6
44 Large time deposits	45.6	36.8	11.9	-5.9	83.6	14.3	-55.1	43.4	97.6	69.6	-5	28.6
45 Security RPs	6.5	2.5	3.8	14.3	-5.8	10.1	11.0	17.5	3.3	-15.0	1.7	18.5
46 Deposits in foreign countries	1.1	.5	-2.5	4.8	-4.0	*	7.0	2.7	-4.5	-3.6	-4.5	4.5
47 Total of credit market instruments, deposits and currency	226.9	291.4	292.0	377.3	510.1	528.7	363.5	391.2	489.9	530.3	438.4	615.4
48 Public holdings as percent of total	26.3	24.4	27.8	20.9	18.8	24.0	23.1	19.0	16.9	20.6	27.2	22.1
49 Private financial intermediation (in percent)	89.6	92.0	79.7	75.1	79.5	70.7	71.1	78.5	81.0	78.0	72.3	69.7
50 Total foreign funds	1.6	7.6	-3.9	49.2	64.9	89.7	13.0	85.5	57.9	71.9	65.4	113.6
MEMO: Corporate equities not included above												
51 Total net issues	21.2	-3.3	33.6	66.3	-33.6	32.9	81.9	50.7	-41.2	-25.9	25.7	40.1
52 Mutual fund shares	4.5	6.0	16.8	31.5	37.1	105.3	35.3	27.7	*39.0	35.3	92.0	118.6
53 Other equities	16.8	-9.3	16.8	34.8	-70.7	-72.4	46.6	23.0	-80.2	-61.2	-66.3	-78.4
54 Acquisitions by financial institutions	24.9	20.9	36.9	56.7	10.3	43.8	76.4	36.9	2.1	18.5	60.7	23.9
55 Other net purchases	-3.6	-24.3	-3.3	9.6	-43.9	-10.9	5.5	13.7	-43.4	-44.5	-35.0	16.2

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 Measures¹

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

Measure	1983	1984	1985	1985		1986						
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ⁷	May ⁷	June ⁷	July
1 Industrial production.....	109.2	121.8	124.5	125.4	126.4	126.7	125.6	124.4	125.3	124.6	124.2	124.1
Market groupings												
2 Products, total.....	113.9	127.1	131.7	133.5	134.1	134.4	133.1	132.1	133.3	132.8	132.0	131.9
3 Final, total.....	114.7	127.8	132.0	133.7	134.4	134.4	132.8	131.5	132.8	131.9	131.0	130.9
4 Consumer goods.....	109.3	118.2	120.7	122.7	124.2	123.9	123.2	122.5	124.7	124.6	124.2	123.9
5 Equipment.....	121.7	140.5	147.1	148.3	147.9	148.4	145.5	143.4	143.5	141.7	140.1	140.1
6 Intermediate.....	111.2	124.9	130.6	132.7	132.9	134.4	134.1	134.1	135.2	135.8	135.4	135.4
7 Materials.....	102.8	114.6	114.7	114.3	115.9	116.2	115.4	114.0	114.3	113.5	113.5	113.6
Industry groupings												
8 Manufacturing.....	110.2	123.9	127.1	128.4	129.1	129.8	128.8	128.0	129.0	128.7	128.0	128.0
Capacity utilization (percent) ²												
9 Manufacturing.....	74.0	80.8	80.3	80.2	80.4	80.7	79.8	79.1	79.6	79.3	78.7	78.5
10 Industrial materials industries.....	75.3	82.3	80.2	79.2	80.1	80.2	79.6	78.5	78.6	78.0	77.9	77.9
11 Construction contracts (1977 = 100) ³	138.0	150.0	161.0	162.0	162.0	146.0	162.0	149.0	176.0	160.0	161.0	163.0
12 Nonagricultural employment, total ⁴	109.4	114.5	118.5	119.6	119.9	120.4	120.6	120.6	121.0	121.2	121.1	121.6
13 Goods-producing, total.....	95.9	101.6	102.9	102.4	102.6	103.1	102.9	102.5	102.9	102.6	102.1	102.2
14 Manufacturing, total.....	93.6	98.6	98.7	97.8	98.0	98.0	98.0	97.8	97.8	97.5	97.2	97.1
15 Manufacturing, production-worker.....	88.6	94.1	93.5	92.5	92.7	92.7	92.6	92.4	92.4	92.1	91.9	91.8
16 Service-producing.....	115.0	120.0	125.0	126.9	127.2	127.6	128.0	128.2	128.6	129.0	129.0	129.7
17 Personal income, total.....	176.4	193.6	206.2	209.8	212.6	212.6	213.7	214.3	217.0	216.7	216.9	217.9
18 Wages and salary disbursements.....	168.6	184.6	197.8	202.3	204.4	204.8	205.7	206.4	206.8	207.1	207.6	208.1
19 Manufacturing.....	149.0	164.6	172.5	174.9	176.8	176.6	176.2	176.4	175.8	176.1	175.4	175.1
20 Disposable personal income ⁵	176.0 ⁷	193.6 ⁷	205.0 ⁷	208.2 ⁷	211.2 ⁷	211.8 ⁷	212.9 ⁷	213.7 ⁷	216.6	216.1	215.8	216.8
21 Retail sales (1977 = 100) ⁶	162.0	179.0	190.6	191.6	194.0	194.8	194.5	193.7	195.4	197.0	196.9	197.0
Prices ⁷												
22 Consumer.....	298.4	311.1	322.2	326.6	327.4	328.4	327.5	326.0	325.3	326.3	327.9	328.0
23 Producer finished goods.....	285.2	291.1	293.7	296.4	297.2	296.0	291.9 ⁷	288.1	286.9	289.0	288.9	288.0

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	1983	1984	1985	1985	1986						
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June*	July
HOUSEHOLD SURVEY DATA											
1 Noninstitutional population ¹	176,414	178,602	180,440	181,349	181,898	182,055	182,223	182,387	182,545	182,732	182,906
2 Labor force (including Armed Forces) ¹	113,749	115,763	117,695	118,466	119,014	119,322	119,445	119,473	119,898	120,345	120,296
3 Civilian labor force	111,550	113,544	115,461	116,229	116,786	117,088	117,207	117,234	117,664	118,116	118,072
Employment											
4 Nonagricultural industries ²	97,450	101,685	103,971	105,055	105,655	105,465	105,503	105,670	105,950	106,508	106,769
5 Agriculture	3,383	3,321	3,179	3,151	3,299	3,096	3,285	3,222	3,160	3,165	3,112
Unemployment											
6 Number	10,717	8,539	8,312	8,023	7,831	8,527	8,419	8,342	8,554	8,443	8,190
7 Rate (percent of civilian labor force) ...	9.6	7.5	7.2	6.9	6.7	7.3	7.2	7.1	7.3	7.1	6.9
8 Not in labor force	62,665	62,839	62,745	62,883	62,884	62,733	62,778	62,914	62,647	62,387	62,610
ESTABLISHMENT SURVEY DATA											
9 Nonagricultural payroll employment ³	90,196	94,461	97,698	98,910	99,296	99,429	99,484	99,783	99,918	99,864	100,253
10 Manufacturing	18,434	19,412	19,426	19,289	19,303	19,294	19,255	19,245	19,201	19,145	19,122
11 Mining	952	974	969	901	897	880	852	821	790	773	769
12 Contract construction	3,948	4,345	4,661	4,787	4,901	4,864	4,838	4,972	4,974	4,939	4,992
13 Transportation and public utilities	4,954	5,171	5,300	5,277	5,286	5,277	5,280	5,266	5,265	5,177	5,274
14 Trade	20,881	22,134	23,195	23,431	23,564	23,638	23,669	23,715	23,783	23,762	23,849
15 Finance	5,468	5,682	5,924	6,095	6,123	6,157	6,184	6,228	6,261	6,294	6,330
16 Service	19,694	20,761	21,929	22,501	22,585	22,638	22,707	22,825	22,924	23,073	23,197
17 Government	15,869	15,984	16,295	16,629	16,637	16,681	16,699	16,711	16,720	16,701	16,720

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).

4. In addition to the revisions noted here, data for January through June 1985 have been revised as follows: Jan., 21,382; Feb., 21,480; Mar., 21,644; Apr., 21,723; May, 21,813; and June, 21,856. These data were reported incorrectly in the BULLETIN for November 1985 through March 1986.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series		1985		1986		1985		1986		1985		1986			
		Q3	Q4	Q1	Q2'	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2'		
		Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)					
1 Total industry		124.8	125.4	125.6	124.7	155.1	156.2	157.2	158.1	80.5	80.3	79.9	78.9		
2 Mining		108.5	107.6	105.1	100.3	133.9	134.1	134.3	134.3	81.0	80.2	78.3	74.7		
3 Utilities		111.4	113.7	113.1	111.8	135.4	136.3	136.9	137.3	82.3	83.4	82.6	81.4		
4 Manufacturing		127.6	128.2	128.9	128.6	158.9	160.2	161.3	162.4	80.3	80.0	79.9	79.2		
5 Primary processing		109.5	110.4	111.7	110.9	132.4	132.8	133.2	133.6	82.7	83.1	83.8	83.0		
6 Advanced processing		138.6	139.0	139.1	139.3	174.9	176.7	178.3	179.7	79.2	78.7	78.0	77.5		
7 Materials		114.2	114.8	115.2	113.8	143.4	144.3	145.0	145.5	79.6	79.5	79.4	78.2		
8 Durable goods		120.7	121.4	121.6	119.1	158.9	160.5	161.6	162.2	76.0	75.6	75.3	73.4		
9 Metal materials		79.4	82.4	80.2	75.7	117.3	117.3	116.7	115.6	67.7	70.3	68.7	65.5		
10 Nondurable goods		113.7	113.8	115.7	116.4	138.2	138.7	139.1	139.4	82.2	82.0	83.2	83.5		
11 Textile, paper, and chemical		114.1	114.0	116.2	116.6	137.4	137.8	138.1	138.4	83.0	82.7	84.1	84.3		
12 Paper		123.8	124.5	128.3	129.3	136.3	136.5	136.8	137.4	90.8	91.2	93.8	94.1		
13 Chemical		114.6	114.2	115.7	115.4	142.6	143.1	143.5	143.7	80.4	79.8	80.6	80.3		
14 Energy materials		103.2	104.2	103.6	102.1	120.6	120.9	121.2	121.5	85.5	86.1	85.4	84.0		
		Previous cycle ¹		Latest cycle ²		1985		1985		1986					
		High	Low	High	Low	July	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ²	May ²	June ²	July
		Capacity utilization rate (percent)													
15 Total industry		88.6	72.1	86.9	69.5	80.2	80.3	80.7	80.8	79.9	79.0	79.4	78.8	78.4	78.2
16 Mining		92.8	87.8	95.2	76.9	81.2	79.7	80.0	80.0	78.4	76.4	75.6	74.3	74.1	73.8
17 Utilities		95.6	82.9	88.5	78.0	81.9	82.3	85.3	83.8	82.1	81.8	82.0	81.1	81.2	81.0
18 Manufacturing		87.7	69.9	86.5	68.0	80.1	80.2	80.4	80.7	79.8	79.1	79.6	79.3	78.7	78.5
19 Primary processing		91.9	68.3	89.1	65.1	82.3	83.0	83.3	84.8	83.9	82.9	83.2	83.3	82.6	82.6
20 Advanced processing		86.0	71.1	85.1	69.5	79.1	79.0	79.0	78.8	78.1	77.2	78.0	77.6	76.9	76.7
21 Materials		92.0	70.5	89.1	68.4	79.5	79.2	80.1	80.2	79.6	78.5	78.6	78.0	77.9	77.9
22 Durable goods		91.8	64.4	89.8	60.9	75.8	75.8	75.8	76.4	75.2	74.2	74.2	73.2	72.8	72.6
23 Metal materials		99.2	67.1	93.6	45.7	66.4	70.8	70.7	71.3	68.4	66.4	66.8	65.5	64.3	64.2
24 Nondurable goods		91.1	66.7	88.1	70.6	81.7	81.5	82.7	83.5	83.7	82.4	83.5	83.3	83.7	83.8
25 Textile, paper, and chemical		92.8	64.8	89.4	68.6	82.7	82.1	83.5	84.3	84.6	83.4	84.3	84.1	84.4	84.8
26 Paper		98.4	70.6	97.3	79.9	91.7	90.1	94.7	94.8	93.7	92.9	94.0	93.1	95.1
27 Chemical		92.5	64.4	87.9	63.3	80.1	78.8	80.1	81.1	80.9	79.9	80.4	80.4	80.1
28 Energy materials		94.6	86.9	94.0	82.2	85.8	84.7	87.4	85.9	85.7	84.7	84.1	83.9	84.2	84.5

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 pro- portion	1985 avg.	1985						1986						
			July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ^r	May	June ^p	July ^e
			Index (1977 = 100)												
MAJOR MARKET															
1 Total index	100.00	124.5	124.1	125.2	125.1	124.4	125.4	126.4	126.7	125.6	124.4	125.3	124.6	124.2	124.1
2 Products	57.72	131.7	131.6	133.0	133.1	131.8	133.5	134.1	134.4	133.1	132.1	133.3	132.8	132.0	131.9
3 Final products	44.77	132.0	131.8	133.3	133.3	131.9	133.7	134.4	134.4	132.8	131.5	132.8	131.9	131.0	130.9
4 Consumer goods	25.52	120.7	120.1	121.5	121.8	120.8	122.7	124.2	123.9	123.2	122.5	124.7	124.6	124.2	123.9
5 Equipment	19.25	147.1	147.3	149.0	148.6	146.6	148.3	147.9	148.4	145.5	143.4	143.5	141.7	140.1	140.1
6 Intermediate products	12.94	130.6	130.7	132.0	132.3	131.5	132.7	132.9	134.4	134.1	134.1	135.2	135.8	135.4	135.4
7 Materials	42.28	114.7	113.8	114.5	114.2	114.2	114.3	115.9	116.2	115.4	114.0	114.3	113.5	113.5	113.6
Consumer goods															
8 Durable consumer goods	6.89	112.9	111.3	114.0	112.9	111.4	115.5	116.8	116.6	116.3	113.0	116.2	113.2	113.7	113.6
9 Automotive products	2.98	115.1	115.0	120.0	117.8	112.9	116.8	116.6	117.0	118.3	112.8	118.6	115.1	115.8	115.8
10 Autos and trucks	1.79	112.0	113.7	120.2	116.6	108.7	113.7	112.0	116.2	118.8	107.6	116.0	110.7	112.8	112.7
11 Autos, consumer	1.16	98.9	101.1	101.3	98.8	92.3	94.9	99.9	103.6	107.0	95.1	101.0	94.5	99.6	95.3
12 Trucks, consumer .....	.63	136.3	137.2	155.4	149.7	139.1	148.6	134.5	139.5	140.6	130.6	143.9	140.9	137.2	.....
13 Auto parts and allied goods	1.19	119.7	116.8	119.6	119.5	119.3	121.4	123.4	118.2	117.7	120.6	122.5	121.6	120.3	120.4
14 Home goods	3.91	111.3	108.4	109.5	109.3	110.2	114.5	116.9	116.4	114.8	113.2	114.3	111.8	112.1	111.9
15 Appliances, A/C and TV	1.24	129.5	121.6	124.5	123.7	126.3	139.4	145.4	138.8	136.5	135.5	140.0	131.0	132.2	132.6
16 Appliances and TV	1.19	130.3	123.2	125.5	125.6	128.6	141.9	148.4	141.5	139.1	137.9	141.8	133.0	133.7	.....
17 Carpets and furniture .....	.96	119.4	122.2	119.5	120.2	120.1	122.9	118.9	122.3	121.9	118.4	119.1	120.9	120.5	.....
18 Miscellaneous home goods	1.71	93.6	91.2	93.0	92.7	92.9	91.9	95.2	96.9	95.1	94.1	93.1	92.9	92.8	.....
19 Nondurable consumer goods	18.63	123.6	123.4	124.2	125.1	124.3	125.4	127.0	126.5	125.7	126.0	127.8	128.8	128.1	127.7
20 Consumer staples	15.29	129.4	129.3	130.3	131.0	130.1	131.0	133.0	132.2	131.7	132.2	134.0	135.4	134.7	134.1
21 Consumer foods and tobacco	7.80	129.7	130.1	130.8	131.5	129.5	130.7	132.4	131.3	131.9	131.1	132.7	133.3	132.8	.....
22 Nonfood staples	7.49	129.1	128.5	129.7	130.5	130.6	131.2	133.6	133.1	131.5	133.3	135.5	137.6	136.8	136.1
23 Consumer chemical products	2.75	147.5	145.4	149.1	151.4	149.4	152.4	152.9	153.8	155.6	155.4	158.0	160.1	159.8	.....
24 Consumer paper products	1.88	143.7	144.9	143.9	144.7	145.5	145.7	148.0	144.4	141.7	146.5	147.5	152.2	151.7	.....
25 Consumer energy	2.86	101.9	101.5	101.8	101.0	102.9	101.4	105.6	105.8	102.1	103.5	106.0	106.4	104.9	.....
26 Consumer fuel	1.44	88.5	89.2	91.1	85.8	90.2	90.1	92.3	93.9	91.4	91.0	94.1	95.7	92.6	.....
27 Residential utilities	1.42	.....	114.0	112.7	116.5	115.8	112.9	119.2	117.8	113.0	116.2	118.2	117.3	.....	.....
Equipment															
28 Business and defense equipment	18.01	147.8	147.9	149.7	149.4	147.5	149.7	149.4	150.3	148.3	147.1	148.1	146.8	145.5	145.6
29 Business equipment	14.34	141.3	141.3	143.0	142.2	139.6	141.7	141.4	142.9	141.1	139.1	140.3	138.5	136.8	136.9
30 Construction, mining, and farm	2.08	67.7	68.6	67.2	67.0	65.9	68.2	68.3	67.7	65.3	62.4	60.9	62.7	62.7	.....
31 Manufacturing	3.27	112.8	113.5	115.1	114.8	111.7	112.8	112.8	113.1	114.1	113.9	113.5	113.3	111.0	111.0
32 Power	1.27	83.6	85.6	84.5	85.1	85.5	84.7	87.1	84.5	83.4	82.5	82.8	82.9	82.6	82.0
33 Commercial	5.22	219.3	219.5	222.8	219.4	213.9	217.7	217.9	219.2	216.4	215.6	216.4	212.7	208.7	211.6
34 Transit	2.49	106.1	103.3	106.0	108.3	109.7	111.2	107.7	114.6	111.4	105.0	112.0	108.1	109.9	105.2
35 Defense and space equipment	3.67	173.6	173.9	175.5	177.5	178.7	180.7	180.7	179.3	176.7	178.5	178.6	179.1	179.3	179.5
Intermediate products															
36 Construction supplies	5.95	119.0	119.4	121.5	121.3	120.0	120.9	120.7	124.0	123.5	123.5	124.5	124.7	122.7	123.2
37 Business supplies	6.99	140.5	140.3	140.9	141.7	141.2	142.7	143.3	143.2	143.1	143.0	144.3	145.2	146.2	.....
38 General business supplies	5.67	144.4	144.4	145.1	145.4	144.8	146.7	146.8	147.2	146.7	146.9	148.2	149.0	150.5	.....
39 Commercial energy products	1.31	123.7	122.7	122.5	125.7	125.7	125.3	128.1	125.9	127.5	126.4	127.3	129.0	127.8	.....
Materials															
40 Durable goods materials	20.50	121.8	120.2	121.8	120.2	120.4	121.7	122.1	123.2	121.5	120.0	120.2	118.7	118.3	118.0
41 Durable consumer parts	4.92	100.7	98.3	100.0	99.0	100.2	101.6	101.5	103.9	103.2	100.7	99.6	97.5	97.6	97.0
42 Equipment parts	5.94	159.0	157.0	158.7	156.5	154.0	155.0	155.1	154.8	154.0	153.4	154.2	151.9	151.1	150.8
43 Durable materials n.e.c.	9.64	109.7	108.6	110.2	108.7	109.9	111.4	112.3	113.7	110.9	109.3	109.7	109.1	108.6	108.5
44 Basic metal materials	4.64	84.8	82.5	85.1	82.8	85.8	87.6	88.5	87.5	83.4	81.2	81.9	80.1	78.3	.....
45 Nondurable goods materials	10.09	112.2	112.8	113.5	114.7	113.4	113.0	114.9	116.1	116.4	114.7	116.3	116.1	116.8	117.0
46 Textile, paper, and chemical	7.53	112.4	113.5	113.8	115.1	113.5	113.2	115.2	116.4	116.8	115.3	116.5	116.4	116.9	117.4
47 Textile materials	1.52	97.7	100.2	104.4	104.1	101.2	104.4	102.1	103.2	107.3	104.9	106.9	107.1	108.0	.....
48 Pulp and paper materials	1.55	123.7	125.0	122.8	123.7	121.1	123.0	129.3	129.5	128.2	127.2	129.0	127.9	130.9	.....
49 Chemical materials	4.46	113.6	114.0	113.8	115.9	115.0	112.8	114.8	116.3	116.1	114.6	115.5	115.5	115.1	.....
50 Miscellaneous nondurable materials	2.57	111.3	110.8	112.7	113.5	113.3	112.5	113.9	115.3	115.2	113.2	115.6	115.5	116.4	.....
51 Energy materials	11.69	104.3	103.5	102.7	103.4	104.2	102.5	105.8	104.1	103.9	102.7	102.1	101.9	102.4	102.9
52 Primary energy	7.57	107.8	107.4	106.4	106.8	108.2	106.7	109.0	106.8	107.6	107.1	107.3	106.7	106.8	.....
53 Converted fuel materials	4.12	97.9	96.2	95.9	97.0	96.8	94.7	100.1	99.1	97.0	94.8	92.5	93.1	94.4	.....

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Grouping	SIC code	1977 proportion	1985 avg.	1985							1986						
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ^a	May	June ^a	July ^a	
Index (1977 = 100)																	
MAJOR INDUSTRY																	
1 Mining and utilities.....		15.79	110.6	109.4	109.1	110.3	109.9	108.9	110.8	110.2	108.0	106.2	105.6	104.2	104.1	103.8	
2 Mining.....		9.83	109.0	108.7	108.3	108.4	108.4	106.9	107.4	107.4	105.3	102.7	101.5	99.8	99.6	99.2	
3 Utilities.....		5.96	113.2	110.7	110.3	113.2	112.4	112.2	116.5	114.6	112.4	112.2	112.4	111.4	111.6	111.4	
4 Manufacturing.....		84.21	127.1	126.9	128.2	127.7	127.2	128.4	129.1	129.8	128.8	128.0	129.0	128.7	128.0	128.0	
5 Nondurable.....		35.11	125.6	125.6	126.6	126.9	126.4	127.3	128.0	129.1	128.5	128.3	129.7	130.4	130.3	130.2	
6 Durable.....		49.10	128.2	127.9	129.4	128.3	127.7	129.2	129.9	130.4	129.0	127.7	128.4	127.5	126.4	126.3	
Mining																	
7 Metal.....	10	.50	75.1	60.9	73.1	71.4	74.2	78.3	74.3	75.5	77.2	78.1	77.3	.....	.....	.....
8 Coal.....	11.12	1.60	127.5	128.0	127.7	126.3	130.1	125.5	128.0	130.6	124.9	123.5	124.5	122.4	127.0	.....
9 Oil and gas extraction.....	13	7.07	106.3	106.9	105.5	106.0	104.8	103.5	104.4	103.6	101.4	98.5	96.4	95.1	93.7	93.0	
10 Stone and earth minerals.....	14	.66	118.8	116.6	117.7	119.3	120.4	119.0	114.0	117.1	120.2	115.2	118.9	116.3	117.4	.....
Nondurable manufactures																	
11 Foods.....	20	7.96	131.0	132.2	132.6	132.5	130.7	131.4	132.6	133.2	133.8	133.0	134.0	135.1	134.3	.....
12 Tobacco products.....	21	.62	.....	96.0	97.7	97.8	105.3	104.5	103.5	99.3	97.9	93.0	101.4	101.5	.....	.....
13 Textile mill products.....	22	2.29	102.5	104.1	106.3	106.7	104.9	108.0	106.3	107.4	110.4	108.4	110.1	110.8	111.3	.....
14 Apparel products.....	23	2.79	101.8	100.6	100.4	101.8	102.6	103.9	105.0	105.8	103.6	104.0	104.3	103.7	103.1	.....
15 Paper and products.....	26	3.15	127.4	129.0	127.5	128.6	127.3	128.2	132.3	133.1	132.1	132.0	132.6	132.7	134.4	.....
16 Printing and publishing.....	27	4.54	155.3	154.3	156.3	156.2	157.0	159.0	158.4	158.9	155.4	158.1	162.0	163.0	163.9	163.8	
17 Chemicals and products.....	28	8.05	127.1	126.4	128.2	129.0	127.9	128.0	128.5	130.5	130.9	131.1	132.1	132.0	131.7	.....
18 Petroleum products.....	29	2.40	86.7	88.3	88.2	85.9	87.7	87.3	88.7	92.6	88.4	87.8	91.3	94.6	91.6	90.8	
19 Rubber and plastic products.....	30	2.80	147.0	145.6	148.0	148.6	148.7	150.5	150.0	150.5	150.7	149.0	147.8	149.8	150.4	.....
20 Leather and products.....	31	.53	70.9	72.2	72.7	72.3	71.4	72.1	69.9	67.5	67.0	65.4	64.6	62.1	62.0	.....
Durable manufactures																	
21 Lumber and products.....	24	2.30	.....	113.0	114.8	115.9	116.5	115.6	116.5	119.9	118.2	118.5	119.4	119.8	.....	.....
22 Furniture and fixtures.....	25	1.27	142.0	145.3	144.3	143.2	141.9	144.1	142.1	143.9	145.4	145.0	147.5	148.3	148.2	.....
23 Clay, glass, stone products.....	32	2.72	114.8	115.1	116.2	116.2	115.6	115.2	118.2	120.2	118.8	120.0	121.5	120.5	121.7	.....
24 Primary metals.....	33	5.33	80.6	79.0	82.0	80.3	83.1	83.6	81.7	84.9	80.7	77.4	78.1	75.7	72.5	73.3	
25 Iron and steel.....	331.2	3.49	70.7	68.7	71.6	69.7	74.4	75.3	72.0	75.5	69.9	64.9	65.6	61.7	59.1	.....
26 Fabricated metal products.....	34	6.46	107.8	107.3	107.8	107.5	108.4	107.9	108.8	109.3	109.4	108.5	107.6	107.3	107.0	106.5	
27 Nonelectrical machinery.....	35	9.54	146.6	147.5	149.2	146.5	143.0	145.6	146.0	146.2	144.6	143.2	142.0	141.6	139.8	139.5	
28 Electrical machinery.....	36	7.15	169.3	165.7	166.1	165.1	165.1	168.9	171.9	167.9	165.5	165.6	166.1	166.0	162.6	164.4	
29 Transportation equipment.....	37	9.13	123.2	123.7	126.8	126.2	124.5	126.5	126.8	128.9	128.1	124.3	127.9	125.4	126.7	126.1	
30 Motor vehicles and parts.....	371	5.25	112.8	112.8	116.8	115.3	111.7	114.5	115.4	117.8	117.8	110.4	114.8	110.7	112.7	112.2	
31 Aerospace and miscellaneous transportation equipment.....	372-6.9	3.87	137.5	138.5	140.4	141.1	141.9	142.9	142.3	144.0	142.1	143.1	145.6	145.4	145.6	145.1	
32 Instruments.....	38	2.66	139.9	141.1	141.8	139.4	139.8	140.7	140.6	141.1	141.8	142.5	142.5	141.3	141.7	139.8	
33 Miscellaneous manufactures.....	39	1.46	96.4	95.9	97.2	96.4	95.9	94.5	96.3	99.0	98.1	97.2	97.9	98.4	97.5	.....
Utilities																	
34 Electric.....		4.17	119.5	117.5	116.7	120.6	119.3	118.7	124.4	119.9	118.5	119.8	122.2	121.2	121.6	.....
Gross value (billions of 1972 dollars, annual rates)																	
MAJOR MARKET																	
35 Products, total.....		517.5	773.4	769.0	778.7	777.9	772.2	782.8	783.3	792.9	786.3	777.2	789.1	783.0	778.5	772.8	
36 Final.....		405.7	614.8	610.1	618.6	617.8	613.0	622.4	622.1	629.2	623.7	614.6	625.5	618.5	614.4	608.7	
37 Consumer goods.....		272.7	364.8	361.7	366.2	365.6	363.8	370.5	373.6	375.0	373.9	370.5	379.5	376.7	373.7	371.7	
38 Equipment.....		133.0	250.1	250.3	252.4	252.2	249.3	251.9	248.5	254.1	249.8	244.1	246.0	241.8	240.7	237.0	
39 Intermediate.....		111.9	158.6	160.4	160.1	160.1	159.2	160.4	161.2	163.7	162.6	162.6	163.6	164.5	164.1	164.1	

▲ 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.

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	1983	1984	1985	1985				1986						
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ¹	May ¹	June	
Private residential real estate activity (thousands of units)														
NEW UNITS														
1 Permits authorized	1,605	1,682	1,733	1,846	1,703	1,668	1,839	1,861	1,808	1,834	1,885	1,788	1,792	
2 1-family	902	922	957	956	984	932	963	1,060	1,033	1,043	1,139	1,092	1,121	
3 2-or-more-family	703	759	777	890	719	736	876	801	775	791	746	696	671	
4 Started	1,703	1,749	1,742	1,653	1,784	1,654	1,882	2,034	2,001	1,960	2,019	1,853	1,852	
5 1-family	1,067	1,084	1,072	1,006	1,118	1,006	1,098	1,335	1,202	1,221	1,242	1,241	1,229	
6 2-or-more-family	635	665	669	647	666	648	784	699	799	739	777	612	623	
7 Under construction, end of period ¹	1,003	1,051	1,063	1,065	1,089	1,087	1,088	1,094	1,110	1,099	1,135	1,135	1,159	
8 1-family	524	556	539	568	578	570	561	571	581	574	586	599	614	
9 2-or-more-family	479	494	524	496	512	517	528	522	529	526	549	537	545	
10 Completed	1,390	1,652	1,703	1,778	1,541	1,721	1,762	1,778	1,725	1,806	1,693	1,817	1,588	
11 1-family	924	1,025	1,072	1,100	1,072	1,095	1,141	1,075	1,038	1,153	1,127	1,134	1,049	
12 2-or-more-family	466	627	631	678	469	626	621	703	687	653	566	683	539	
13 Mobile homes shipped	296	296	284	283	291	287	285	280	266	240	249	239	226	
Merchant builder activity in 1-family units														
14 Number sold	622	639	688	681	637	722	729	735	741	924 ¹	884	780	703	
15 Number for sale, end of period ¹	304	358	350	350	353	353	349	352	352	338 ¹	337	340	343	
Price (thousands of dollars) ²														
16 Median	75.5	80.0	84.3	84.6	85.4	87.2	87.9	86.6	89.7	88.7 ¹	92.4	92.7	89.6	
17 Average	89.9	97.5	101.0	102.6	102.7	104.1	106.1	104.1	106.6	108.0 ¹	110.3	116.0	111.1	
EXISTING UNITS (1-family)														
18 Number sold	2,719	2,868	3,217	3,480	3,530	3,450	3,520	3,300	3,270	3,200	3,570	3,450	3,390	
Price of units sold (thousands of dollars) ²														
19 Median	69.8	72.3	75.4	75.9	75.2	74.9	75.5	77.1	77.4	79.8	80.2	83.2	82.6	
20 Average	82.5	85.9	90.6	91.4	91.2	90.3	91.8	93.0	93.1	96.8	98.1	101.7	102.1	
Value of new construction ³ (millions of dollars)														
CONSTRUCTION														
21 Total put in place	279,240	327,209	355,570	361,337	374,014	357,630	365,854	373,378	373,947	368,027	374,098	374,932	375,117	
22 Private	228,527	271,973	292,792	296,024	311,952	294,425	300,619	305,366	305,682	298,868	303,823	302,228	303,923	
23 Residential	126,553	155,148	158,818	160,976	174,840	158,210	161,786	163,413	164,713	165,645	170,488	172,593	175,609	
24 Nonresidential, total	101,974	116,825	133,974	135,048	137,112	136,215	138,833	141,953	140,969	133,223	133,335	129,635	128,314	
Buildings														
25 Industrial	12,863	13,746	15,769	15,822	15,872	16,095	16,546	15,783	16,381	13,354	14,619	13,686	13,197	
26 Commercial	35,789	48,100	59,626	60,994	60,770	61,185	63,863	65,222	63,494	60,716	59,915	57,229	56,543	
27 Other	11,838	12,547	12,619	12,859	12,790	12,748	12,487	12,781	13,065	13,131	13,025	13,142	13,294	
28 Public utilities and other	41,484	42,432	45,960	45,373	47,680	46,187	45,937	48,167	48,029	46,022	45,776	45,578	45,280	
29 Public	50,715	55,232	62,777	65,312	62,063	63,205	64,935	68,013	68,264	69,159	70,275	72,705	71,194	
30 Military	2,544	2,839	3,283	3,628	2,854	3,598	3,539	3,407	3,974	3,673	3,558	3,739	3,827	
31 Highway	14,143	16,343	19,998	19,516	19,354	19,854	21,017	22,129	22,273	22,673	23,155	23,195	21,385	
32 Conservation and development	4,820	4,654	4,952	5,255	4,946	5,090	4,958	5,614	4,372	4,598	4,943	4,741	4,664	
33 Other	29,208	31,396	34,544	36,913	34,909	34,663	35,421	36,863	37,645	38,215	38,619	41,030	41,318	

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 July 1986 (1967 = 100) ¹
	1985 July	1986 July	1985		1986		1986					
			Sept.	Dec.	Mar. ²	June ²	Mar. ²	Apr.	May	June	July	
CONSUMER PRICES ²												
1 All items	3.6	1.6	2.4	5.3	-1.9	1.5	-.4	-.3	.2	.5	.0	328.0
2 Food	2.1	3.4	2.1	5.9	-1.4	3.4	.1	.3	.4	.1	.9	320.1
3 Energy items	2.1	-16.2	-3.2	3.3	-34.2	-12.5	-6.5	-5.8	.3	2.3	-4.1	366.5
4 All items less food and energy	4.2	4.1	3.4	5.4	4.1	3.1	.4	.4	.1	.3	.4	326.9
5 Commodities	2.1	1.5	1.1	3.6	.3	-.5	-.1	-.1	-.1	.1	.2	262.0
6 Services	5.5	5.6	4.8	6.5	6.5	5.2	.6	.7	.2	.4	.4	397.7
PRODUCER PRICES												
7 Finished goods .....	.9	-2.3	-2.4	9.2	-12.5	.0	-1.0	-.6	.6	.0	-.4	288.0
8 Consumer foods	-1.5	3.5	-2.9	16.0	-8.1	6.0	.1	.3 ²	1.1	.0	1.9	280.7
9 Consumer energy	-2.9	-36.2	-11.3	20.7	-66.9	-25.1	-12.0	-8.9 ²	2.7	-.6	-11.9	467.8
10 Other consumer goods	2.6	2.3	.0	4.4	2.5	1.7	.7	.2	.2	.0	.3	258.6
11 Capital equipment	2.1	1.9	-.9	5.6	.7	1.9	.2	.3	.1	.1	.2	306.4
12 Intermediate materials ³	-.5	-4.5	-1.3	2.9	-11.8	-4.8	-1.2	-1.0	-.3	.0	-.7	310.5
13 Excluding energy .....	.4	-.5	-.7	.0	-1.0	-1.3	.1	-.4 ²	.0	.0	.2	304.2
Crude materials												
14 Foods	-12.1	.9	-20.6	47.0	-24.7	-.2	-.9	-3.2 ²	4.1	-.8 ²	3.4	233.6
15 Energy	-4.8	-28.4	-5.9	-4.0	-51.3	-33.8	-7.3	-7.1 ²	.2	-3.0	-2.8	538.7
16 Other	-6.9	.8	-4.4	1.5	-.2	6.6	2.7	.3 ²	.2	1.1	.1	249.2

1. Not seasonally adjusted.

2. Figures for consumer prices are those for all urban consumers and reflect a rental equivalence measure of homeownership after 1982.

3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE: Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1983	1984	1985	1985			1986	
				Q2	Q3	Q4	Q1	Q2*
GROSS NATIONAL PRODUCT								
1 Total	3,405.7	3,765.0	3,998.1	3,965.0	4,030.5	4,087.7	4,149.2	4,179.8
By source								
2 Personal consumption expenditures	2,234.5	2,428.2	2,600.5	2,576.0	2,627.1	2,667.9	2,697.9	2,735.3
3 Durable goods	289.1	331.2	359.3	354.0	373.3	362.0	360.8	375.7
4 Nondurable goods	816.7	870.1	905.1	902.3	907.4	922.6	929.7	929.1
5 Services	1,128.7	1,227.0	1,336.1	1,319.7	1,346.4	1,383.2	1,407.4	1,430.5
6 Gross private domestic investment	502.3	662.1	661.1	667.1	657.4	669.5	708.3	684.7
7 Fixed investment	509.4	598.0	650.0	648.0	654.3	672.6	664.4	672.2
8 Nonresidential	356.9	416.5	458.2	459.2	459.8	474.0	459.2	456.5
9 Structures	124.0	139.3	154.8	156.1	155.0	157.2	154.6	140.3
10 Producers' durable equipment	232.8	277.3	303.4	303.1	304.7	316.8	304.6	316.1
11 Residential structures	152.5	181.4	191.8	188.8	194.5	198.6	205.3	215.7
12 Change in business inventories	-7.1	64.1	11.1	19.1	3.1	-3.1	43.8	12.5
13 Nonfarm .....	.4	56.6	12.2	10.4	3.2	16.7	41.2	9.2
14 Net exports of goods and services	-6.1	-58.7	-78.9	-77.1	-83.7	-105.3	-93.7	-100.2
15 Exports	352.5	382.7	369.8	370.0	362.3	368.2	374.8	367.9
16 Imports	358.7	441.4	448.6	447.1	446.0	473.6	468.5	468.1
17 Government purchases of goods and services	675.0	733.4	815.4	799.0	829.7	855.6	836.7	860.0
18 Federal	283.5	311.3	354.1	340.9	360.9	380.9	355.7	367.1
19 State and local	391.5	422.2	461.3	458.1	468.8	474.7	480.9	492.9
By major type of product								
20 Final sales, total	3,412.8	3,700.9	3,987.0	3,945.9	4,027.4	4,090.8	4,105.4	4,167.3
21 Goods	1,396.1	1,576.7	1,630.2	1,622.4	1,642.8	1,644.1	1,669.0	1,663.2
22 Durable	573.3	675.0	700.2	693.1	710.3	709.1	710.6	710.4
23 Nondurable	822.7	901.7	930.0	929.3	932.5	935.0	958.4	952.8
24 Services	1,682.5	1,813.1	1,959.8	1,935.4	1,971.9	2,025.5	2,057.7	2,090.5
25 Structures	327.1	375.1	408.1	407.2	415.9	418.1	422.6	426.2
26 Change in business inventories	-7.1	64.1	11.1	19.1	3.1	-3.1	43.8	12.5
27 Durable goods	-1.0	39.2	6.6	2.3	-2.7	9.5	28.6	1.8
28 Nondurable goods	-6.1	24.9	4.5	16.7	5.8	-12.7	15.3	10.7
29 MEMO: Total GNP in 1982 dollars	3,279.1	3,489.9	3,585.2	3,567.6	3,603.8	3,622.3	3,655.9	3,661.5
NATIONAL INCOME								
30 Total	2,719.5	3,032.0	3,222.3	3,201.4	3,243.4	3,287.3	3,340.7	3,379.5
31 Compensation of employees	2,020.7	2,214.7	2,368.2	2,352.1	2,380.9	2,423.6	2,461.5	2,480.1
32 Wages and salaries	1,676.2	1,837.0	1,965.8	1,952.2	1,976.0	2,012.8	2,044.1	2,058.8
33 Government and government enterprises	324.3	346.2	372.2	368.6	374.2	381.6	387.2	392.5
34 Other	1,352.3	1,490.6	1,593.9	1,583.6	1,601.8	1,631.1	1,656.8	1,666.3
35 Supplement to wages and salaries	344.5	377.7	402.4	399.8	404.9	410.9	417.4	421.3
36 Employer contributions for social insurance	170.9	193.1	205.5	204.5	206.1	209.1	212.9	214.1
37 Other labor income	173.6	184.5	196.9	195.3	198.8	201.7	204.5	207.3
38 Proprietors' income ¹	190.9	236.9	254.4	255.5	249.3	262.1	265.3	290.7
39 Business and professional ¹	178.4	205.3	225.2	222.5	227.7	232.7	240.9	249.8
40 Farm ¹	12.4	31.5	29.2	33.0	21.6	29.4	24.4	40.9
41 Rental income of persons ²	13.2	8.3	7.6	8.1	7.3	8.3	12.8	16.6
42 Corporate profits ¹	213.7	264.7	280.7	274.3	296.3	285.6	296.4	291.2
43 Profits before tax ³	207.6	235.7	223.2	213.8	229.2	235.8	224.3	231.9
44 Inventory valuation adjustment	-10.9	-5.5	-6	1.6	6.1	-9.4	16.5	7.9
45 Capital consumption adjustment	17.0	34.5	58.1	58.9	61.0	59.2	55.6	51.4
46 Net interest	281.0	307.4	311.4	311.4	309.7	307.6	304.9	300.8

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

3. For after-tax profits, dividends, and the like, see table 1.48.
 SOURCE: Survey of Current Business (Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

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

Account	1983	1984	1985	1985			1986	
				Q2	Q3	Q4	Q1	Q2 ^r
PERSONAL INCOME AND SAVING								
1 Total personal income.....	2,838.6	3,110.2	3,314.5	3,298.7	3,323.2	3,382.9	3,432.6	3,486.5
2 Wage and salary disbursements.....	1,676.6	1,836.8	1,966.1	1,953.3	1,976.0	2,012.8	2,044.1	2,058.8
3 Commodity-producing industries.....	523.1	577.8	607.7	605.0	608.3	617.7	622.0	620.7
4 Manufacturing.....	397.4	439.1	460.1	457.3	460.7	467.5	470.5	468.8
5 Distributive industries.....	404.2	442.2	469.8	467.7	472.4	478.9	485.2	484.2
6 Service industries.....	425.1	470.6	516.4	511.0	521.1	534.6	549.6	561.3
7 Government and government enterprises.....	324.3	346.2	372.2	369.6	374.2	381.6	387.2	392.5
8 Other labor income.....	173.6	184.5	196.9	195.3	198.8	201.7	204.5	207.3
9 Proprietors' income ¹	190.9	236.9	254.4	255.5	249.3	262.1	265.3	290.7
10 Business and professional ¹	178.4	205.3	225.2	222.5	227.7	232.7	240.9	249.8
11 Farm ¹	12.4	31.5	29.2	33.0	21.6	29.4	24.4	40.9
12 Rental income of persons ²	13.2	8.3	7.6	8.1	7.3	8.3	12.8	16.6
13 Dividends.....	68.7	74.7	76.4	76.4	76.3	76.7	79.1	81.1
14 Personal interest income.....	393.1	446.9	476.2	475.3	475.2	480.6	480.8	482.0
15 Transfer payments.....	442.6	455.6	487.1	484.1	491.1	493.6	504.7	509.4
16 Old-age survivors, disability, and health insurance benefits.....	221.7	235.7	253.4	251.1	256.5	256.8	263.2	264.1
17 LESS: Personal contributions for social insurance.....	120.1	133.5	150.2	149.4	150.7	152.9	158.6	159.5
18 EQUALS: Personal income.....	2,838.6	3,110.2	3,314.5	3,298.7	3,323.2	3,382.9	3,432.6	3,486.5
19 LESS: Personal tax and nontax payments.....	410.5	439.6	486.5	456.4	491.2	500.7	497.5	504.8
20 EQUALS: Disposable personal income.....	2,428.1	2,670.6	2,828.0	2,842.3	2,832.0	2,882.2	2,935.1	2,981.7
21 LESS: Personal outlays.....	2,297.4	2,501.9	2,684.7	2,658.7	2,712.4	2,756.4	2,789.4	2,829.0
22 EQUALS: Personal saving.....	130.6	168.7	143.3	183.6	119.6	125.8	145.6	152.7
MEMO								
Per capita (1982 dollars)								
23 Gross national product.....	13,963.7	14,721.1	14,980.9	14,928.1	15,040.5	15,079.9	15,188.0	15,179.7
24 Personal consumption expenditures.....	9,138.5	9,475.4	9,713.0	9,673.8	9,774.4	9,790.3	9,857.1	9,992.9
25 Disposable personal income.....	9,930.0	10,421.0	10,563.0	10,674.0	10,537.0	10,577.0	10,723.0	10,893.0
26 Saving rate (percent).....	5.4	6.3	5.1	6.5	4.2	4.4	5.0	5.1
GROSS SAVING								
27 Gross saving.....	463.6	573.3	551.5	566.8	541.7	524.1	583.2	541.7
28 Gross private saving.....	592.2	674.8	687.8	722.4	679.6	679.2	714.8	718.7
29 Personal saving.....	130.6	168.7	143.3	183.6	119.6	125.8	145.6	152.7
30 Undistributed corporate profits ¹	65.0	91.0	107.3	105.8	118.8	106.8	122.1	112.5
31 Corporate inventory valuation adjustment.....	-10.9	-5.5	-6	1.6	6.1	-9.4	16.5	7.9
Capital consumption allowances								
32 Corporate.....	242.7	253.9	268.2	266.6	270.1	273.3	275.3	278.8
33 Noncorporate.....	153.9	161.2	169.0	166.5	171.2	173.4	171.8	174.7
34 Wage accruals less disbursements.....	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (-), national income and product accounts.....	-128.6	-101.5	-136.3	-155.6	-138.0	-155.1	-131.6	-177.0
36 Federal.....	-176.0	-170.0	-198.0	-214.8	-197.5	-217.6	-201.6	-236.9
37 State and local.....	47.5	68.5	61.7	59.2	59.5	62.5	70.0	59.9
38 Capital grants received by the United States, net.....	.0	.0	.0	.0	.0	.0	.0	.0
39 Gross investment.....	468.8	571.4	545.9	555.0	536.2	525.7	579.6	547.0
40 Gross private domestic.....	502.3	662.1	661.1	667.1	657.4	669.5	708.3	684.7
41 Net foreign.....	-33.5	-90.7	-115.2	-112.0	-121.2	-143.8	-128.6	-137.7
42 Statistical discrepancy.....	5.2	-1.9	-5.5	-11.7	-5.5	1.6	-3.6	5.3

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	1983	1984	1985	1985				1986
				Q1	Q2	Q3	Q4	Q1 ^P
1 Balance on current account	-46,605	-106,466	-117,676	-26,112	-29,417	-28,455	-33,695	-33,668
2 Not seasonally adjusted .....	.....	.....	.....	-23,529	-30,363	-32,275	-31,510	-30,695
3 Merchandise trade balance ²	-67,080	-112,522	-124,439	-25,045	-30,367	-31,675	-37,352	-36,585
4 Merchandise exports	201,820	219,900	214,424	55,324	53,875	52,498	52,727	53,548
5 Merchandise imports	-268,900	-332,422	-338,863	-80,369	-84,242	-84,173	-90,079	-90,133
6 Military transactions, net	-370	-1,827	-2,917	-246	-729	-619	-1,322	-945
7 Investment income, net ³	24,841	18,751	25,187	2,219	5,449	8,262	9,255	6,820
8 Other service transactions, net	5,484	1,288	-524	-240	312	-422	-32	-73
9 Remittances, pensions, and other transfers	-3,194	-3,621	-3,787	-1,056	-881	-914	-937	-968
10 U.S. government grants (excluding military)	-6,286	-8,536	-11,196	-2,224	-2,577	-3,087	-3,307	-2,063
11 Change in U.S. government assets, other than official reserve assets, net (increase, -)	-5,005	-5,523	-2,824	-807	-1,055	-422	-540	-146
12 Change in U.S. official reserve assets (increase, -)	-1,196	-3,130	-3,858	-233	-356	-121	-3,147	-115
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-66	-979	-897	-264	-180	-264	-189	-274
15 Reserve position in International Monetary Fund	-4,434	-995	908	281	72	388	168	344
16 Foreign currencies	3,304	-1,156	-3,869	-250	-248	-245	-3,126	-185
17 Change in U.S. private assets abroad (increase, -) ³	-43,821	-14,987	-25,755	530	-1,382	-5,324	-19,579	-8,416
18 Bank-reported claims	-29,928	-11,127	-691	335	3,450	4,009	-8,485	7,842
19 Nonbank-reported claims	-6,513	5,081	1,665	1,058	1,706	-1,517	418	n.a.
20 U.S. purchase of foreign securities, net	-7,007	-5,082	-7,977	-2,577	-2,325	-1,664	-1,411	-6,138
21 U.S. direct investments abroad, net ³	-373	-3,859	-18,752	1,714	-4,213	-6,152	-10,101	-10,120
22 Change in foreign official assets in the United States (increase, +)	5,968	3,037	-1,324	11,066	8,486	2,577	-1,322	2,510
23 U.S. Treasury securities	6,972	4,690	-546	7,174	8,685	-81	-1,976	-3,256
24 Other U.S. government obligations	-476	13	-295	-306	136	46	-171	-177
25 Other U.S. government liabilities ⁴	725	436	483	-445	606	58	263	192
26 Other U.S. liabilities reported by U.S. banks	545	555	522	-3,025	-107	2,932	722	-1,124
27 Other foreign official assets ³	-1,798	-2,657	-1,488	-116	-834	-378	-160	363
28 Change in foreign private assets in the United States (increase, +) ³	79,528	99,730	128,431	25,313	16,872	33,088	53,158	36,974
29 U.S. bank-reported liabilities	50,342	33,849	40,387	12,078	606	7,276	20,427	8,582
30 U.S. nonbank-reported liabilities	-118	4,704	-1,172	-2,156	-1,837	589	2,232	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	8,721	23,059	20,500	2,217	5,123	7,484	5,676	8,311
32 Foreign purchases of other U.S. securities, net	8,636	12,759	50,859	9,567	7,223	11,628	22,441	18,793
33 Foreign direct investments in the United States, net ³	11,947	25,359	17,857	3,607	5,757	6,111	2,382	1,288
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	11,130	27,338	23,006	12,375	6,852	-1,343	5,125	2,861
36 Owing to seasonal adjustments .....	.....	.....	.....	1,094	-1,174	-3,687	3,771	1,535
37 Statistical discrepancy in recorded data before seasonal adjustment	11,130	27,338	23,006	11,282	8,026	2,344	1,354	1,326
MEMO								
38 Changes in official assets								
39 U.S. official reserve assets (increase, -)	-1,196	-3,130	-3,858	-233	-356	-121	-3,147	-115
40 Foreign official assets in the United States (increase, +)	5,243	2,601	-1,807	-10,621	7,880	2,519	1,585	2,318
41 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	-8,283	-4,304	-6,599	-1,923	-1,843	-1,831	-1,002	1,395
42 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	194	190	64	10	12	15	28	20

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	1985	1986					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	200,486	217,865	213,146	16,994	17,006	17,735	18,913	17,965	17,431	19,070
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	258,048	325,726	345,276	30,728	32,005	28,895	31,972	28,762	30,272	31,764
3 Trade balance	-57,562	107,861	-132,129	-13,734	-14,999	-11,160	-13,059	-10,797	-12,842	-12,694

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						
				Jan.	Feb.	Mar.	Apr.	May	June	July
1 Total	33,747	34,934	43,191	43,673	45,805	44,919	46,491	45,260	46,635	47,430
2 Gold stock, including Exchange Stabilization Fund ¹	11,121	11,096	11,090	11,090	11,090	11,090	11,089	11,085	11,084	11,084
3 Special drawing rights ^{2,3}	5,025	5,641	7,293	7,441	7,960	7,839	8,098	8,066	8,213	8,085
4 Reserve position in International Monetary Fund ²	11,312	11,541	11,952	11,824	12,172	12,025	12,242	11,789	12,109	12,114
5 Foreign currencies ⁴	6,289	6,656	12,856	13,318	14,283	13,965	15,062	14,320	15,229	16,147

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						
				Jan.	Feb.	Mar.	Apr.	May	June	July
1 Deposits	190	267	480	256	276	273	325	253	354	233
Assets held in custody										
2 U.S. Treasury securities ¹	117,670	118,000	121,004	121,995	124,905	127,611	132,017	136,762	137,820	144,527
3 Earmarked gold ²	14,414	14,242	14,245	14,193	14,172	14,167	14,160	14,145	14,128	14,131

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 Data¹

Millions of dollars, end of period

Asset account	1982	1983	1984	1985	1986					
				Dec.	Jan. ²	Feb. ²	Mar. ²	Apr. ²	May	June ²
All foreign countries										
1 Total, all currencies	469,712	477,090	453,656	458,012	448,847	449,561	459,885	475,158	459,727	467,665
2 Claims on United States	91,805	115,542	113,393	119,723	117,010	113,840	118,524	122,487	117,627	117,698
3 Parent bank	61,666	82,026	78,109	87,201	84,466	81,038	85,164	88,975	83,404	82,532
4 Other banks in United States ²	30,139	33,516	13,664	13,076	11,913	11,740	12,971	12,803	13,196	14,002
5 Nonbanks ²			21,620	19,446	20,631	21,062	20,389	20,709	21,027	21,164
6 Claims on foreigners	358,493	342,689	320,162	315,692	309,385	311,419	316,493	326,013	316,151	324,125
7 Other branches of parent bank	91,168	96,004	95,184	91,399	88,393	88,457	91,586	95,238	90,447	98,457
8 Banks	133,752	117,668	100,397	102,950	100,982	100,362	101,743	107,141	103,851	105,567
9 Public borrowers	24,131	24,517	23,343	23,395	23,439	23,776	23,770	23,645	23,823	23,273
10 Nonbank foreigners	109,442	107,785	101,238	97,948	96,571	98,824	99,394	99,989	98,030	96,828
11 Other assets	19,414	18,859	20,101	22,597	22,452	24,302	24,868	26,658	25,949	25,842
12 Total payable in U.S. dollars	361,982	371,508	350,636	336,288	322,948	316,461	324,122	331,506	322,710	327,695
13 Claims on United States	90,085	113,436	111,426	116,655	113,937	110,477	114,965	118,629	113,736	113,405
14 Parent bank	61,010	80,909	77,229	85,971	83,320	79,703	83,841	87,597	82,110	81,040
15 Other banks in United States ²	29,075	32,527	13,500	12,473	11,245	11,077	12,272	11,902	12,283	12,870
16 Nonbanks ²			20,697	18,211	19,372	19,697	18,852	19,130	19,343	19,495
17 Claims on foreigners	259,871	247,406	228,600	209,917	199,497	195,816	199,279	202,498	198,008	203,843
18 Other branches of parent bank	73,537	78,431	78,746	72,689	68,748	67,630	70,910	73,109	69,627	75,934
19 Banks	106,447	93,332	76,940	71,738	66,284	63,987	63,849	66,006	64,955	66,670
20 Public borrowers	18,413	17,890	17,626	17,169	17,044	17,226	17,219	16,898	17,180	16,492
21 Nonbank foreigners	61,474	60,977	55,288	48,321	47,421	46,973	47,301	46,485	46,246	44,747
22 Other assets	12,026	10,666	10,610	9,716	9,514	10,168	9,878	10,379	10,966	10,447
United Kingdom										
23 Total, all currencies	161,067	158,732	144,385	148,599	150,835	148,788	150,975	155,867	152,075	151,593
24 Claims on United States	27,354	34,433	27,675	33,157	36,319	33,482	33,990	34,234	34,231	31,364
25 Parent bank	23,017	29,111	21,862	26,970	29,837	27,350	27,881	28,058	28,001	25,106
26 Other banks in United States ²	4,337	5,322	1,429	1,106	1,173	1,064	1,129	1,386	1,312	1,366
27 Nonbanks ²			4,384	5,081	5,309	5,068	4,980	4,790	4,918	4,892
28 Claims on foreigners	127,734	119,280	111,828	110,217	109,290	109,802	111,468	115,485	111,823	113,739
29 Other branches of parent bank	37,000	36,565	37,953	31,576	30,394	30,218	31,250	32,516	31,984	34,670
30 Banks	50,767	43,352	37,443	39,250	39,257	39,777	38,929	41,593	39,222	39,430
31 Public borrowers	6,240	5,898	5,334	5,644	5,949	6,113	5,833	5,642	5,427	5,236
32 Nonbank foreigners	33,727	33,465	31,098	33,747	33,150	33,694	35,456	35,734	35,190	34,403
33 Other assets	5,979	5,019	4,882	5,225	5,226	5,504	5,517	6,148	6,021	6,490
34 Total payable in U.S. dollars	123,740	126,012	112,809	108,626	108,566	105,202	105,111	107,359	106,712	104,010
35 Claims on United States	26,761	33,756	26,868	32,092	35,303	32,384	32,746	32,959	32,841	29,944
36 Parent bank	22,756	28,756	21,495	26,568	29,470	26,943	27,393	27,629	27,584	24,693
37 Other banks in United States ²	4,005	5,000	1,363	1,005	1,089	978	1,027	1,225	1,152	1,103
38 Nonbanks ²			4,010	4,519	4,744	4,463	4,326	4,105	4,105	4,148
39 Claims on foreigners	92,228	88,917	82,945	73,475	70,345	69,597	69,433	71,058	70,437	70,697
40 Other branches of parent bank	31,648	31,838	33,607	26,011	25,083	24,474	25,250	26,224	26,265	27,559
41 Banks	36,717	32,188	26,805	26,139	24,013	23,725	22,106	23,310	23,134	22,825
42 Public borrowers	4,329	4,194	4,030	3,999	4,252	4,370	4,223	4,012	3,937	3,777
43 Nonbank foreigners	19,534	20,697	18,503	17,326	16,997	17,028	17,854	17,512	17,101	16,536
44 Other assets	4,751	3,339	2,996	3,059	2,918	3,221	2,932	3,342	3,434	3,369
Bahamas and Caymans										
45 Total, all currencies	145,156	152,083	146,811	142,055	131,731	130,154	136,529	137,272	132,122	138,944
46 Claims on United States	59,403	75,309	77,296	74,874	68,789	68,412	71,735	72,755	68,710	70,751
47 Parent bank	34,653	48,720	49,449	50,553	44,642	43,891	46,813	47,613	42,868	44,132
48 Other banks in United States ²	24,750	26,589	11,544	11,223	10,023	9,897	10,838	10,456	10,906	11,692
49 Nonbanks ²			16,303	13,098	14,124	14,624	14,084	14,686	14,936	14,927
50 Claims on foreigners	81,450	72,868	65,598	63,894	59,233	57,724	60,564	60,301	59,106	63,955
51 Other branches of parent bank	18,720	20,626	17,661	19,042	16,468	15,872	19,131	18,286	15,703	20,636
52 Banks	42,699	36,842	30,246	28,182	26,009	25,438	25,129	25,809	26,290	27,000
53 Public borrowers	6,413	6,093	6,089	6,458	6,409	6,286	6,292	6,326	6,694	6,399
54 Nonbank foreigners	13,618	12,592	11,602	10,212	10,347	10,128	10,012	9,880	10,419	9,920
55 Other assets	4,303	3,906	3,917	3,287	3,709	4,018	4,230	4,216	4,306	4,238
56 Total payable in U.S. dollars	139,605	145,641	141,562	136,794	126,226	124,216	130,438	130,530	125,681	132,354

1. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from \$50 million to \$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

2. Data for assets vis-à-vis other banks in the United States and vis-à-vis nonbanks are combined for dates before June 1984.

3.14 Continued

Liability account	1982	1983	1984	1985	1986					
				Dec.	Jan.	Feb. ^a	Mar. ^a	Apr. ^a	May	June ^a
All foreign countries										
57 Total, all currencies	469,712	477,090	453,656	458,012	448,847 ^a	449,561	459,885	475,158	459,727	467,665
58 Negotiable CDs ³	n.a.	n.a.	37,725	34,607	34,597	33,458	36,066	33,229	35,006	34,683
59 To United States	179,015	188,070	147,583	155,538	142,253 ^a	138,228	140,381	150,366	144,213	149,843
60 Parent bank	75,621	81,261	78,739	83,914 ^a	76,805	73,465	74,952	81,594	77,484	85,132
61 Other banks in United States	33,405	29,453	18,409	16,894	14,724	13,984	15,724	14,270	14,347	16,158
62 Nonbanks	69,989	77,356	50,435	54,730	50,724 ^a	50,779	49,705	54,502	52,382	48,553
63 To foreigners	270,853	269,685	247,907	245,942	250,855 ^a	255,533	261,783	269,838	258,728	262,322
64 Other branches of parent bank	90,191	90,615	93,909	89,529	86,360 ^a	86,358	90,921	93,768	90,228	97,696
65 Banks	96,860	92,889	78,203	76,814	84,167 ^a	83,843	84,820	89,608	83,251	80,982
66 Official institutions	19,614	18,896	20,281	19,523	19,939 ^a	21,889	20,688	20,744	20,792	20,480
67 Nonbank foreigners	64,188	68,845	55,514	60,076	60,389 ^a	63,443	65,354	65,718	64,457	63,164
68 Other liabilities	19,844	19,335	20,441	21,925 ^a	21,142 ^a	22,342	21,655	21,725	21,780	20,817
69 Total payable in U.S. dollars	379,270	388,291	367,145	353,470	338,498 ^a	332,029	341,550	347,585	340,111	346,540
70 Negotiable CDs ³	n.a.	n.a.	35,227	31,063	31,182	30,202	32,418	29,912	31,513	31,076
71 To United States	175,528	184,305	143,571	150,161 ^a	136,854 ^a	132,215	134,184	143,577	137,666	142,737
72 Parent bank	73,295	79,035	76,254	80,888 ^a	73,897	70,208	71,616	78,061	73,950	81,073
73 Other banks in United States	33,040	28,936	17,935	16,264	14,011	13,288	14,933	13,477	13,575	15,363
74 Nonbanks	69,193	76,334	49,382	53,009	48,946 ^a	48,719	47,635	52,039	50,141	46,301
75 To foreigners	192,510	194,139	178,260	163,361	161,356 ^a	160,810	166,349	166,253	162,472	164,025
76 Other branches of parent bank	72,921	73,522	77,770	70,943	67,183 ^a	65,947	70,465	71,841	69,871	75,784
77 Banks	57,463	57,022	45,123	37,323	38,478 ^a	36,699	37,490	37,240	36,294	33,719
78 Official institutions	15,055	13,855	15,773	14,354	14,800 ^a	15,853	14,719	14,746	14,151	13,873
79 Nonbank foreigners	47,071	51,260	39,594	40,741	40,895 ^a	42,311	43,675	42,426	42,156	40,649
80 Other liabilities	11,232	9,847	10,087	8,885 ^a	9,106 ^a	8,802	8,599	7,843	8,460	8,702
United Kingdom										
81 Total, all currencies	161,067	158,732	144,385	148,599	150,835 ^a	148,788	150,975	155,867	152,075	151,593
82 Negotiable CDs ³	n.a.	n.a.	34,413	31,260	30,788	29,419	32,217	29,898	31,734	31,396
83 To United States	53,954	55,799	25,250	29,422	29,901	26,705	22,945	28,450	27,505	26,297
84 Parent bank	13,091	14,021	14,651	19,330	19,845	16,798	13,724	17,231	16,624	15,901
85 Other banks in United States	12,205	11,328	3,125	2,974	2,264	1,950	2,793	1,966	2,175	2,027
86 Nonbanks	28,658	30,450	7,474	7,118	7,792	7,957	6,428	9,253	8,706	8,369
87 To foreigners	99,567	95,847	77,424	78,525	80,724	82,666	86,053	87,773	83,067	84,323
88 Other branches of parent bank	18,361	19,038	21,631	23,389	21,858	21,954	24,733	25,379	23,838	27,008
89 Banks	44,020	41,624	30,436	28,581	32,326	32,088	33,301	34,294	31,584	30,487
90 Official institutions	11,504	10,151	10,154	9,676	10,093	10,956	9,750	9,757	9,548	9,543
91 Nonbank foreigners	25,682	25,034	15,203	16,879	16,447	17,668	18,269	18,343	18,097	17,285
92 Other liabilities	7,546	7,086	7,298	9,392	9,422	9,998	9,760	9,746	9,769	9,577
93 Total payable in U.S. dollars	130,261	131,167	117,497	112,697	112,073	108,332	108,420	110,376	109,335	108,374
94 Negotiable CDs ³	n.a.	n.a.	33,070	29,337	28,845	27,655	30,042	27,978	29,542	29,135
95 To United States	53,029	54,691	24,105	27,756	28,150	24,967	21,070	26,411	25,490	24,241
96 Parent bank	12,814	13,839	14,339	18,956	19,461	16,528	13,405	16,867	16,233	15,340
97 Other banks in United States	12,026	11,044	2,980	2,826	2,090	1,820	2,596	1,774	1,944	1,847
98 Nonbanks	28,189	29,808	6,786	5,974	6,599	6,619	5,069	7,770	7,313	7,054
99 To foreigners	73,477	73,279	56,923	51,980	50,762	51,686	53,219	52,262	50,441	51,017
100 Other branches of parent bank	14,300	15,403	18,294	18,493	16,614	16,829	19,068	19,297	18,043	20,434
101 Banks	28,810	29,320	18,356	14,344	14,872	14,457	14,731	14,125	14,114	13,055
102 Official institutions	9,668	8,279	8,871	7,661	8,242	8,747	7,839	7,449	6,953	6,914
103 Nonbank foreigners	20,699	20,277	11,402	11,482	11,034	11,653	11,581	11,391	11,331	10,614
104 Other liabilities	3,755	3,197	3,399	3,624	4,316	4,024	4,089	3,725	3,862	3,981
Bahamas and Caymans										
105 Total, all currencies	145,156	152,083	146,811	142,055	131,731 ^a	130,154	136,529	137,272	132,122	138,944
106 Negotiable CDs ³	n.a.	n.a.	615	610	1,076	1,237	1,132	629	634	567
107 To United States	104,425	111,299	102,955	103,548	91,989 ^a	91,773	97,666	98,621	94,128	98,907
108 Parent bank	47,081	50,980	47,162	44,546	38,850	39,381	43,834	43,662	40,757	47,014
109 Other banks in United States	18,466	16,057	13,938	12,778	11,185	10,854	11,604	11,014	10,738	12,878
110 Nonbanks	38,878	44,262	41,855	46,224	41,954 ^a	41,538	42,228	43,945	42,633	39,015
111 To foreigners	38,274	38,445	40,320	35,053	36,528 ^a	34,993	35,666	35,901	35,139	37,330
112 Other branches of parent bank	15,796	14,936	16,782	14,075	14,764 ^a	13,081	13,198	14,077	13,731	15,882
113 Banks	10,166	11,876	12,405	10,669	11,117 ^a	10,851	10,360	10,788	10,318	9,981
114 Official institutions	1,967	1,919	2,054	1,776	1,509 ^a	1,741	1,759	2,176	2,144	2,427
115 Nonbank foreigners	10,345	11,274	9,079	8,533	9,138 ^a	9,320	10,349	8,860	8,946	9,040
116 Other liabilities	2,457	2,339	2,921	2,579 ^a	2,138 ^a	2,151	2,065	2,121	2,221	2,140
117 Total payable in U.S. dollars	141,908	148,278	143,582	138,322	127,840 ^a	125,861	132,308	132,966	127,918	134,606

3. Before June 1984, liabilities on negotiable CDs were included in liabilities to the United States or liabilities to foreigners, according to the address of the initial purchaser.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1983	1984	1985	1986					
			Dec.'	Jan.'	Feb.'	Mar.'	Apr.'	May	June ^P
1 Total ¹	177,950	180,552	178,337	183,314	179,856	180,525	188,908	190,644	194,283
<i>By type</i>									
2 Liabilities reported by banks in the United States ²	25,534	26,089	26,734	28,303	26,506	25,479	27,029	24,852	25,822
3 U.S. Treasury bills and certificates ³	54,341	59,976	53,252	53,294	54,420	55,933	59,547	63,614	65,292
4 U.S. Treasury bonds and notes	68,514	69,019	77,108	77,470	78,089	78,483	82,345	82,571	84,178
5 Nonmarketable ⁴	7,250	5,800	3,550	3,550	3,150	2,750	2,300	1,800	1,800
6 U.S. securities other than U.S. Treasury securities ⁵	22,311	19,668	17,693	17,697	17,691	17,880	17,687	17,807	17,191
<i>By area</i>									
7 Western Europe ¹	67,645	69,776	74,418	74,440	72,891	72,435	76,353	76,414	79,498
8 Canada	2,438	1,528	1,314	1,118	1,762	1,445	1,711	1,502	1,529
9 Latin America and Caribbean	6,248	8,561	11,141	11,516	10,234	10,425	10,785	10,608	11,063
10 Asia	92,572	93,954	86,441	88,534	89,719	90,869	94,646	96,954	97,207
11 Africa	958	1,264	1,824	1,897	1,786	1,846	1,833	1,718	1,717
12 Other countries ⁶	8,089	5,469	3,199	2,809	3,464	3,505	3,580	3,448	3,269

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			1986
				June	Sept.	Dec.'	Mar.
1 Banks' own liabilities	4,844	5,219	8,586	10,290 ^r	12,982 ^r	15,368	21,320
2 Banks' own claims	7,707	7,231	11,984	14,179	15,233	16,161	19,634
3 Deposits	4,251	2,731	4,998	7,308	8,540	8,304	11,318
4 Other claims	3,456	4,501	6,986	6,871	6,693	7,857	8,316
5 Claims of banks' domestic customers ¹	676	1,059	569	243	328	580	1,426

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars
Millions of dollars, end of period

Holder and type of liability	1982	1983	1984	1985	1986					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June ^P
1 All foreigners	307,056	369,607	407,306	435,368¹	431,036¹	436,528¹	440,518	443,351	444,420	451,737
2 Banks' own liabilities	227,089	279,087	306,898	341,070 ¹	335,126 ¹	340,076 ¹	344,422	346,453	342,063	346,136
3 Demand deposits	15,889	17,470	19,571	21,107	19,648	19,659	20,195	19,751	19,651	21,332
4 Time deposits ¹	68,797	90,632	110,413	117,278 ¹	114,710 ¹	116,964 ¹	116,418	114,210	114,143	115,346
5 Other ²	23,184	25,874	26,268	29,305 ¹	30,375 ¹	31,144 ¹	32,125	33,219	31,597	31,712
6 Own foreign offices ³	119,219	145,111	150,646	173,381 ¹	170,393 ¹	172,309	175,685	179,273	176,672	177,746
7 Banks' custody liabilities ⁴	79,967	90,520	100,408	94,298	95,910 ¹	96,452 ¹	96,096	96,898	102,357	105,601
8 U.S. Treasury bills and certificates ⁵	55,628	68,669	76,368	68,785	69,801	72,631	72,714	74,631	80,192	80,725
9 Other negotiable and readily transferable instruments ⁶	20,636	17,467	18,747	17,964	18,016 ¹	15,597 ¹	15,329	13,776	13,917	15,231
10 Other	3,702	4,385	5,293	7,549	8,093 ¹	8,223 ¹	8,053	8,491	8,249	9,645
11 Nonmonetary international and regional organizations⁷	4,922	5,957	4,454	5,821¹	7,487	9,867	5,223	3,420	4,503	3,427
12 Banks' own liabilities	1,909	4,632	2,014	2,621 ¹	2,714	4,326	1,404	1,674	2,372	877
13 Demand deposits	106	297	254	85	96	184	102	138	99	79
14 Time deposits ¹	1,664	3,584	1,267	2,067	2,369	3,892	391	681	1,093	537
15 Other ²	139	750	493	469 ¹	250	250	911	856	1,179	262
16 Banks' custody liabilities ⁴	3,013	1,325	2,440	3,200	4,773	5,540	3,820	1,746	2,131	2,550
17 U.S. Treasury bills and certificates	1,621	463	916	1,736	3,216	4,219	2,311	768	1,282	1,619
18 Other negotiable and readily transferable instruments ⁶	1,392	862	1,524	1,464	1,556	1,322	1,508	970	849	918
19 Other	0	0	0	0	1	0	0	7	0	13
20 Official institutions⁸	71,647	79,876	86,065	79,985¹	81,597¹	80,926¹	81,405	86,237	88,467	91,115
21 Banks' own liabilities	16,640	19,427	19,039	20,835 ¹	22,590	22,056	21,719	23,588	21,959	22,797
22 Demand deposits	1,899	1,837	1,823	2,077	1,638	1,602	1,917	1,832	1,810	2,131
23 Time deposits ¹	5,528	7,318	9,374	10,949 ¹	10,690 ¹	10,334 ¹	10,299	9,368	9,791	10,257
24 Other ²	9,212	10,272	7,842	7,809 ¹	10,262 ¹	10,121 ¹	9,503	12,389	10,358	10,409
25 Banks' custody liabilities ⁴	55,008	60,448	67,026	59,150 ¹	59,007 ¹	58,870 ¹	59,686	62,648	66,508	68,317
26 U.S. Treasury bills and certificates ⁵	46,658	54,341	59,976	53,252 ¹	53,294	54,420	55,933	59,547	63,614	65,292
27 Other negotiable and readily transferable instruments ⁶	8,321	6,082	6,966	5,824 ¹	5,596 ¹	4,102 ¹	3,585	2,916	2,754	2,808
28 Other	28	25	84	75	117	348	168	185	139	217
29 Banks⁹	185,881	226,887	248,893	275,311¹	266,589¹	269,832¹	278,967	278,066	275,109	279,589
30 Banks' own liabilities	169,449	205,347	225,368	252,723 ¹	243,830 ¹	247,132 ¹	255,921	255,015	251,203	256,072
31 Unaffiliated foreign banks	50,230	60,236	74,722	79,341 ¹	73,436 ¹	74,823 ¹	80,236	75,742	74,532	78,326
32 Demand deposits	8,675	8,759	10,556	10,271	9,792	9,659	9,692	8,689	9,037	10,277
33 Time deposits ¹	28,386	37,439	47,095	49,510 ¹	45,121 ¹	45,942 ¹	50,194	48,485	46,868	48,469
34 Other ²	13,169	14,038	17,071	19,561 ¹	18,523 ¹	19,222 ¹	20,350	18,568	18,627	19,580
35 Own foreign offices ³	119,219	145,111	150,646	173,381 ¹	170,393 ¹	172,309	175,685	179,273	176,671	177,746
36 Banks' custody liabilities ⁴	16,432	21,540	23,525	22,588 ¹	22,760 ¹	22,700 ¹	23,046	23,051	23,906	23,517
37 U.S. Treasury bills and certificates	5,809	10,178	11,448	9,554	9,223	9,501	9,869	9,815	10,841	9,536
38 Other negotiable and readily transferable instruments ⁶	7,857	7,485	7,236	6,040 ¹	6,006	5,876	5,752	5,423	5,451	5,448
39 Other	2,766	3,877	4,841	6,994	7,531 ¹	7,323	7,426	7,813	7,614	8,533
40 Other foreigners	44,606	56,887	67,894	74,251	75,362	75,902	74,923	75,629	76,341	77,606
41 Banks' own liabilities	39,092	49,680	60,477	64,892	65,992	66,561	65,379	66,176	66,529	66,389
42 Demand deposits	5,209	6,577	6,938	8,673	8,122	8,214	8,484	9,093	8,705	8,845
43 Time deposits	33,219	42,290	52,678	54,752	56,530	56,796	55,534	55,677	56,391	56,082
44 Other ²	664	813	861	1,467	1,340	1,550	1,361	1,406	1,433	1,461
45 Banks' custody liabilities ⁴	5,514	7,207	7,417	9,359	9,370	9,341	9,544	9,453	9,811	11,217
46 U.S. Treasury bills and certificates	1,540	3,686	4,029	4,243	4,068	4,491	4,601	4,501	4,454	4,278
47 Other negotiable and readily transferable instruments ⁶	3,065	3,038	3,021	4,636	4,858	4,297	4,483	4,465	4,862	6,057
48 Other	908	483	367	480	444	553	459	487	495	881
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	14,307	10,346	10,476	9,845	9,628	7,386	6,603	6,286	6,269	5,543

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."

2. Includes borrowing under repurchase agreements.

3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.

4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.

5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.

8. Foreign central banks and foreign central governments, and the Bank for International Settlements.

9. Excludes central banks, which are included in "Official institutions."

3.17 Continued

Area and country	1982	1983	1984	1985	1986					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June ^a
1 Total	307,056	369,607	407,306	435,368 ^c	431,036 ^c	436,528 ^c	440,518	443,351	444,420	451,737
2 Foreign countries	302,134	363,649	402,852	429,547 ^c	423,549 ^c	426,661 ^c	435,295	439,931	439,917	448,310
3 Europe	117,756	138,072	153,145	163,829 ^c	161,378 ^c	157,270 ^c	157,033	165,252	165,789	165,745
4 Austria	519	585	615	693	692	769	1,665	2,051	897	1,009
5 Belgium-Luxembourg	2,517	2,709	4,114	5,240 ^c	5,189	4,732	4,268	4,617	5,425	5,208
6 Denmark	509	466	438	513	536	533	536	752	523	518
7 Finland	748	531	418	496 ^c	373	506	354	619	514	484
8 France	8,171	9,441	12,701	15,540	15,595	15,148	15,906	19,307	19,423	19,794
9 Germany	5,351	3,599	3,358	4,835	5,622	5,309	5,691	6,718	4,964	4,618
10 Greece	537	520	699	664	612	551	535	559	552	653
11 Italy	5,626	8,462	10,762	9,667 ^c	7,764 ^c	7,235	7,215	6,537	7,864	8,856
12 Netherlands	3,362	4,290	4,731	4,212	4,069	4,334	4,320	4,320	4,183	4,195
13 Norway	1,567	1,673	1,548	948 ^c	781	552	469	731	850	719
14 Portugal	388	373	597	652	706	685	705	674	801	793
15 Spain	1,405	1,603	2,082	2,113	1,899	1,794	1,772	1,919	1,879	2,040
16 Sweden	1,390	1,799	1,676	1,422 ^c	1,622	1,693	1,547	1,313	1,299	1,116
17 Switzerland	29,066	32,246	31,740	28,742	26,119	25,606	26,602	27,233	26,848	27,622
18 Turkey	296	467	584	429	504	404	383	377	434	642
19 United Kingdom	48,172	60,683	68,671	76,728 ^c	80,611 ^c	80,144 ^c	78,585	81,734	83,885	82,090
20 Yugoslavia	499	562	602	673	595	600	535	547	556	659
21 Other Western Europe ¹	7,006	7,403	7,192	9,635	7,713 ^c	6,491 ^c	5,286	4,308	4,165	3,947
22 U.S.S.R.	50	65	79	105	43	64	61	287	34	89
23 Other Eastern Europe ²	576	596	537	523	332	427	586	649	693	691
24 Canada	12,232	16,026	16,059	17,426	18,037	21,466	22,497	20,450	21,257	22,141
25 Latin America and Caribbean	114,163	140,088	153,381	167,792 ^c	161,445 ^c	161,056 ^c	164,875	164,713	161,319	167,362
26 Argentina	3,578	4,038	4,394	6,029	5,786	5,551	5,155	5,627	6,075	6,196
27 Bahamas	44,744	55,818	56,897	57,657 ^c	53,860 ^c	54,647	55,791	57,865	53,680	58,251
28 Bermuda	1,572	2,266	2,370	2,765	2,596	2,147	2,324	2,276	2,016	2,599
29 Brazil	2,014	3,168	5,275	5,369	6,049	5,759	6,096	5,782	5,542	5,505
30 British West Indies	26,381	34,545	36,773	42,670 ^c	40,474 ^c	41,127	44,041	41,265	42,014	42,572
31 Chile	1,626	1,842	2,001	2,042	2,019	1,997	2,084	2,147	2,223	2,266
32 Colombia	2,594	1,689	2,514	3,102	3,336	3,140	3,076	3,101	3,053	3,414
33 Cuba	9	8	10	11	16	6	6	7	7	8
34 Ecuador	455	1,092	1,092	1,238	1,211	1,172	1,209	1,199	1,260	1,260
35 Guatemala	670	788	896	1,071	1,146	1,132	1,126	1,128	1,097	1,092
36 Jamaica	126	109	183	122	244	126	144	173	201	185
37 Mexico	8,377	10,392	12,303	14,045	13,702	13,433	12,990	13,126	13,153	12,926
38 Netherlands Antilles	3,597	3,879	4,220	4,875	4,696	4,561	4,859	4,798	5,106	5,106
39 Panama	4,805	5,924	6,951	7,492	7,416	7,161	7,286	6,960	7,042	6,371
40 Peru	1,147	1,166	1,266	1,166	1,124	1,100	1,106	1,116	1,132	1,518
41 Uruguay	759	1,244	1,394	1,549	1,730	1,727	1,567	1,646	1,703	1,660
42 Venezuela	8,417	8,632	10,545	11,919	11,467	11,741	11,670	11,727	11,727	11,659
43 Other Latin America and Caribbean	3,291	3,535	4,297	4,668 ^c	4,571	4,529 ^c	4,641	4,708	4,689	4,775
44 Asia	48,716	58,570	71,187	72,271 ^c	74,841	78,772 ^c	82,644	81,682	83,817	85,119
45 China	203	249	1,153	1,607 ^c	1,003	1,624	1,347	1,550	973	1,464
46 Taiwan	2,761	4,051	4,990	7,786 ^c	9,092	9,661	10,837	11,027	12,687	13,618
47 Hong Kong	4,465	6,657	6,581	8,067 ^c	8,215	8,194	8,706	8,757	8,745	8,606
48 India	433	464	507	711	606	630	926	574	577	690
49 Indonesia	857	997	1,033	1,466	1,524	1,738	2,107	1,787	1,758	1,416
50 Israel	606	1,722	1,268	1,595	1,459	1,363 ^c	1,450	1,490	1,671	1,968
51 Japan	16,078	18,079	21,640	23,077	25,047	26,397	28,274	28,279	29,689	30,226
52 Korea	1,692	1,648	1,730	1,665	1,503	1,602	1,551	1,337	1,336	1,358
53 Philippines	770	1,234	1,383	1,140	942	1,086	978	1,051	1,331	1,281
54 Thailand	629	747	1,257	1,358	1,199	1,141	1,103	993	1,155	1,066
55 Middle-East oil-exporting countries ³	13,433	12,976	16,804	14,523	15,174	16,308	15,384	14,418	14,045	13,909
56 Other Asia	6,789	9,748	12,841	9,276	9,076	9,028	9,980	10,419	9,848	9,516
57 Africa	3,124	2,827	3,396	4,883	4,643	4,359	4,260	4,173	4,227	4,281
58 Egypt	432	671	647	1,363	1,080	987	870	960	910	1,078
59 Morocco	81	84	118	163	98	92	91	85	92	87
60 South Africa	292	449	328	388	567	421	465	386	414	413
61 Zaire	23	87	153	163	73	92	95	90	105	92
62 Oil-exporting countries ⁴	1,280	620	1,189	1,494	1,644	1,614	1,601	1,442	1,490	1,481
63 Other Africa	1,016	917	961	1,312	1,182	1,152	1,137	1,210	1,216	1,130
64 Other countries	6,143	8,067	5,684	3,347	3,205	3,739	3,987	3,662	3,508	3,662
65 Australia	5,904	7,857	5,300	2,779	2,707	3,024	3,237	3,058	2,744	2,875
66 All other	239	210	384	568	498	714	750	604	763	788
67 Nonmonetary international and regional organizations	4,922	5,957	4,454	5,821 ^c	7,487	9,867	5,223	3,420	4,503	3,427
68 International	4,049	5,273	3,747	4,806 ^c	6,109	8,671	4,139	2,421	3,669	2,466
69 Latin American regional	517	419	587	894	909	863	916	823	732	835
70 Other regional ⁵	357	265	120	121	470	333	168	176	102	126

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars
Millions of dollars, end of period

Area and country	1982	1983	1984	1985	1986					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June ^P
1 Total	355,705	391,312	400,162	401,585 ¹	386,529 ²	389,501 ¹	394,769	401,041	394,687	403,230
2 Foreign countries	355,636	391,148	399,363	400,554 ¹	385,238 ²	388,692 ²	394,286	400,539	394,279	402,752
3 Europe	85,584	91,927	99,014	106,407 ¹	104,365 ¹	100,173 ¹	100,458	101,230	100,926	104,307
4 Austria	229	401	433	598	485	542	494	429	501	677
5 Belgium-Luxembourg	5,138	5,639	4,794	5,772 ¹	5,841 ¹	5,276	5,429	5,502	5,697	7,155
6 Denmark	554	1,275	648	706	864	940	845	794	882	747
7 Finland	990	1,044	898	823	843	741	1,194	795	866	975
8 France	7,251	8,766	9,157	9,124 ¹	9,065 ¹	7,943	8,636	8,902	8,861	9,435
9 Germany	1,876	1,284	1,306	1,267 ¹	1,211	1,309	1,374	1,339	1,176	1,095
10 Greece	452	476	817	991	933	884	798	764	723	626
11 Italy	7,560	9,018	9,119	8,848 ¹	7,494 ¹	6,913	7,297	6,709	6,806	7,474
12 Netherlands	1,425	1,267	1,356	1,258	1,248	1,249	1,394	1,380	1,384	1,399
13 Norway	572	690	675	706 ¹	692	652	613	786	746	898
14 Portugal	950	1,114	1,243	1,058	1,040	936	893	874	850	769
15 Spain	3,744	3,573	2,884	1,908	1,801	1,885	1,866	1,701	1,986	2,001
16 Sweden	3,038	3,358	2,230	2,219 ¹	2,174	2,278	2,422	2,239	2,239	2,466
17 Switzerland	1,639	1,863	2,123	3,171 ¹	2,836	2,361	2,940	2,978	3,134	3,547
18 Turkey	560	812	1,130	1,200	1,512	1,519	1,587	1,584	1,649	1,856
19 United Kingdom	45,781	47,364	56,185	62,560 ¹	62,415 ¹	60,621 ¹	57,983	60,581	59,354	58,174
20 Yugoslavia	1,430	1,718	1,886	1,964	1,901	1,953	1,978	1,952	1,928	2,005
21 Other Western Europe ¹	368	477	586	998	716	734	1,166	649	491	1,260
22 U.S.S.R.	263	192	142	130	169	287	424	477	489	568
23 Other Eastern Europe ²	1,762	1,598	1,389	1,107	1,126	1,151	1,126	1,111	1,164	1,180
24 Canada	13,678	16,341	16,109	16,476 ¹	17,279	18,280	17,945	18,814	17,908	18,071
25 Latin America and Caribbean	187,969	205,491	207,862	202,663 ¹	189,065 ¹	190,623 ¹	196,723	198,986	193,638	200,503
26 Argentina	10,974	11,749	11,050	11,462	11,463	11,574	11,456	11,803	11,921	12,078
27 Bahamas	56,649	59,633	58,009	58,258 ¹	49,762 ¹	49,659 ¹	55,691	55,259	52,529	57,001
28 Bermuda	603	566	592	499	542	380	460	275	236	249
29 Brazil	23,271	24,667	26,315	25,283	25,209	25,129	25,379	25,357	25,317	24,870
30 British West Indies	29,101	35,527	38,205	38,881 ¹	34,371 ¹	36,534 ¹	36,880	38,927	37,026	39,985
31 Chile	5,513	6,072	6,839	6,603	6,525	6,478	6,557	6,531	6,537	6,507
32 Colombia	3,211	3,745	3,499	3,249 ¹	3,185	3,044	2,903	2,861	2,820	2,789
33 Cuba	3	0	0	0	0	0	1	0	0	0
34 Ecuador	2,062	2,307	2,420	2,390	2,439	2,369	2,399	2,388	2,397	2,397
35 Guatemala ³	124	129	158	194	174	167	169	124	112	136
36 Jamaica ³	181	215	252	224	228	213	213	216	218	244
37 Mexico	29,552	34,802	34,885	31,788 ¹	31,841 ¹	32,100 ¹	31,608	32,351	31,513	31,253
38 Netherlands Antilles	839	1,154	1,350	1,340	1,022	1,043	927	839	1,044	1,086
39 Panama	10,210	7,848	7,707	6,645 ¹	6,532	5,881 ¹	6,179	6,133	5,919	5,855
40 Peru	2,357	2,536	2,384	1,947	1,874	1,852	1,806	1,767	1,757	1,737
41 Uruguay	686	977	1,088	960	966	956	961	953	951	931
42 Venezuela	10,643	11,287	11,017	10,947	10,947	11,269	11,204	11,285	11,326	11,303
43 Other Latin America and Caribbean	1,991	2,277	2,091	2,067	1,984	1,976	1,931	1,917	2,027	2,079
44 Asia	60,952	67,837	66,316	66,212 ¹	65,882 ¹	71,058 ¹	70,729	73,420	73,951	71,961
45 China										
46 Mainland	214	292	710	639	750	820	902	593	703	568
47 Taiwan	2,288	1,908	1,849	1,535	1,300	1,243	1,403	1,551	1,448	1,238
48 Hong Kong	6,787	8,489	7,293	6,796	6,923	7,602	8,208	8,134	8,315	7,488
49 India	222	330	425	450	332	284	479	398	420	426
50 Indonesia	348	805	724	698	692	793	712	716	736	690
51 Israel	2,029	1,832	2,088	1,991	1,834	1,697	1,617	1,611	1,742	1,764
52 Japan	28,379	30,354	29,066	31,249 ¹	32,232	36,471	36,711	38,781	38,629	38,552
53 Korea	9,387	9,943	9,285	9,226 ¹	8,823 ¹	9,072 ¹	9,242	9,286	9,176	8,923
54 Philippines	2,625	2,107	2,555	2,224	2,206	2,224	2,336	2,325	2,270	2,393
55 Thailand	643	1,219	1,125	845 ¹	793	765	810	775	716	706
56 Middle East oil-exporting countries ⁴	3,087	4,954	5,044	4,298	3,975	3,869	3,577	3,838	3,948	3,680
56 Other Asia	4,943	5,603	6,152	6,260 ¹	6,021	6,218	4,732	5,812	5,846	5,535
57 Africa	5,346	6,654	6,615	5,407	5,416	5,360	5,128	5,007	4,890	4,971
58 Egypt	322	747	728	721	677	690	653	639	619	740
59 Morocco	353	440	583	575	591	612	646	662	640	642
60 South Africa	2,012	2,634	2,795	1,942	1,965	1,856	1,799	1,716	1,743	1,705
61 Zaire	57	33	18	20	18	17	17	17	17	17
62 Oil-exporting countries ⁵	801	1,073	842	630	582	562	488	465	417	415
63 Other	1,802	1,727	1,649	1,520	1,584	1,621	1,525	1,508	1,455	1,452
64 Other countries	2,107	2,898	3,447	3,390 ¹	3,230	3,199	3,305	3,082	2,966	2,938
65 Australia	1,713	2,256	2,769	2,413 ¹	2,409	2,367	2,473	2,237	2,050	2,023
66 All other	394	642	678	978	821	832	832	845	916	915
67 Nonmonetary international and regional organizations ⁶	68	164	800	1,030	1,292	809	483	502	408	479

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	1982	1983	1984	1985	1986					
				Dec. ¹	Jan. ¹	Feb. ¹	Mar.	Apr.	May	June ²
1 Total	396,015	426,215	433,078	430,466	.....	.....	419,828 ³	.....	.....	403,230
2 Banks' own claims on foreigners	355,705	391,312	400,162	401,585	386,529	389,501	394,769	401,041	396,487	403,230
3 Foreign public borrowers	45,422	57,569	62,237	60,496	60,620	60,582	60,427	60,154	60,272	60,272
4 Own foreign offices ¹	127,293	146,393	156,216	174,261	163,961	169,084	173,698	179,662	173,861	179,389
5 Unaffiliated foreign banks	121,377	123,837	124,932	116,643	112,033	110,219	110,643	111,767	112,984	112,820
6 Deposits	44,223	47,126	49,226	48,361	45,789	44,159	44,985	46,367	47,493	46,937
7 Other	77,153	76,711	75,706	68,282	66,244	66,060	63,638	65,400	65,491	65,883
8 All other foreigners	61,614	63,514	56,777	50,185	49,915	49,616	50,002	49,458	49,369	50,749
9 Claims of banks' domestic customers ² ..	40,310	34,903	32,916	28,881	.....	.....	25,058 ³	.....	.....	.....
10 Deposits	2,491	2,969	3,380	3,335	.....	.....	2,494	.....	.....	.....
11 Negotiable and readily transferable instruments ³	30,763	26,064	23,805	19,332	.....	.....	17,859	.....	.....	.....
12 Outstanding collections and other claims	7,056	5,870	5,732	6,214	.....	.....	4,692	.....	.....	.....
13 MEMO: Customer liability on acceptances	38,153	37,715	37,103	28,366	.....	.....	28,536	.....	.....	.....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States ⁴	42,499	46,337	40,714	37,378	39,465	42,112	41,226	42,891	n.a.	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. 350.

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	1982	1983	1984	1985 ¹			1986
				June	Sept.	Dec.	Mar.
1 Total	228,150	243,715	243,952	232,661 ¹	232,798	227,880	220,352 ²
By borrower							
2 Maturity of 1 year or less ¹	173,917	176,158	167,858	159,563 ¹	162,590	160,813	152,229 ²
3 Foreign public borrowers	21,236	24,039	23,912	23,781 ¹	26,469	26,302	23,852
4 All other foreigners	152,661	152,120	143,947	135,782 ¹	136,122	134,511	128,378 ²
5 Maturity of over 1 year ¹	54,233	67,557	76,094	73,098 ¹	70,207	67,066	68,123
6 Foreign public borrowers	23,137	32,521	38,695	37,585 ¹	36,302	34,500	36,674
7 All other foreigners	31,095	35,036	37,399	35,514 ¹	33,906	32,566	31,448
By area							
8 Maturity of 1 year or less ¹							
9 Europe	50,500	56,117	58,498	56,441 ¹	58,520	56,579	53,440
10 Canada	7,642	6,211	6,028	6,160	6,125	6,396	5,855
11 Latin America and Caribbean	73,291	73,660	62,791	63,628	63,088	63,328	59,469
12 Asia	37,578	34,403	33,504	27,566	29,120	27,966	27,701 ¹
13 Africa	3,680	4,199	4,442	4,003	3,954	3,753	3,331
14 All other ²	1,226	1,569	2,593	1,764	1,782	2,791	2,433
15 Maturity of over 1 year ¹							
16 Europe	11,636	13,576	9,605	8,719	8,078	7,634	7,522
17 Canada	1,931	1,857	1,882	2,116	1,932	1,804	1,924
18 Latin America and Caribbean	35,247	43,888	56,144	53,510	52,145	50,662	52,068
19 Asia	3,185	4,850	5,323	5,136	5,230	4,502	4,252
20 Africa	1,494	2,286	2,033	1,996	1,665	1,538	1,634
21 All other ²	740	1,101	1,107	1,622	1,157	926	722

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 Banks¹

Billions of dollars, end of period

Area or country ²	1981	1982	1983	1984			1985				1986
				June ³	Sept.	Dec.	Mar.	June	Sept.	Dec.	
1 Total	415.2	438.0	436.4	430.2	409.1	408.0	407.9	399.0	397.5	396.9	395.9
2 G-10 countries and Switzerland	175.5	179.7	167.8	157.6	147.6	148.1	153.2	146.6	151.5	150.5	156.9
3 Belgium-Luxembourg	13.3	13.1	12.4	10.9	9.8	8.7	9.3	8.9	9.5	9.3	8.3
4 France	15.3	17.1	16.2	14.2	14.3	14.1	14.6	13.5	14.8	12.3	13.8
5 Germany	12.9	12.7	11.3	10.9	10.0	9.0	8.9	9.6	9.8	10.5	11.2
6 Italy	9.6	10.3	11.4	11.5	9.7	10.1	10.0	8.6	8.3	9.8	8.5
7 Netherlands	4.0	3.6	3.5	3.0	3.4	3.9	3.8	3.7	3.4	3.8	3.5
8 Sweden	3.7	5.0	5.1	4.3	3.5	3.2	3.1	2.9	3.1	2.7	2.9
9 Switzerland	5.5	5.0	4.3	4.2	3.9	3.9	4.2	4.0	4.1	4.4	5.4
10 United Kingdom	70.1	72.1	65.3	60.3	57.1	60.3	65.4	65.7	66.9	66.6	69.2
11 Canada	10.9	10.4	8.3	8.9	8.1	7.9	9.1	8.1	7.5	7.0	6.1
12 Japan	30.2	30.2	29.9	29.3	27.7	27.1	24.7	21.7	24.0	24.1	28.1
13 Other developed countries	28.4	33.7	36.1	37.1	36.3	33.8	33.0	32.5	32.2	30.5	31.6
14 Austria	1.9	1.9	1.9	1.9	1.8	1.6	1.6	1.6	1.7	1.6	1.6
15 Denmark	2.3	2.4	3.4	3.1	2.9	2.2	2.1	1.9	2.1	2.4	2.5
16 Finland	1.7	2.2	2.4	2.3	1.9	1.9	1.8	1.8	1.8	1.6	1.9
17 Greece	2.8	3.0	2.8	3.3	3.2	2.9	2.9	2.9	2.8	2.6	2.5
18 Norway	3.1	3.3	3.3	3.2	3.2	3.0	2.9	2.9	3.4	2.9	2.7
19 Portugal	1.1	1.5	1.5	1.7	1.6	1.4	1.4	1.3	1.4	1.3	1.1
20 Spain	6.6	7.5	7.1	7.3	6.9	6.5	6.4	5.9	6.1	5.8	6.4
21 Turkey	1.4	1.4	1.7	2.0	2.0	1.9	1.9	2.0	2.1	1.9	2.3
22 Other Western Europe	2.1	2.3	1.8	1.9	1.7	1.7	1.7	1.8	1.7	2.0	2.4
23 South Africa	2.8	3.7	4.7	4.7	5.0	4.5	4.2	3.9	3.3	3.2	3.2
24 Australia	2.5	4.4	5.5	5.7	6.2	6.1	6.2	6.4	5.8	5.2	5.0
25 OPEC countries ⁴	24.8	27.2	28.8	26.4	24.7	25.3	24.8	23.0	23.1	21.8	20.7
26 Ecuador	2.2	2.2	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.1	2.2
27 Venezuela	9.9	10.5	9.9	9.5	9.2	9.3	9.3	9.3	9.0	8.9	8.7
28 Indonesia	2.6	3.2	3.8	3.9	3.6	3.7	3.6	3.4	3.4	3.3	3.3
29 Middle East countries	7.5	8.5	9.9	8.2	7.3	7.9	7.4	6.1	6.2	5.5	4.7
30 African countries	2.5	2.8	3.0	2.7	2.5	2.3	2.3	2.2	2.3	2.0	1.8
31 Non-OPEC developing countries	96.3	106.8	111.3	112.7	112.1	112.2	111.3	110.4	108.2	105.5	103.6
Latin America											
32 Argentina	9.4	8.9	9.5	9.2	9.1	8.7	8.6	8.6	8.9	8.9	8.9
33 Brazil	19.1	22.9	23.1	25.4	26.3	26.3	26.4	26.6	25.5	25.6	25.7
34 Chile	5.8	6.3	6.4	6.7	7.1	7.0	7.0	6.9	6.6	7.0	6.9
35 Colombia	2.6	3.1	3.2	3.0	2.9	2.9	2.8	2.7	2.6	2.7	2.3
36 Mexico	21.6	24.2	25.8	25.9	26.0	25.7	25.5	25.3	24.4	24.1	23.9
37 Peru	2.0	2.6	2.4	2.3	2.2	2.2	2.2	2.1	1.9	1.8	1.7
38 Other Latin America	4.1	4.0	4.2	4.1	3.9	3.9	3.7	3.6	3.5	3.4	3.6
Asia											
39 China											
40 Mainland	2	2	3	6	5	7	7	3	1.1	5	6
41 Taiwan	5.1	5.3	5.3	5.3	5.2	5.1	5.3	5.5	5.1	4.5	4.3
42 India	3	6	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.3	1.2
43 Israel	2.1	2.3	1.9	1.9	1.7	1.8	1.7	2.3	1.5	1.6	1.3
44 Korea (South)	9.4	10.9	11.3	11.2	10.4	10.8	10.5	10.2	10.5	9.6	9.5
45 Malaysia	1.7	2.1	2.9	2.7	3.0	2.8	2.8	2.8	2.8	2.4	2.2
46 Philippines	6.0	6.3	6.2	6.3	5.9	6.0	6.1	6.0	6.0	5.7	5.6
47 Thailand	1.5	1.6	2.2	1.9	1.8	1.8	1.7	1.6	1.6	1.4	1.3
48 Other Asia	1.0	1.1	1.0	1.1	1.0	1.2	1.1	1.0	1.1	1.1	.9
Africa											
49 Egypt	1.1	1.2	1.5	1.4	1.2	1.2	1.1	1.0	1.0	1.0	.9
50 Morocco	7	7	8	8	8	8	8	8	9	9	.9
51 Zaire	2	1	1	1	1	1	1	1	1	1	1
52 Other Africa ⁵	2.3	2.4	2.3	1.9	1.9	2.1	2.2	2.0	2.0	1.9	1.9
53 Eastern Europe	7.8	6.2	5.3	4.9	4.5	4.4	4.3	4.3	4.6	4.2	4.0
54 U.S.S.R.	6	3	2	2	2	1	2	3	2	1	.3
55 Yugoslavia	2.5	2.2	2.4	2.3	2.3	2.3	2.2	2.2	2.4	2.2	2.0
56 Other	4.7	3.7	2.8	2.4	2.1	2.0	1.9	1.8	1.9	1.8	1.7
57 Offshore banking centers	63.7	66.6	70.2	73.9	66.4	66.7	64.2	65.0	60.3	67.2	62.6
58 Bahamas	19.0	19.0	21.8	27.4	23.3	21.5	20.0	21.1	16.6	22.1	21.0
59 Bermuda	7	9	9	7	10	9	7	9	8	7	7
60 Cayman Islands and other British West Indies	12.4	12.8	12.2	12.2	11.1	11.8	12.3	12.1	12.3	13.2	11.3
61 Netherlands Antilles	3.2	3.3	4.1	3.3	3.1	3.4	3.3	3.2	2.3	2.3	2.3
62 Panama ⁶	7.7	7.5	5.8	6.5	5.6	6.7	5.5	5.4	6.1	6.0	5.9
63 Lebanon	2	1	1	1	1	1	1	1	0	1	1
64 Hong Kong	11.8	13.9	15.0	13.5	12.7	12.5	12.4	12.6	12.7	12.9	12.9
65 Singapore	8.7	9.2	10.3	10.3	9.5	9.8	10.0	9.7	9.4	9.9	8.4
66 Others ⁷	1	0	0	0	0	0	0	0	0	0	0
67 Miscellaneous and unallocated ⁸	18.8	17.9	17.0	17.6	17.4	17.5	17.2	17.3	17.6	17.2	16.5

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices not covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Revisions shown in this issue have been made in part to correct some double-counting of claims held by foreign branches located in Puerto Rico, the U.S. Virgin Islands, and Guam.

3. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from \$50 million to \$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹

Millions of dollars, end of period

Type, and area or country	1982	1983	1984	1985				1986
				Mar.	June	Sept.	Dec.	Mar. ^P
1 Total	27,512	25,346	29,357	26,206	24,535	25,184	27,018	25,714
2 Payable in dollars	24,280	22,233	26,389	23,429	21,889	22,364	23,811	22,101
3 Payable in foreign currencies	3,232	3,113	2,968	2,777	2,646	2,820	3,208	3,613
By type								
4 Financial liabilities	11,066	10,572	14,509	11,722	11,489	11,743	12,856	12,407
5 Payable in dollars	8,858	8,700	12,553	9,873	9,533	9,780	10,835	10,284
6 Payable in foreign currencies	2,208	1,872	1,955	1,849	1,956	1,963	2,021	2,123
7 Commercial liabilities	16,446	14,774	14,849	14,484	13,046	13,441	14,162	13,307
8 Trade payables	9,438	7,765	7,005	7,015	5,797	5,694	6,685	5,598
9 Advance receipts and other liabilities	7,008	7,009	7,843	7,469	7,249	7,747	7,477	7,710
10 Payable in dollars	15,423	13,533	13,836	13,556	12,356	12,584	12,976	11,817
11 Payable in foreign currencies	1,023	1,241	1,013	928	690	857	1,186	1,490
By area or country								
Financial liabilities								
12 Europe	6,501	5,742	6,728	6,138	5,934	6,534	7,146	7,026
13 Belgium-Luxembourg	505	302	471	298	351	367	329	338
14 France	783	843	995	896	865	849	857	871
15 Germany	467	502	489	506	474	493	419	428
16 Netherlands	711	621	590	619	604	624	745	640
17 Switzerland	792	486	569	541	566	593	676	724
18 United Kingdom	3,102	2,839	3,297	3,039	2,825	3,318	3,822	3,682
19 Canada	746	764	863	840	850	826	760	778
20 Latin America and Caribbean	2,751	2,596	5,086	3,147	3,106	2,619	3,152	2,788
21 Bahamas	904	751	1,926	1,341	1,107	1,145	1,120	954
22 Bermuda	14	13	13	25	10	4	13	13
23 Brazil	28	32	35	29	27	23	29	26
24 British West Indies	1,027	1,041	2,103	1,521	1,734	1,234	1,814	1,610
25 Mexico	121	213	367	25	32	28	15	20
26 Venezuela	114	124	137	3	3	3	3	4
27 Asia	1,039	1,424	1,777	1,555	1,555	1,728	1,765	1,798
28 Japan	715	991	1,209	1,033	965	1,098	1,148	1,191
29 Middle East oil-exporting countries ²	169	170	155	124	147	82	82	78
30 Africa	17	19	14	12	14	14	12	12
31 Oil-exporting countries ³	0	0	0	0	0	0	0	0
32 All other ⁴	12	27	41	31	30	22	21	4
Commercial liabilities								
33 Europe	3,831	3,245	4,001	3,500	3,461	3,897	4,011	3,915
34 Belgium-Luxembourg	52	62	48	37	53	56	62	66
35 France	598	437	438	400	423	431	453	382
36 Germany	468	427	622	587	428	601	607	546
37 Netherlands	346	268	245	272	284	386	364	545
38 Switzerland	367	241	257	228	349	289	379	251
39 United Kingdom	1,027	732	1,095	741	730	858	976	957
40 Canada	1,495	1,841	1,975	1,727	1,494	1,383	1,449	1,442
41 Latin America and Caribbean	1,570	1,473	1,871	1,713	1,225	1,262	1,088	1,097
42 Bahamas	16	1	7	11	12	2	12	26
43 Bermuda	117	67	114	112	77	105	77	210
44 Brazil	60	44	124	101	90	120	58	64
45 British West Indies	32	6	32	21	1	15	44	7
46 Mexico	436	585	586	654	492	415	430	256
47 Venezuela	642	432	636	393	309	311	212	364
48 Asia	8,144	6,741	5,285	5,708	5,246	5,353	6,046	5,384
49 Japan	1,226	1,247	1,256	1,228	1,219	1,567	1,799	2,039
50 Middle East oil-exporting countries ^{2,5}	5,503	4,178	2,372	2,786	2,396	2,109	2,829	2,171
51 Africa	753	553	588	765	631	572	587	486
52 Oil-exporting countries ³	277	167	233	294	265	235	238	148
53 All other ⁴	651	921	1,128	1,070	988	975	982	983

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.

NOTES TO TABLE 3.21—CONTINUED

4. 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).

5. Excludes Liberia.

6. Includes Canal Zone beginning December 1979.

7. Foreign branch claims only.

8. Includes New Zealand, Liberia, and international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹

Millions of dollars, end of period

Type, and area or country	1982	1983	1984	1985				1986
				Mar.	June	Sept.	Dec.	Mar. ²
1 Total	28,725	34,911	29,901	28,804	26,750	28,666	28,071	30,915
2 Payable in dollars	26,085	31,815	27,304	26,232	24,121	25,800	25,769	28,728
3 Payable in foreign currencies	2,640	3,096	2,597	2,571	2,629	2,866	2,302	2,187
By type								
4 Financial claims	17,684	23,780	19,254	18,506	16,695	19,203	18,031	21,507
5 Deposits	13,058	18,496	14,621	14,500	12,839	15,315	14,805	18,113
6 Payable in dollars	12,628	17,993	14,202	14,003	12,283	14,611	14,190	17,657
7 Payable in foreign currencies	430	503	420	497	556	704	615	457
8 Other financial claims	4,626	5,284	4,633	4,007	3,856	3,889	3,227	3,394
9 Payable in dollars	2,979	3,328	3,190	2,442	2,375	2,351	2,192	2,301
10 Payable in foreign currencies	1,647	1,956	1,442	1,565	1,480	1,538	1,035	1,093
11 Commercial claims	11,041	11,131	10,646	10,297	10,055	9,463	10,040	9,408
12 Trade receivables	9,994	9,721	9,177	8,784	8,688	7,988	8,750	8,107
13 Advance payments and other claims	1,047	1,410	1,470	1,513	1,367	1,475	1,290	1,301
14 Payable in dollars	10,478	10,494	9,912	9,787	9,463	8,839	9,387	8,771
15 Payable in foreign currencies	563	637	735	510	592	624	652	637
By area or country								
Financial claims								
16 Europe	4,873	6,488	5,762	5,786	5,477	6,463	6,306	6,833
17 Belgium-Luxembourg	15	37	15	29	15	12	10	10
18 France	134	150	126	92	51	132	184	217
19 Germany	178	163	224	196	175	158	223	172
20 Netherlands	97	71	66	81	46	127	61	61
21 Switzerland	107	38	66	46	16	53	74	166
22 United Kingdom	4,064	5,817	4,864	5,053	4,900	5,736	5,492	5,960
23 Canada	4,377	5,989	3,988	3,942	3,756	4,037	3,256	4,024
24 Latin America and Caribbean	7,546	10,234	8,216	7,721	6,616	7,603	7,650	9,928
25 Bahamas	3,279	4,771	3,306	3,052	2,204	2,315	2,638	3,503
26 Bermuda	32	102	6	4	6	5	6	2
27 Brazil	62	53	100	98	96	92	78	77
28 British West Indies	3,255	4,206	4,043	3,998	3,747	4,632	4,440	5,904
29 Mexico	274	293	215	201	206	201	180	178
30 Venezuela	139	134	125	101	100	73	48	43
31 Asia	698	764	961	859	640	969	696	621
32 Japan	153	297	353	509	281	725	475	350
33 Middle East oil-exporting countries ³	15	4	13	6	6	6	4	2
34 Africa	158	147	210	101	111	104	103	87
35 Oil-exporting countries ³	48	55	85	32	25	31	29	27
36 All other ⁴	31	159	117	97	95	26	21	14
Commercial claims								
37 Europe	3,826	3,670	3,801	3,360	3,680	3,235	3,533	3,386
38 Belgium-Luxembourg	151	135	165	149	212	158	175	148
39 France	474	459	440	375	408	360	426	385
40 Germany	357	349	374	358	375	336	346	396
41 Netherlands	350	334	335	340	301	286	284	221
42 Switzerland	360	317	271	253	376	208	284	249
43 United Kingdom	811	809	1,063	885	950	779	898	789
44 Canada	633	829	1,021	1,248	1,065	1,100	1,023	1,062
45 Latin America and Caribbean	2,526	2,695	2,052	1,973	1,803	1,717	1,808	1,604
46 Bahamas	21	8	8	9	11	18	13	27
47 Bermuda	261	190	115	164	65	62	93	82
48 Brazil	258	493	214	210	193	211	206	232
49 British West Indies	12	7	7	6	29	7	6	7
50 Mexico	775	884	583	493	468	416	510	384
51 Venezuela	351	272	206	192	181	149	157	172
52 Asia	3,050	3,063	3,073	2,985	2,707	2,712	2,982	2,620
53 Japan	1,047	1,114	1,191	1,154	954	884	1,016	803
54 Middle East oil-exporting countries ³	751	737	668	666	593	541	638	632
55 Africa	588	588	470	510	464	434	437	491
56 Oil-exporting countries ³	140	139	134	141	137	131	130	167
57 All other ⁴	417	286	229	221	336	264	257	245

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	1984	1985 ^r	1986	1985	1986					
			Jan.-June	Dec.	Jan. ^r	Feb.	Mar.	Apr.	May	June ^p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases.....	59,834	81,994	72,980	11,179 ^r	9,312	10,593 ^r	13,503	15,306	13,099	11,167
2 Foreign sales.....	62,814	77,054	59,584	9,024 ^r	7,564	8,835 ^r	10,640	11,420	10,302	10,823
3 Net purchases, or sales (-).....	-2,980	4,940	13,395	2,154 ^r	1,748	1,758 ^r	2,863	3,886	2,797	344
4 Foreign countries.....	-3,109	4,856	13,356	1,990 ^r	1,760	1,738 ^r	2,816	3,822	2,755	465
5 Europe.....	-3,077	2,057	8,570	1,333 ^r	1,151	1,395 ^r	2,205	2,049	1,577	193
6 France.....	-405	-438	193	-105	-71	-68	-26	36	102	219
7 Germany.....	-50	730	572	283	134	234	229	47	102	-175
8 Netherlands.....	-357	-123	852	125	109	121	166	123	236	97
9 Switzerland.....	-1,542	-75	2,234	280	309	420	698	566	375	-134
10 United Kingdom.....	-677	1,665	3,561	693 ^r	577	635 ^r	1,021	719	568	41
11 Canada.....	1,691	356	359	93	117	-59	77	50	43	130
12 Latin America and Caribbean.....	495	1,718	1,732	305	-85	213	198	862	482	61
13 Middle East ¹	-1,992	238	536	227	208	-19	127	338	117	-236
14 Other Asia.....	-378	295	1,675	-25	314	154	122	376	421	288
15 Africa.....	-22	24	204	12	25	30	59	48	43	-3
16 Other countries.....	175	168	281	44	29	24	28	98	70	32
17 Nonmonetary international and regional organizations.....	129	84	39	165	-12	20	47	63	42	-121
BONDS ²										
18 Foreign purchases.....	39,296	87,182	63,777	9,738 ^r	7,008	9,346 ^r	12,564	13,541	12,147	9,170
19 Foreign sales.....	26,399 ^r	43,046	36,480	4,524 ^r	3,782	5,213	7,420	8,960	5,347	5,757
20 Net purchases, or sales (-).....	12,897 ^r	44,137	27,297	5,214 ^r	3,226	4,133 ^r	5,144	4,581	6,800	3,413
21 Foreign countries.....	12,600 ^r	44,231	26,396	5,572 ^r	3,329	4,201 ^r	4,843	4,391	6,704	2,928
22 Europe.....	11,697	40,047	22,464	5,175 ^r	2,923	3,123	3,690	3,536	6,235	2,957
23 France.....	207	210	30	0	26	-33	-17	-23	83	-6
24 Germany.....	1,724	2,001	154	408	-11	45	-224	-73	228	188
25 Netherlands.....	100	222	167	13	86	3	25	2	89	-37
26 Switzerland.....	643	3,987	3,406	1,013	258	511	459	1,231	456	492
27 United Kingdom.....	8,429	32,762	18,854	3,695 ^r	2,544	2,617	3,374	2,474	5,631	2,214
28 Canada.....	-62	189	-33	19	3	-31	-198	75	63	55
29 Latin America and Caribbean.....	376	498	726	68	30	27	200	263	142	64
30 Middle East ¹	-1,230 ^r	-2,643	-1,382	-435	-174	0	15	-389	-202	-632
31 Other Asia.....	1,817	6,091	4,593	721 ^r	558	1,064	1,144	883	464	480
32 Africa.....	1	11	6	4	1	1	0	3	-2	3
33 Other countries.....	0	38	22	19	-9	17	-10	19	3	2
34 Nonmonetary international and regional organizations.....	297	-95	901	-358	-103	-68 ^r	301	190	96	485
Foreign securities										
35 Stocks, net purchases, or sales (-).....	-1,101	-3,888	-4,225	-413	114	-771 ^r	-1,440	-1,668	-234	-227
36 Foreign purchases.....	14,816	20,856	20,660	2,740	2,521	2,937 ^r	3,618	4,388	3,457	3,738
37 Foreign sales.....	15,917	24,743	24,885	3,154 ^r	2,406	3,708 ^r	5,058	6,057	3,691	3,965
38 Bonds, net purchases, or sales (-).....	-3,930	-4,042	-3,438	-155 ^r	-55	-966	-3,003	-1,076	108	1,554
39 Foreign purchases.....	56,017	81,160	76,453	8,384 ^r	9,810	10,418	12,438	14,982	13,275	15,529
40 Foreign sales.....	59,948	85,202	79,891	8,538 ^r	9,865	11,385	15,441	16,058	13,167	13,976
41 Net purchases, or sales (-), of stocks and bonds.....	-5,031	-7,930	-7,663	-568 ^r	60	-1,737 ^r	-4,443	-2,744	-126	1,327
42 Foreign countries.....	-4,642	-8,993	-7,741	-903 ^r	-28	-1,877 ^r	-4,119	-2,614	-223	1,121
43 Europe.....	-8,655	-9,927	-9,796	-424	-387	-1,916 ^r	-3,840	-2,438	108	-1,323
44 Canada.....	542	-1,686	-1,218	-394	-219	-319	-491	-286	80	16
45 Latin America and Caribbean.....	2,460	1,845	1,887	83 ^r	233	297	121	162	346	729
46 Asia.....	1,356	659	1,837	-368 ^r	393	562 ^r	127	-143	-745	1,641
47 Africa.....	-108	75	33	42	7	10	4	6	3	3
48 Other countries.....	-238	41	-484	156	-56	-512	-40	85	-16	55
49 Nonmonetary international and regional organizations.....	-389	1,063	77	335	88	140	-324	-130	98	205

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 securi-

ties 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	1984	1985 ^r	1986	1985	1986					
			Jan.-June	Dec.	Jan. ^r	Feb.	Mar.	Apr.	May	June ^p
			Transactions, net purchases or sales (-) during period ¹							
1 Estimated total ²	21,501	29,007	17,094	6,762 ^r	-2,933	1,281 ^r	9,572	8,390	-2,258	3,043
2 Foreign countries ²	16,496	28,551	13,444	3,369 ^r	-2,459	3,737 ^r	2,361	7,986	-368	2,186
3 Europe ²	11,014	4,145	8,988	482 ^r	149	1,672 ^r	1,813	1,531	1,405	2,418
4 Belgium-Luxembourg	287	476	-56	-44	-9	-2	-196	29	39	82
5 Germany ²	2,929	1,917	1,853	302	129	459	322	117	468	357
6 Netherlands	449	269	-188	-82	27	-261	61	81	-31	-64
7 Sweden	40	976	322	-41	-200	191 ^r	-14	93	236	16
8 Switzerland ²	656	760	1,067	-116	53	115	22	163	366	349
9 United Kingdom	5,188	-1,954	3,781	353 ^r	36	1,240 ^r	1,474	-207	684	555
10 Other Western Europe	1,466	1,701	2,197	111	114	-72 ^r	144	1,255	-370	1,125
11 Eastern Europe	0	0	13	0	0	0	0	0	13	0
12 Canada	1,586	-188	820	-71	-477	-131	762	55	913	-302
13 Latin America and Caribbean	1,418	4,312	709	90	108	584	227	1,222	-970	-462
14 Venezuela	14	238	72	-41	-53	-63	127	196	36	-170
15 Other Latin America and Caribbean	536	2,343	931	265	87	448	171	161	356	-292
16 Netherlands Antilles	869	1,731	-294	-133	74	200	-70	865	-1,363	0
17 Asia	2,431	19,859	2,398	2,833	-2,179	1,311	-446	4,786	-1,691	617
18 Japan	6,289	17,880	324	902	-2,474	1,601	140	1,973	-1,229	314
19 Africa	-67	112	-46	9	-8	-12	-18	-1	-2	-5
20 All other	114	311	575	25	-52	314	22	394	-22	-80
21 Nonmonetary international and regional organizations	5,009	458	3,646	3,394 ^r	-475	-2,457 ^r	7,211	403	-1,892	856
22 International	4,612	-420	3,389	3,001	-194	-2,691 ^r	6,957	342	-1,899	874
23 Latin American regional	0	18	123	7	14	51	23	30	0	5
MEMO										
24 Foreign countries ²	16,496	28,551	13,444	3,369 ^r	-2,459	3,737 ^r	2,361	7,986	-368	2,186
25 Official institutions	505	8,088	6,925	2,712	362	619	394	3,716	227	1,607
26 Other foreign ²	15,992	20,462	6,522	657 ^r	-2,820	3,119 ^r	1,967	4,270	-594	580
Oil-exporting countries										
27 Middle East ³	-6,270	-1,581	344	740	220	-301	-607	1,336	-14	-290
28 Africa ⁴	-101	7	1	2	1	0	-2	1	1	0

1. Estimated official and private transactions in marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on July 31, 1986		Country	Rate on July 31, 1986		Country	Rate on July 31, 1986	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria	4.0	Aug. 1985	France ¹	7.0	June 1986	Norway	8.0	June 1983
Belgium	8.0	May 1986	Germany, Fed. Rep. of ...	3.5	Mar. 1986	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	12.0	May 1986	United Kingdom ²	8.0	Oct. 1985
Canada	8.63	July 1986	Japan	3.5	Apr. 1986	Venezuela		
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	1983	1984	1985	1986						
				Jan.	Feb.	Mar.	Apr.	May	June	July
1 Eurodollars	9.57	10.75	8.27	8.02	7.89	7.42	6.80	6.86	6.95	6.54
2 United Kingdom	10.06	9.91	12.16	12.78	12.60	11.70	10.43	10.16	9.70	9.91
3 Canada	9.48	11.29	9.64	10.23	11.81	10.94	9.57	8.60	8.72	8.45
4 Germany	5.73	5.96	5.40	4.65	4.47	4.49	4.48	4.58	4.59	4.61
5 Switzerland	4.11	4.35	4.92	4.08	3.85	3.84	4.04	4.32	4.96	4.80
6 Netherlands	5.58	6.08	6.29	5.71	5.74	5.44	5.23	5.76	5.90	5.69
7 France	12.44	11.66	9.91	8.95	8.81	8.28	7.66	7.21	7.23	7.13
8 Italy	18.95	17.08	14.86	14.88	15.91	16.05	13.62	12.35	11.78	11.70
9 Belgium	10.51	11.41	9.60	9.75	9.75	9.75	8.51	7.90	7.27	7.25
10 Japan	6.49	6.32	6.47	6.54	6.04	5.47	4.85	4.58	4.64	4.62

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1983	1984	1985	1986					
				Feb.	Mar.	Apr.	May	June	July
1 Australia/dollar ¹	90.14	87.937	70.026	69.93	70.79	72.28	72.72	68.89	62.91
2 Austria/schilling.....	17.968	20.005	20.676	16.389	15.976	15.965	15.667	15.699	15.117
3 Belgium/franc.....	51.121	57.749	59.336	47.748	46.603	46.394	45.497	45.633	44.304
4 Brazil/cruzeiro.....	573.27	1841.50	6205.10	13020.00	13.84 ³	13.84	13.84	13.84	13.84
5 Canada/dollar.....	1.2325	1.2953	1.3658	1.4043	1.4009	1.3879	1.3757	1.3899	1.3808
6 China, P.R./yuan.....	1.9809	2.3308	2.9434	3.2152	3.2202	3.2143	3.2014	3.2115	3.6435
7 Denmark/krone.....	9.1483	10.354	10.598	8.6048	8.4096	8.3928	8.2479	8.2822	8.0635
8 Finland/markka.....	5.5636	6.0007	6.1971	5.2465	5.1517	5.1235	5.0967	5.1954	5.0744
9 France/franc.....	7.6203	8.7355	8.9799	7.1575	6.9964	7.2060	7.0967	7.1208	6.9323
10 Germany/deutsche mark.....	2.5539	2.8454	2.9419	2.3317	2.2752	2.2732	2.2277	2.2337	2.1517
11 Greece/drachma.....	87.895	112.73	138.40	143.48	141.43	142.50	139.64	140.98	138.40
12 Hong Kong/dollar.....	7.2569	7.8188	7.7911	7.8042	7.8125	7.7957	7.8080	7.8107	7.8123
13 India/rupee.....	10.1040	11.348	12.332	12.370	12.289	12.393	12.466	12.599	12.508
14 Ireland/pound ¹	124.81	108.64	106.62	129.79	132.87	133.71	136.62	135.68	139.00
15 Italy/lira.....	1519.30	1756.10	1908.90	1588.21	1548.43	1559.45	1528.50	1533.10	1478.31
16 Japan/yen.....	237.55	237.45	238.47	184.85	178.69	175.09	167.03	167.54	158.61
17 Malaysia/ringgit.....	2.3204	2.3448	2.4806	2.4704	2.5367	2.5981	2.5978	2.6231	2.6455
18 Netherlands/guilder.....	2.8543	3.2083	3.3184	2.6343	2.5678	2.5629	2.5082	2.5154	2.4236
19 New Zealand/dollar ¹	66.790	57.837	49.752	53.177	52.820	56.127	56.666	54.585	53.176
20 Norway/krone.....	7.3012	8.1596	8.5933	7.2789	7.1711	7.1603	7.4106	7.6117	7.4800
21 Portugal/escudo.....	111.610	147.70	172.07	152.63	149.40	150.79	149.12	151.09	148.67
22 Singapore/dollar.....	2.1136	2.1325	2.2008	2.1401	2.1600	2.1880	2.2157	2.2232	2.1861
23 South Africa/rand ¹	89.85	69.534	45.57	47.94	49.04	48.77	45.67	39.49	39.04
24 South Korea/won.....	776.04	807.91	861.89	888.57	886.66	887.95	889.09	890.74	888.59
25 Spain/peseta.....	143.500	160.78	169.98	147.31	143.06	144.11	141.62	142.91	137.58
26 Sri Lanka/rupee.....	23.510	25.428	27.187	27.596	27.623	27.791	27.932	27.955	28.065
27 Sweden/krona.....	7.6717	8.2706	8.6031	7.3997	7.2610	7.2433	7.1458	7.2124	7.0715
28 Switzerland/franc.....	2.1006	2.3500	2.4551	1.9547	1.9150	1.9016	1.8538	1.8406	1.7445
29 Taiwan/dollar.....	n.a.	39.633	39.889	39.239	39.027	38.689	38.460	38.163	38.119
30 Thailand/baht.....	22.991	23.582	27.193	26.492	26.418	26.429	26.327	26.400	26.204
31 United Kingdom/pound ¹	151.59	133.66	129.74	142.97	146.74	149.85	152.11	150.85	150.71
MEMO									
32 United States/dollar ²	125.34	138.19	143.01	118.77	116.05	115.67	113.27	113.77	110.38

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	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)	REITs	Real estate investment trusts
		RP	Repurchase agreements
		SMSAs	Standard metropolitan statistical areas
		...	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct

obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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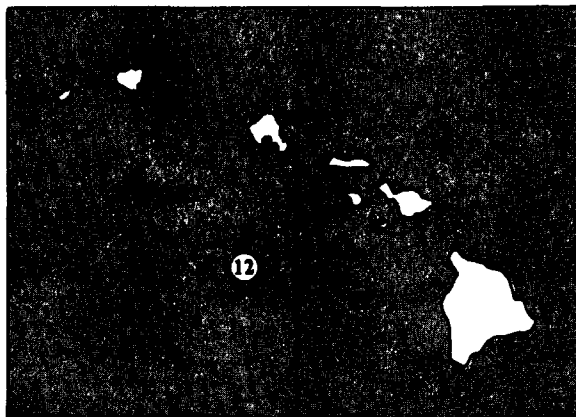
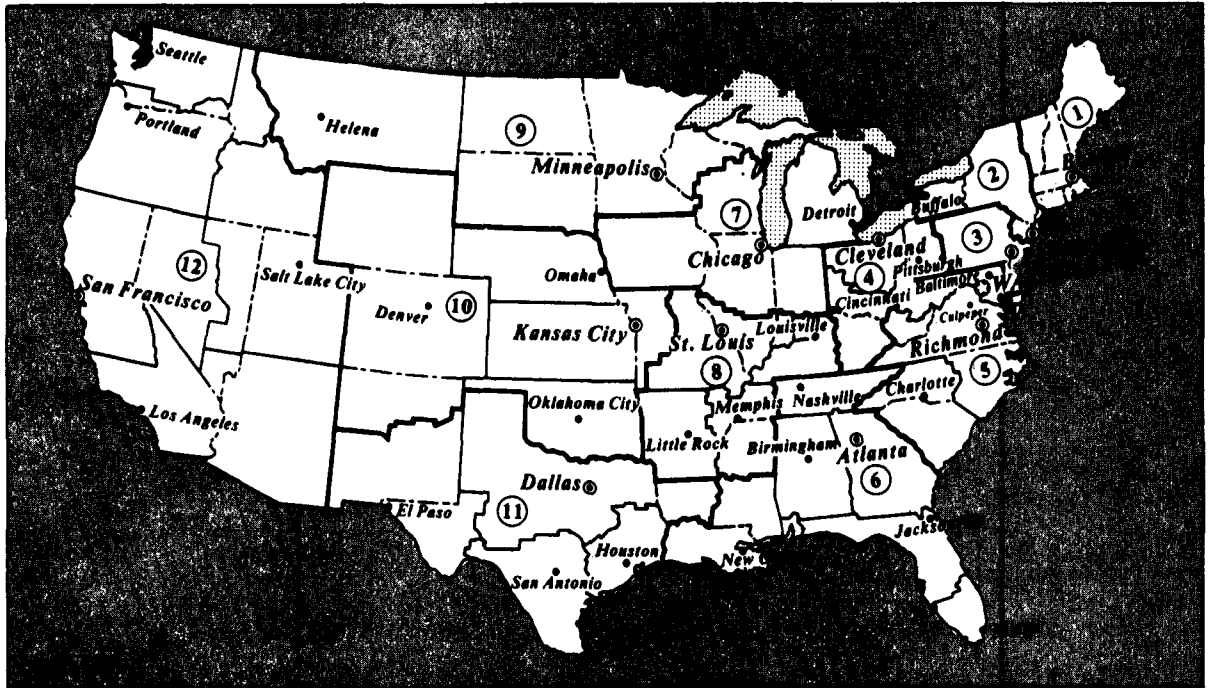
Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK, branch, or facility	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	Joseph A. Baute George N. Hatsopoulos	Frank E. Morris Robert W. Eisenmenger	
NEW YORK*	10045	John Brademas Clifton R. Wharton, Jr.	E. Gerald Corrigan Thomas M. Timlen	
Buffalo	14240	Mary Ann Lambertsen		John T. Keane
PHILADELPHIA	19105	Robert M. Landis Nevius M. Curtis	Edward G. Boehne Richard L. Smoot	
CLEVELAND*	44101	William H. Knoell E. Mandell de Windt	Karen N. Horn William H. Hendricks	
Cincinnati	45201	Owen B. Butler		Charles A. Cerino
Pittsburgh	15230	James E. Haas		Harold J. Swart
RICHMOND*	23219	Leroy T. Canoles, Jr. Robert A. Georgine	Robert P. Black Jimmie R. Monhollon	
Baltimore	21203	Robert L. Tate		Robert D. McTeer, Jr.
Charlotte	28230	Wallace J. Jorgenson		Albert D. Tinkelenberg
Culpeper Communications and Records Center	22701			John G. Stoides
ATLANTA	30303	John H. Weitnauer, Jr. Bradley Currey, Jr.	Robert P. Forrestal Jack Guynn	
Birmingham	35283	A. G. Trammell		Delmar Harrison
Jacksonville	32231	E. William Nash, Jr.		Fred R. Herr
Miami	33152	Sue McCourt Cobb		James D. Hawkins
Nashville	37203	Patsy R. Williams		Patrick K. Barron
New Orleans	70161	Sharon A. Perlis		Jeffrey J. Wells
				Henry H. Bourgaux
CHICAGO*	60690	Robert J. Day Marcus Alexis	Silas Keehn Daniel M. Doyle	
Detroit	48231	Robert E. Brewer		Roby L. Sloan
ST. LOUIS	63166	W.L. Hadley Griffin Mary P. Holt	Thomas C. Melzer Joseph P. Garbarini	
Little Rock	72203	Sheffield Nelson		John F. Breen
Louisville	40232	William C. Ballard, Jr.		James E. Conrad
Memphis	38101	G. Rives Neblett		Paul I. Black, Jr.
MINNEAPOLIS	55480	John B. Davis, Jr. Michael W. Wright	Gary H. Stern Thomas E. Gainor	
Helena	59601	Marcia S. Anderson		Robert F. McNellis
KANSAS CITY	64198	Irvine O. Hockaday, Jr. Robert G. Lueder	Roger Guffey Henry R. Czerwinski	
Denver	80217	James E. Nielson		Wayne W. Martin
Oklahoma City	73125	Patience S. Latting		William G. Evans
Omaha	68102	Kenneth L. Morrison		Robert D. Hamilton
DALLAS	75222	Robert D. Rogers Bobby R. Inman	Robert H. Boykin William H. Wallace	
El Paso	79999	Peyton Yates		James L. Stull
Houston	77252	Walter M. Mischer, Jr.		Joel L. Koonce, Jr.
San Antonio	78295	Ruben M. Garcia		J.Z. Rowe
				Thomas H. Robertson
SAN FRANCISCO	94120	Alan C. Furth Fred W. Andrew	Robert T. Parry Carl E. Powell	
Los Angeles	90051	Richard C. Seaver		Robert M. McGill
Portland	97208	Paul E. Bragdon		Angelo S. Carella
Salt Lake City	84125	Don M. Wheeler		E. Ronald Liggett
Seattle	98124	John W. Ellis		Gerald R. Kelly

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



LEGEND

— Boundaries of Federal Reserve Districts

— Boundaries of Federal Reserve Branch Territories

★ Board of Governors of the Federal Reserve System

⊙ Federal Reserve Bank Cities

• Federal Reserve Branch Cities

· Federal Reserve Bank Facility